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Your statutory and governance partner!

Revolutionary Evolution of the Compliance Beast

Revolutionary - involving or causing a complete or dramatic change

Evolution - the gradual development of something, especially from a simple to a more complex form

There has been a gradual development (evolution) of the CIPC compulsory annual returns from a simple and easy online step to the later additional requirement to either submit audited annual financial statements or the financial accountability supplement for companies not subject to compulsory audit. Not a difficult feat and a lot of companies elected to submit their annual returns in-house to save costs.

However, CIPC continues to evolve and a majority of online changes has affected the annual return submission process the past few years. CIPC introduced to us the inline XBRL programme roll-out and after months of testing and working on this, submission of audited annual financial statements in the XBRL format became compulsory on **1 July 2018**. Which companies were affected? **All companies currently required to submit AFSs according to the Companies Act in PDF format, will be required to submit via XBRL**. This process entails conversion of audited annual financial statements into a new cyber language that is streamlined with international reporting requirements and standards. Service providers had to scramble to get into the new XBRL service mode, purchasing of special software to assist, and software companies had to scramble to implement this into their software programmes. The result? A little more time, effort and costs to get ready and, without a doubt, an increase in costs to submit CIPC compulsory annual returns for audit companies. The rest of the companies continued happily along with submission of the annual return and the Financial Accountability Supplement.

It does not end there. CIPC added another twist to the tale by introducing the Compliance Checklist required to be submitted by ALL companies. This is where the term “REVOLUTIONARY” kicks into play as this is causing a complete and dramatic change to the whole Annual Return scenario for ALL entities. Submission of an annual return and the various linked processes is a serious matter and, unless you are a fundi on the Companies Act 2008 and Regulations 2011, you are going to face various issues which could, if not compliant and if incorrect information is submitted to CIPC, bring with it undesired results such as penalties and major headaches.

Clients who elect to submit their own annual returns may think this to be not such a dramatic change and wonder what the hype and drama is all about. CIPC did not give much thought in creation of the online portal for the compliance checklist which is already up and running.

The procedure with effect from 1 January 2020 will therefore be a 3-step procedure:

- ✓ Submit Compliance Checklist
- ✓ Submit FAS or Financial Statements in XBRL format
- ✓ Submit Annual Return

The Compliance Checklist will result in wasted time trying to figure out what it is that CIPC is asking as the questions are cryptic in format and not very user-friendly for the layman.

COMPLIANCE CHECKLIST QUESTIONS (as taken from the portal):

- Did the company comply with section 4 during the previous calendar year?*
- Did the company comply with section 15 during the previous calendar year?*
- Did the company comply with section 26 during the previous calendar year?*
- Did the company comply with section 27 during the previous calendar year?*
- Did the company comply with section 28 during the previous calendar year?*
- Did the company comply with section 29 during the previous calendar year?*
- Did the company comply with section 30 during the previous calendar year?*
- Did the company comply with section 32 during the previous calendar year?*
- Did the company comply with section 33 during the previous calendar year?*
- Did the company comply with section 44 during the previous calendar year?*
- Did the company comply with section 45 during the previous calendar year?*
- Did the company comply with section 50 during the previous calendar year?*
- Did the company comply with section 61 during the previous calendar year?*
- Did the company comply with section 66 during the previous calendar year?*
- Did the company comply with section 69 during the previous calendar year?*
- Did the company comply with section 70 during the previous calendar year?*
- Did the company comply with section 71 during the previous calendar year?*
- Did the company comply with section 86 during the previous calendar year?*
- Did the company comply with section 90 during the previous calendar year?*
- Did the company comply with section 92 during the previous calendar year?*
- Did the company comply with section 94 during the previous calendar year?*
- Did the company comply with regulation 21 during the previous calendar year?*
- Did the company comply with regulation 43 during the previous calendar year?*
- Did the company comply with schedule 1 during the previous calendar year?*

All questions are compulsory and the relevant options to tick are “YES”, “NO”, “Not Applicable”.

In short : CIPC annual returns are no longer a quick or easy process and is recommended that professional assistance is sought in lodging of annual CIPC returns and forms. It may cost your company a little more in a once-off annual fee but it could save you time, money and effort.

For more information or assistance, contact Maggie Zeelie

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