

ACCFIN SOFTWARE - COMPLIANCE QUESTIONS FROM WEBINAR

ANSWERS TO COMPLIANCE QUESTIONS

1	Hi does this system integrate with Sky Tax ?	Sky Software is in fact one application. The integration is designed from the client file for all apps. If you are running Sky Its one click to switch on Sky Sec
2	Why cant I see the Compliance Check List on my Accfin Sky	Its not released. It will be released by the end of January
3	What would you think we should bill for the compliance certificate and the mandate letter?	I think it depends on the hours spent, but at minimum I would say about R1300 ex . Some returns will be way more complicated then other returns where there is a high number of sec transactions.
4	hi Mark, suggestion, compliance checklist in software bolds in red Q's that is not auto answered by AI	Good idea we will consider, however at this stage will never be a priority.
5	ifrs4smes = no contingent assets	correct
6	co act 33(3) = designated director employee or other person may submit... key word "designated", so mandate is a must	Agreed this is a mandate for the annual return.
7	CIPC complaints email	COR135.1complaints@cipc.co.za
8	moi may require more than 1 director	This is up to the incorporators or founders or shareholders later on.
9	moi may require more than 1 director -- in context of "vacancy on board"	The Company's Act sets the minimum number of directors for different types of company to the act, however the MOI can increase this. The short fall is the vacancy between the number and available
10	30.1 = Each year, a company must prepare annual financial statements within six months... It doesn't mention any exceptions.	There are no exceptions, however many companies do not as the accountants are behind.
11	may request exemption for CIPC AR if dormant. see reg 30.8	Correct read reg 30(8). One needs to make an application and file the financials showing no turnover.
12	Please would you be so kind as to confirm again what company Private / Public needs to submit Financial Statements or die Financial Accountability Supplement	If a company is audited it must be uploaded in XBRL format to the CIPC. If a company is not audited it must submit the Financial Accountability Statement.
13	must the MOI only be changed by lawyers?	Lawyers can change it and do so in the more complex situations. Sec practitioners can also change. The CIPC has published standard MOI's which can be used.
14	Can one factor in Backranking agreements to "solvency test" ?	No I don't believe this. All a back ranking agreement does is to give a lender the right to be paid before say shareholders. It is still a liability of the company.
15	How must the Rules be "published" — in Gov Gazette? Newspaper? Website? etc	Refer to notes there is a section on the rules. Rules must be sent to the shareholders and the appropriate form submitted to the CIPC. They are then published.
16	Where does one start to get compliant	The first step is that you have to know the companies act. Start with my courses. If you don't know company law then you will never be compliant.
17	with a securities transfer between shareholders in a private company do you also need a resolution? or just the signed transferred forms?	Its always best to have signed documentation like a transfer deed, a buy and sell agreement if there is one and definitely a directors resolution or shareholders resolution. As a Sec Prac you need to have a standard that is always the same.
18	For instance the father appoints his son as director and gives him 30% shares. Do I need a resolution?	You need documentation as above and you need to take tax advice as this could be a donation depending on how the transaction took place.
19	how do you answer the compliance form with a dormant company? N/A only?	If it is not active and you are required or want to do an AR mark every question as N/A.
20	What is the position if I am auditor for subsidiary of a company and the auditors of the company resigns after 5 years? Does it mean I am required to resign as well?	Section 90(2) requires the designated partner to rotate only. Shareholders need to confirm your appointment. I don't see the need for you to resign unless you are asked to.
21	There has not been a notice regarding the compliance checklist that is to be completed prior to or together with submission with annual returns. What is going to happen regarding annual returns that have already been submitted WITHOUT compliance checklist having being completed?	There is a document that the CIPC have issued where it says compliance form before AR. At this stage its not working. I will take this up with them.
22	Don't we use the financial statements March-Feb figures?	The turnover figure is the turnover on the last published accounts and is an annual figure.
23	in other words the Turnover we submit should be the turnover for Jan-Dec?	The turnover is an annual figure.
24	Will the mandate letter be uploaded on accfin as well?	In regard to the Accfin mandate letter, this letter will be supplied to all Accfin users and will be loaded into Sky if you use Sky Sec.
25	Does this checklist also apply to CC's or is there an abbreviated checklist that would apply?	No.

26	So how do they publish the rules, what media?	Refer to notes there is a section on the rules. Rules must be sent to the shareholders and the appropriate form submitted to the CIPC. They are then published.
27	Is it mandatory to have a prescribed officer?	No its not mandatory. Currently there is no facility for appointing a prescribed officer. My view is that one should do so so that everyone understands the rules. At this stage I don't know what the position is with the CIPC.
28	We submit the CIPC checklist on behalf of our client who has already completed the checklist. What is our responsibility if we know the director has incorrectly answered a question	This is really a question of your arrangement with your client. Who is responsible for the company secretarial work. If you are filing the form the onus is on you to be correct and advise your client accordingly. If the client is responsible for filing point out there faults.
29	Is it the sole responsibility of the directors to ensure that the checklist is correct?	This is true, however directors in many companies do not know the law so you have to guide them. If you do the work you need a signed mandate to protect yourself.
30	We submit the CIPC checklist on behalf of our client who has already completed the checklist. What is our responsibility if we know the director has incorrectly answered a question	You need to point this out and advise the CIPC that the answer has changed by sending the change to the email address specified. This is why you need a mandate.
31	Roughly how do we calculate the fees for this? We usually charge a set fee for annual returns but this does not seem like a viable option now, any comments?	I think it depends on the hours spent, but at minimum I would say about R1300 ex . Some returns will be way more complicated then other returns where there is a high number of sec transactions.
32	Just want to know, the CIPC site seems to currently not be working to perform this declaration before filing the Annual return. Are there any updates on when perhaps this will be up and running again. We have talked to CIPC, in the meanwhile Annual return filing can go ahead until it is fixed	I will try and obtain more info.
33	Do we know what the consequences from CIPCs side would be for answering "no" on any of the questions	If one knowingly answers a question falsely it is an offence with a fine or jail term. There is an option to rectify by sending the correction to the email address.
34	S30 on financials, does it mean financials has to be compiled including signed or is just compiled	My view is signed off.
35	Do all companies have to upload a XBRL for compliance?	If a company is audited it must be uploaded in XBRL format to the CIPC. If a company is not audited it must submit the Financial Accountability Statement.
36	If that is the case, what is the period that should be covered by the AFS submitted with the return?	This will be the last signed off financials.
37	I have a form that asks all the compliance checklist questions. At the end, I ask the customer if they agree with the terms and conditions and if they give us a go ahead to submit. Do I still need a mandate?	In my view if you do the company secretarial work and annual return you need and now the compliance form you need a signed mandate.
38	Please will you clarify as to the rules as to which entities have to complete the Compliance Questionnaire i.e. does every business entity have to submit	In my view every company must complete the form.
39	Would a distribution include a Debit balance on Directors /Shareholders loan accounts "deemed Dividend	In my view this is included - read section 45.
40	So all Pty companies need to submit XBRL statements, whether audited or not?	Not yet. Only when the new amendment is promulgated.
41	Can you please elaborate slightly on the sharing of shareholder info with cipc. Do you know anything more about it? I read it, but was very little info. Thank you kindly, Marisa	At this point it is a proposed amendment and no further information is supplied. Please refer to notice 70 of 2019 which requires a certified copy of the share register for a removal and resignation of a director.
42	In regards to Section 4. When are you suppose to do this test, if you are suppose to report on 'calender year' are you now suppose to do a 'solvency and liquidity' test on 31 Dec.. and do it on what info? Or do it on the last approved financial statements?	S4 is triggered when a distribution event takes place which is defined in terms of the act. When the distribution takes place the solvency and liquidation test must be done. Balance sheet preparation is done in the normal course with all the drafting rules required. Becuase of a distribution and timing the company can be insolvent before accounts are looked at.
43	Companies who choose not to do their AR and are eventually deregistered. Must they still do this checklist?	Once deregisterd they cease to exist and therefore its not necessary to do the compliance form.
44	If you make a mistake when answering the question an email must be sent to cor135.acomplaints@cipc.co.za explaining why the answer was incorrect and what the correct answer should be. Cipc will then decide how to rectify. If you submit its gone, you can not correct it.	Thank you for this information.
45	I also did training with another well know training company, you added some things they did not address in this webinar. Tnx. I just think CIPC is unrealistic to except this to be done before end of Jan for all the client who need to submit AR before the end. But thats government for you. tnx again, good webiner again. M	Thank you for your comments.

46	What happens if the director requests that the company deregistered. What happens then?	Do the necessary paperwork to deregister. There is nothing to do as the company does not exist after deregistration.
47	We have companies that are registered in 1957 and 1971. It still trades. The directors are the sons or grandsons. There was no changes to the MOI. Must the companies re-do everthing from the ground up, or can we just implement the new companies act?	Implement the new act from now. Start with a new MOI and make sure all the registers are up to date. Do my company law course.
48	I have a company that ends with /08 What now. Does the compliance work with this?	A non profit company is required to complete the form, the last question.
49	Does a company whose shareholders are the same as directors required to have rules?	It is note necessary for any company to have rules. The rules are good for formulating corporate governance procedures without doing a special reolution and getting it done quickly. Refer to the notes.
50	If I have to file an annual return in 2020, and the last approved AFS are for 2017, do i then use the 2017 Turnover?	Yes you do.
51	Do you convert "old" AFS to XBRL regardless of the size of the entity, if you want to submit an annual return.	Only on current XBRL. Your next submission of AR where the company is audited.
52	How do I generate a compliance checklist on sky? I s it possible for you to us a precedent?	We will release by the end of January. The whole procedure will be explained.
53	Where does one publish the RULES	Send to all the sharholders and submit to the CIPC on the appropriate form. See form 16.1 and regulation 16
54	If a company is dormant - what should all the answers be - n/a?	Correct
55	CC's fall under the Companies Act - do I understand correctly. CC's do not have to submit this Compliance Checklist	Correct.
56	SARS does not except CIPC document for deregistration where annual duties are outstanding ?	it may be for tax issues outstanding
57	Does section 92 relate to firms as well? I thought it was just designated auditor.	just the designated auditor
58	Does a dormant company need to prepare annual financial statements?	Mixed views on this. If there are movements in accounts I would say yes.
59	Sec 92 Rotation of Auditors - was it passed that the designated firm must rotate after 5 years or is it still only the individual? Article from PWC said designated firms only from 2023	There may be amendments soon
60	Should a dormant company still have a year end and prepare annual financial statements 6 months after? Or will that answer also be N/A	I would say only if there are movements. I know that SARS would like a tax return to be filed.
61	What if the the Director does not give co operation with the check list	Then the director takes the responsibility and should complete the form.
62	If you use Skysec and do all these things, can you submit the annual returns and other documentation to CIPC through Accfin Skysec?	We will do all the requirements except file. Filing is something we are working on.
63	If they ask "are you compliant with section 27 - year end change" are they asking did you change your year end? If you did not change your year end, does that mean the answer is not applicable? I'm not sure I understand what they want to know in terms of compliance.	You are correct in my view. Only say Yes when there is a change. I think N/A could also be answered here if there is no change.
64	The first question refers to the compliance to Section 4 and not to the compliance to Section 4 in the case of a distribution. Does that mean that the company should have complied irrespective ?	S4 is triggered when a distribution event takes place which is defined in terms of the act. When the distribution takes place the solvency and liquidation test must be done. Balance sheet preparation is done in the normal course with all the rules required. Because of a distribution the company can be insolvent before accounts are looked at.
65	If we submit the CIPC Form on behalf of the company, and if we submit the wrong answer - are we liable or client? What are the penalites?	That's why you need a mandate or engagement letter that the client must sign. The effect of this to pass all risks back to the client.
66	Sometimes the FAS form for annual returns does work and sometimes it doesn't. CIPC has to sort out their website issues, as it can cause penalties if you can't submit the annual return on time due to the issues on the FAS form.	As a rule the CIPC publishes notices about the problems.
67	that means then that dormant private companies will need to prepare AFS in order to submit XBRL when it becomes mandatory for everyone?	I cant see the necessity for this we need to obtain a ruling.
68	When will the form officially be implemented om CIPC for the Annual Returns?	Officially from the 1st January 2020.

69	Where does one get a detailed list of the 28 specific questions for the company compliance	The notes in the introduction contains a summary of the sections. The questions are also on the CIPC website.
70	Could you please repeat the rule on uploading the XBRL AFS. Does private company also upload on cipc	If a company is audited it must be uploaded in XBRL format to the CIPC. If a company is not audited it must submit the Financial Accountabilty Statement.
71	Estate Agents no matter how small, must be audited as per Estate agents board. does this fall within the ambit of being audited statements be submitted to CIPC. Johan	An audit is done therefor XBRL needs to be uploaded.
72	Can you indicate the buy back of shares in the Combined company register and meeting book?	If that's your only record then you need to. The old Hortors Register are now obsolete in terms of the new requirements.
73	In my case normally i have encounter that CIPC says that they do not allow electronic signatures when lodging director amendments Why is this?	Its because that don't have the facilities to authenticate it. I am working to get this changed
74	Section 15 states that the MOI must be "consistent" with the Act. Would you consider a set of Memo and Articles of association consistent if throughout the document it refers to the old Act? Alternatively should this section not be considered in isolation from the transitional arrangements, and thus a company would be noncompliant if it does not have a new MOI?	It does not actually and I believe most of them will be OK where there is a conflict that article is void. If you have an issue upgrade to a new MOI.
75	If a director resigns - it creates a vacancy. Must you fill that position or was this an error in the drafting process?	Not necessarily provided the number of directors are above the minimum required in law and the MOI.
76	If we do a Director change, can the form be signed digitally and submitted to cipc? We have 10 days to submit the form, but the new Director is in England.	I don't see why between the Secretarial Practitioner and the shareholders and the directors why a SigniFlow signature cant be used as its certified. I think one needs to be careful that the signature in use is properly compliant.
77	Must resolutions still be originally signed or can it also have digital signatures?	I don't see why between the Secretarial Practitioner and the shareholders and the directors why a SigniFlow signature cant be used as its certified. I think one needs to be careful that the signature in use is properly compliant.
78	Does the rules also apply to CC's members and members Interests with the Solvency and liquidity test?	I don't think so as there is no triggering distribution event for a CC.
79	Will CIPC then accept digital signatures on the lodgement forms?	Not at this stage I am working on it.
80	Do we need to lodge appointment of secretary at CIPC?	Yes you do. It's a COR 44
81	I've submitted a CK2 signed digitally but CIPC refused it with the reason that the signature on the CK form and ID Card differed	To my knowledge they don't accept digital signatures
82	Mark should no change in FYE actually be N/A	It could be but I think a yes would also be OK