

**PREFACE TO SOUTH AFRICAN
STATEMENTS AND
INTERPRETATIONS OF
STATEMENTS OF GENERALLY
ACCEPTED ACCOUNTING
PRACTICE**

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Objective

1. This preface is issued to explain the purpose and authority of the AC 500-series of Statements and Interpretations of Statements of Generally Accepted Accounting Practice (GAAP). All AC 500-series pronouncements should be read and applied in the context of this preface.

Purpose

2. The Accounting Practices Board (APB) is committed to narrowing the differences between Statements of GAAP and standards issued by the International Accounting Standards Board (IASB). However, in certain instances a need exists for the AC 100-series of Statements of GAAP to be interpreted for specific aspects, transactions or other issues that only occur in the South African context, as such aspects, transactions or other issues are not specifically or clearly addressed in either the AC 100-series of Statements of GAAP or the AC 400-series of Interpretations of Statements of GAAP, which are based on IASB pronouncements.
3. The APB has established the AC 500-series of South African Statements and similar local Interpretations of Statements of GAAP.

Authority of AC 500-series

4. Statements of GAAP and Interpretations of Statements of GAAP approved by the APB provide authoritative guidance to preparers, auditors and users of financial statements, thus facilitating the standardisation of accounting treatments.
5. AC 101 - *Presentation of Financial Statements*, requires that financial statements should not be described as complying with Statements of GAAP unless they comply with all the requirements of each applicable Statement and each applicable approved Interpretation.
6. The AC 500-series has the same authority as AC 100-series of Statements of GAAP and AC 400-series of Interpretations of

Statements of GAAP and should be read in conjunction with them. Entities should conform with the AC 500-series if their financial statements purport to be prepared in compliance with Statements of GAAP.

**Preparation and approval of AC 500-series of
Statements and Interpretations of Statements of
Generally Accepted Accounting Practice**

7. AC 500-series pronouncements are approved by the APB following a process of drafting and exposure by the Accounting Practices Committee (APC) of the South African Institute of Chartered Accountants. Exposure drafts are issued with a comment period of approximately 60 days.