

**CORPORATE ANNUAL REPORTS (CARS):
ACCOUNTING PRACTICES IN TRANSITION**

by

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PRETORIA

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A psalm of thanksgiving:

Make a joyful noise unto the LORD, all ye lands.

Serve the LORD with gladness: come before His presence with singing.

Know ye that the LORD he is God: it is He that hath made us, and not ourselves; we are His people, and the sheep of His pasture.

Enter into His gates with thanksgiving, and into His courts with praise: be thankful unto Him, and bless His name.

For the LORD is good; His mercy is everlasting; and His truth endureth to all generations (Psalm 100).

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Not unto us, O LORD, not unto us, but unto thy name give the glory, for thy mercy, and for thy truth's sake. (Psalm 115:1).

SDG

AMDG

DECLARATION

I, Christo Johannes Cronjé, declare that

CORPORATE ANNUAL REPORTS (CARs) ACCOUNTING PRACTICES IN TRANSITION is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

ABSTRACT

The main goal of this thesis was to obtain an understanding of the way in which accounting practices that are constantly in transition generate the information that is disclosed in corporate annual reports (CARS).

This study shows that CARS may be seen as a product of two main interrelated information processing systems, the first being the mandatory financial information system (MFIS) and the second the discretionary information system (DIS). The MFIS uses accounting practices such as generally accepted accounting principles (GAAP), which include International Financial Reporting Standards (IFRS), International Accounting Standards (IASs), JSE regulations and the Companies' Act requirements, in producing the information disclosed in CARS. The needs of users to reduce the uncertainty and risks in their decision making have an influence on the constantly evolving accounting practices. Standard-setting bodies play a major role in the development and refinement of GAAP.

On the other hand, the DIS, in order to provide a complete picture of business entities, uses discretionary accounting practices to produce the contextual information contained in CARS. These discretionary accounting practices are also currently in transition. They cater for the production of information on the business environment, and provide an operating and financial review, overview of strategy, forward-looking information, key performance indicators and information on corporate governance and transparency. Standard-setting bodies may be able to use the contextual information contained in CARS to develop and refine the GAAP used by the MFIS.

Key words:

Accounting practices, communication, contextual information, corporate annual reports, decision-usefulness, discretionary information, interrelationships, mandatory information, quality, the new science, the old science, wholeness.

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