1. **NAME**

The name of the Board is THE ACCOUNTING PRACTICES BOARD, hereinafter referred to as “the Board”. The Board is a body corporate, capable of suing and being sued in its corporate name, and of performing all such acts as are necessary for or incidental to the carrying out of its objects and the performance of its functions.

2. **MEMBERSHIP OF BOARD**

   (1) The Board has been established in terms of this Constitution by:

   (a) The South African Institute of Chartered Accountants; (“the Institute”);
   (b) The Independent Regulatory Board for Auditors;
   (c) The Johannesburg Stock Exchange;
   (d) The Association of Chambers of Commerce of South Africa;
   (e) Die Afrikaanse Handelsinstituut;
   (f) The South African Federated Chamber of Industries;
   (g) The Chamber of Mines of South Africa; and
   (h) The Steel and Engineering Industries Federation of South Africa hereinafter referred to as “the constituent bodies”.

   (2) The Board shall consist of the following members, namely:

   (a) Five persons appointed from time-to-time by the Institute;
   (b) One person appointed from time-to-time by the Independent Regulatory Board for Auditors;
   (c) Two persons appointed from time-to-time by The Johannesburg Stock Exchange;
   (d) One person appointed from time-to-time by the Association of Chambers of Commerce;
   (e) One person appointed from time-to-time by Die Afrikaanse Handelsinstituut;
   (f) One person appointed from time-to-time by The Federated Chamber of Industries;
   (g) One person appointed from time-to-time by the Chamber of Mines;
   (h) One person appointed from time-to-time by The Steel and Engineering Industries Federation of South Africa; and

   *Appendix 1 details the current constituent bodies and members of the Board.*

   (3) With the prior approval of all the constituent bodies any board or association or other body of persons may be given the right to appoint one member of the Board.

   (4) (a) The first persons appointed as members of the Board in terms of paragraphs (a), (b) and (c) of sub-clause (2) hereof shall be appointed for not less that two consecutive years;
   (b) All other persons appointed as members of the Board shall be appointed for not less than two consecutive years;
   (c) Notwithstanding the provisions of paragraphs (a) and (b) of this sub-clause, the appointment of any member of the Board shall terminate ipso facto on the happening of any of the events referred to in paragraphs (b), (c), (d), (e) and (f) of clause 3 of this Constitution.
(5) Whenever any appointment under paragraphs (a), (b), (c), (d), (e), (f), (g), (h) or (i) of sub-clause (2) becomes necessary, the Institute shall call upon the constituent body concerned to make the required appointment. The failure of any constituent body to make an appointment shall not in any way invalidate the proceedings of the Board.

(6) Each constituent body may appoint one or more alternate members to act as an alternate or alternates for one or more of the members appointed by it to the Board. An alternate member so appointed, in the absence of ability to act of the member or members to whom he has been appointed as alternate, shall in their stead exercise and discharge all the powers, duties and functions of such member/s.

(7) Any person whose period of office as a member of the Board has expired shall be eligible for reappointment subject only to the particular restriction imposed in sub-clause (4) on his consecutive period of office as a member of the Board.

(8) The appointment of a member or alternate member of the Board shall only come into force on receipt by the Institute of:

(a) A letter signed on behalf of the constituent body concerned, giving the name of the member or alternate member appointed, the date from which his appointment is to take effect, and the period for which the appointment is made; and

(b) A consent to act as a member or alternate member of the Board, as the case may be, signed by the person concerned.

(9) The Institute shall advise each constituent body of appointments made to the Board.

3. VACATION OF OFFICE

A member of the Board shall vacate his office:

(a) If the period of his appointment expires and he is not reappointed;
(b) If he resigns his membership by letter delivered to The Institute;
(c) If his estate is sequestrated;
(d) If he becomes of unsound mind or if he is convicted of an offence and sentenced to term of imprisonment without the option of a fine;
(e) If he is absent from 3 (three) consecutive meetings of the Board without its leave, which shall not be granted for a period exceeding six consecutive months; or
(f) If the constituent body, which appointed him, gives not less than 30 (thirty) days written notice terminating his appointment.

4. CHAIRMAN

(1) The Chairman of the Board need not be a member of the Board.

(2) The first Chairman of the Board shall be Mr Henry Alan Williams, who shall hold office as Chairman until the 31st day of March, 1975.

(3) Each subsequent Chairman of the Board shall be elected by the members of the Board, at a meeting of the Board, to hold office for a period of one year at a time. Any
person whose period of office as Chairman of the Board has expired, shall be eligible for re-election but no person shall hold the office of Chairman for more than 5 (five) years in all.

(4) If a member of the Board is elected as Chairman of the Board, the constituent body which appointed him as a member shall be entitled to appoint another member of the Board to hold office for the period of the Chairman’s appointment.

(5) The first Chairman of the Board and any subsequent Chairman of the Board may resign from his office as Chairman and his resignation shall take effect and he shall vacate his office on the election of his successor by the members of the board at the meeting of the Board.

5. **SECRETARIES**

The Institute shall act as Secretaries to the Board.

6. **REMUNERATION OF AUDITORS AND SECRETARIES**

The remuneration of the Auditors and Secretaries of the Board shall be as determined from time-to-time by the Board at a meeting of the Board.

7. **OBJECTS**

The objects for which the Board has been formed are:

(a) To establish and to procure the recognition and acceptance of what the Board considers is or should be generally accepted accounting practice and in this regard inter alia:

   (i) to consider draft statements of accounting practice prepared by the Institute;

   (ii) to prepare, issue and publish in the name and under the authority of the Board, statements of generally accepted accounting practice and of recommended accounting practice and to make its views known in such other ways as it deems fit;

   (iii) to make recommendations to the State or to the Independent Regulatory Board for Auditors or to the Standing Advisory Committee appointed in terms of Section 18 of the Companies Act, 1973 or to any other authority, commission of enquiry or any other body of what it considers is or should be generally accepted accounting practice;

   (iv) to keep under review and where appropriate to co-operate with the Institute in revising statements on generally accepted accounting practice and recommended accounting practice to keep pace with developments in accounting and in business.
8. **POWERS OF THE BOARD**

The Board shall have power:

(a) to receive donations and contributions to the Board;
(b) to open and operate banking and savings accounts and to invest the funds of the Board or any portion thereof in such securities and in such manner as the Board may from time-to-time determine with the right to vary or transpose such investment from time-to-time at its discretion;
(c) to apply and use the whole of the capital and income of the Board for carrying out its objects;
(d) to establish committees to assist it in the performance of its functions and duties and to appoint such persons including persons other than members of the Board to be members of any such committees;
(e) to determine the procedure at meetings of the Board or of any Committee of the Board;
(f) to appoint or remove any person as an employee of the Board and to determine his designations, duty, salary and terms of employment;
(g) to enter into, make, sign and execute contracts;
(h) to appoint auditors and to determine their remuneration;
(i) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Board or its officers;
(j) to enter into agreements with the Institute on such terms as the Board deems fit for the provision by the Institute of secretarial, accounting and administrative services to the Board;
(k) generally to do whatever the Board deems necessary to enable it to carry out its objects or to exercise the powers or to perform the functions given to it in this Constitution; and
(l) to dissolve the Board, with the approval by a resolution passed by no less than seventy-five per cent (75%) of the members of the Board at a duly constituted meeting of the Board or approved by any other majority specified in paragraph 10(1)(a) of the Constitution.

9. **MEETINGS OF THE BOARD**

(1) The first meeting of the Board shall be held at a time and place to be fixed by the Institute. All subsequent meetings shall, subject to the provisions of sub-clause (2), be held at such times and places as may be fixed by the Board.
(2) A meeting of the Board may be called by the Institute or the Chairman of the Board to be held at such time and place as the Institute or the Chairman of the Board may determine.

(3) Notice in writing of each meeting specifying the place, the day and the hour of the meeting and, in the case of special business, particulars of that business, shall be given by the Secretaries to members of the Board not less than twenty eight (28) days prior to the date of the scheduled meeting. Any resolution on which members are to vote on should be provided to members no less than fourteen (14) days prior to the meeting together with the relevant supporting documentation, if any. Notice may be waived or shortened with the approval of no less than seventy five percent (75%) of the members of the Board.

(4) The quorum for any meeting of the board shall be seventy five percent (75%) of the members of the Board present at the commencement of, and throughout the meeting.

(5) Attendance at the meetings may be in person, by alternate, by teleconference, by video conference or any combination thereof. A member who participates in any meeting by teleconference or video conference or in any other manner contemplated in this section shall be present at such meetings for all purposes including that of determining a quorum. Should a member opt to attend a meeting to be held by teleconference or video conference or other manner contemplated in this section, she or he shall inform the Secretaries as early as possible, but no later that twenty four (24) hours prior to the relevant meeting. During a meeting in which voting is conducted via a show of hands, a member attending via teleconference or video conference shall communicate her or his vote verbally.

(6) The Chairman of the Board shall preside at all meetings of the Board at which he is present. If he is not present, then the members present shall elect one of their number to preside at such meeting. The person so elected shall still be entitled to exercise his vote.

(7) (a) Every member present at a meeting other than the Chairman of the Board, shall have one vote. The Chairman of the Board shall not have a vote.

(b) A resolution put to the vote at a meeting of the Board shall be decided upon a show of hands and, unless it is a resolution falling within the ambit of sub-clause 10(1) or Clause 16, shall be declared adopted if a majority of those voting on it, vote in favour of it. A declaration by the Chairman of the meeting that a resolution has, on a show of hands, been carried unanimously, or by a particular majority, or lost, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

(8) No decision of the Board or act done under the authority of the Board, shall be invalid by reason of any vacancy on the Board.

(9) The Secretaries shall keep proper minutes of all meetings of the Board. Copies of such minutes shall be forwarded by the Secretaries to the constituent bodies and to all members of the Board within 30 (thirty) days of the date of the meeting.
10. **STATEMENTS OF GENERALLY ACCEPTED OR RECOMMENDED ACCOUNTING PRACTICE**

(1) A statement by the Board of what it considered is or should be generally accepted or recommended accounting practice shall only be issued or published or otherwise made known by the Board if:

(a) approved by a resolution passed by no less than seventy five percent (75%) of the members of the Board at a duly constituted meeting of the Board or approved by a majority of the members represented at such meeting and subsequently consented to in writing by sufficient of those members who were not present at the meeting in communications delivered to the secretariat, provided the majority referred to above plus the number that consented in writing together comprise a minimum of seventy five percent (75%) of the members of the Board.

(b) in matters of urgency, with the approval of the chairman, approved by a resolution passed by seventy five percent (75%) of the members of the Board by affixing their signatures thereto which resolution shall be confirmed at the following meeting of the Board.

The word ‘members’ wherever it appears in sub-clause (1) means and includes the members of the Board and, in the event of their absence or inability to act, their alternatives.

(2) A statement approved in terms of sub-clause (1) will be printed, in one or more of the official languages as determined by the Institute, and issued under the authority of the Board in such a manner as may be decided upon from time-to-time by the Board in consultation with the Institute having regard at all times to the desirability of the statements being available to the general body of preparers, investors and other users and auditors of financial statements and reports. Any member dissenting from the statement will not publish his views, either in a minority report or otherwise, but that member may work through the Board for the subsequent amendment or revision by the Board of that statement. For purposes of this sub-clause, printing may include any form of electronic media.

(3) Nothing in the foregoing shall prevent the Institute or any other constituent body from issuing statements of recommended accounting practice to its members provided that in the event of overlapping of subject matter the statements so issued shall not contradict those already issued under the authority of the Board and provided further that if the Board issued a statement subsequent to the issue of a statement by a constituent body and there is overlap of subject matter, the statement issued under the authority of the Board shall prevail.
11. **COSTS**

   (1) The Chairman of the Board and members of the Board will not receive any remuneration from the Board for attending meetings of the Board. Each constituent body will be responsible for the costs incurred by its members in attending meetings of the Board including, inter alia, travelling expenses and hotel accommodation, and any remuneration which it may decide to pay for such attendances.

   (2) The costs incurred in respect of any statement prior to its submission to the Board for approval in terms of sub-clause 10(1) will be borne by the Institute.

   (3) The Institute will pay for the costs of translating and printing statements approved by the Board in terms of sub-clause 10(1). The constituent bodies will however pay the Institute the cost of the copies of the statements supplied to them.

   (4) The constituent bodies will be responsible in direct proportion to their representation on the Board for all other costs of or incidental to the conduct of the affairs of the Board and the carrying out of its functions and objects.

12. **FUNDS OF THE BOARD AND KEEPING AND AUDIT OF ACCOUNTS**

   (1) The funds of the Board shall consist of:

   (a) any donations and contributions made to it;

   (b) levies from time-to-time on each constituent body for its proportionate share of the expenses referred to in sub-clause 11(4), the amount of each levy being as agreed upon by all members or, in the absence of such agreement, as determined by the auditors of the Board whose decision in the regard shall be final and binding on each constituent body and on all members.

   (2) The Board shall cause full and correct account to be kept of all moneys received or expended by it.

   (3) The financial year of the Board shall end on the 31st day of December in each year. In January of each year, the Board shall have a statement prepared of its income and expenditure during its last preceding financial year and a balance sheet showing its financial position at the end of that financial year. After such statement and balance sheet have been audited by the auditors of the Board, the Secretaries shall send copies thereof to every member of the Board and to each constituent body.

13. **ADDRESS OF MEMBERS AND OF CONSTITUENT BODIES**

   Each member and each constituent body shall register an address with the Secretaries and any notice may be served on any member or any constituent body either by hand or by sending it by post to such member or constituent body at the registered address. If a member or a constituent body fails to register an address with the Secretaries he shall be deemed to have waived his right to receive notice. The accidental omission to give notice of a meeting to, or the non-receipt of such notice by, any person entitled to receive notice thereof, shall not invalidate any resolution passed or decision taken at that meeting.
14. **OFFICE ADDRESS OF BOARD**

   The office address of the Board shall be at 7th Floor Burlington House Rissik Street, Johannesburg or such other address as the Board may from time-to-time determine. The Secretaries shall advise members and constituent bodies of any change of address.

   *Appendix 2 details the current office address of the Board*

15. **LIMITATION OF LIABILITY**

   (1) The constituent bodies and members of the Board shall not have any individual liability for any commitments undertaken by the Board. All persons shall be deemed to contract or deal with the Board on this basis.

   (2) Liability of the constituent bodies to the Board shall be limited to the payment of unpaid levies and to the settlement of any other debts they may have to the Board. Liability of the members of the Board shall be limited to the settlement of any debts they may have.

16. **AMENDMENTS TO THE CONSTITUTION**

   This Constitution may be altered, amended, or added to by a resolution passed by no less than seventy-five percent (75%) of the members of the Board.

   (1) Throughout this Constitution, unless consistent with the context:

      (a) The masculine shall include the feminine; and
      (b) The singular shall include the plural.

   (2) Where no doubt arises as to the interpretation of any clause in this Constitution, the decision of the Board thereon shall be final and binding.
## APPENDIX 1

### Membership of the Accounting Practices Board as at June 2011

<table>
<thead>
<tr>
<th>Constituent Body</th>
<th>No of Members:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Banking Association South Africa</td>
<td>1</td>
</tr>
<tr>
<td>Chamber of Mines of South Africa</td>
<td>1</td>
</tr>
<tr>
<td>The Chartered Institute of Management Accountants</td>
<td>1</td>
</tr>
<tr>
<td>Die Afrikaanse Handelsinstituut</td>
<td>1</td>
</tr>
<tr>
<td>South African Institute of Professional Accountants</td>
<td>1</td>
</tr>
<tr>
<td>JSE Limited</td>
<td>2</td>
</tr>
<tr>
<td>Independent Regulatory Board for Auditors</td>
<td>1</td>
</tr>
<tr>
<td>The Public Sector Accounting Standards Board</td>
<td>1</td>
</tr>
<tr>
<td>The South African Accounting Association</td>
<td>1</td>
</tr>
<tr>
<td>The South African Chamber of Business</td>
<td>1</td>
</tr>
<tr>
<td>The South African Institute of Chartered Accountants</td>
<td>5</td>
</tr>
<tr>
<td>The Southern African Institute of Chartered Secretaries and Administrators</td>
<td>1</td>
</tr>
</tbody>
</table>
APPENDIX 2

Current office address of the Accounting Practices Board

Integritas
7 Zulberg Close
Bruma Lake
2198