

## **JSE BECOMES FIRST EXCHANGE GLOBALLY TO ADOPT STANDARDISED REPORTING SYSTEM**

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*System enables improved investment decision-making for fund managers, analysts & investors*

Johannesburg, 10 December 2004. – Today, the JSE Securities Exchange South Africa (JSE) became the first major stock exchange in the world to report its financial statements according to International Financial Reporting Standards (IFRS) using eXtensible Business Reporting Language (XBRL). XBRL is an electronic format or language that aims to streamline and simplify the flow, preparation and analysis of financial reports and accounting data.

“As world economies grow more and more intertwined, we believe it is imperative for the JSE to stay ahead of recent developments in the financial and business reporting environment,” says Freda Evans, Chief Financial Officer at the JSE. “The JSE has reported its results using International Standards since 2002, so it was the natural next step to use XBRL, which adds another layer of transparency and efficiency to the process.”

In an IFRS context, XBRL offers many benefits. “For fund managers, analysts and retail investors, financial reporting in XBRL format will improve their ability to analyse companies, make appropriate comparisons and thus improve their investment decision-making,” says Evans.

XBRL was developed by XBRL International, a global consortium of accounting societies, financial institutions, technology companies and other financial industry constituents working together since 1998. It is currently a format for financial reporting that many financial institutions around the world have or are considering implementing.

Anyone who has sat in a meeting reviewing financial information will know how much time is taken up by people explaining how a particular number is calculated. “With XBRL, we’ve put a process in place which standardises reporting, is less time consuming, not open to misinterpretation and hence, less error prone.”

Essentially, XBRL’s data tagging acts like a bar code, identifying the various components making up financial statements. The tags allow the data’s meaning to remain clear and contextually accurate, even when data is transferred between various parties. XBRL allows for easier adaptation of changing reporting needs, including the conversion from local GAAP to IFRS.

In addition, it eliminates the need to invest in new systems. XBRL–tagged information can be produced from disparate systems across the organisation.

This enables the preparation of financial information for reporting and analysis to be faster, more reliable and less costly.

XBRL’s collection of conceptual information makes up a taxonomy (dictionary) that defines and structures all the data for specific individual items of data such as “current assets” or “net profit”. “South Africa will need to develop its own taxonomy to account for its unique accounting regulations and then each industry, and in some cases individual organisations, may need to develop its own taxonomy to account for its idiosyncrasies,” says Evans.

It is also easier to convert to IFRS by starting with the IFRS –XBRL taxonomy which directly links to IFRS reporting requirements and translates these into financial statements. The structured use of an IFRS compliant XBRL-enabled chart of

accounts ensures that accounting data is recorded in the correct place, which in turn makes the information easier to extract and report on and thus more trustworthy and transparent.

In submitting information to regulators using XBRL taxonomy, regulators can receive the information electronically and be able to validate, review and compare the information automatically and thus improve their efficiency, accuracy and effectiveness.

"The South African Institute of Chartered Accountants (SAICA) believes that XBRL will impact and simplify financial reporting in the future significantly. Hence, the SAICA Board has approved this as a leadership issue for the SAICA secretariat to explore and investigate further. It is critical that an independent organisation facilitates the XBRL process in each country and SAICA will get involved at this level," says Linda de Beer, Senior Executive - Standards, at SAICA.

"At the JSE, we see XBRL as a key enabler for companies required to report according to IFRS in 2005. This development is also in line with the JSE's efforts to bring greater transparency to the market and improve efficiencies in the preparation and communication of financial information," Evans concludes.

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