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## MAIN PROGRAMME

### MONDAY – 29 June 2015

TIME	EVENT	VENUE	DETAIL
08h00 – 17h00	Paper Development Workshop	Conference Room 4 (full day) Break away venues - See detailed programme	Papers submitted and accepted
09h00 – 11h00	SAAA National Committee Meeting	Conference Room 6	SAAA National Committee
<b>11h00 – 13h00</b>	<b>Registration</b>	<b>Foyer</b>	
12h30 – 13h30	LUNCH	Hotel restaurant	
13h30 – 14h00	Welcome	Auditorium	Lana Hanner Weldon (SAAA President) (Lexis Nexis) Mandi Olivier (SAICA)
14h00 – 15h30	Concurrent session 1	See detailed programme	See detailed programme
14h30 – 15h30	IRBA's Audit Development Programme	Auditorium	Robert Zwane (IRBA)
15h30 – 16h00	TEA / COFFEE	Foyer	
16h00 – 17h30	Concurrent session 2	See detailed programme	See detailed programme
17h30 – 19h00	Welcome Cocktail Function	ICC Pool Terrace	Co-sponsored by CIMA

### TUESDAY – 30 June 2015

TIME	EVENT	VENUE	DETAIL
08h00 – 10h00	Concurrent session 3	See detailed programme	See detailed programme
10h00 – 10h30	TEA / COFFEE	Foyer	
10h30 – 12h00	Panel 1 Closing the GAP	Auditorium	
12h00 – 13h00	IASB Plenary - Conceptual Framework	Auditorium	Alan Teixeira
13h00 – 13h30	<b>EDUCATION SUBJECT MEETING</b>	Auditorium	Ilse Lubbe
13h00 – 14h00	LUNCH	Hotel restaurant	
14h00 – 15h00	Key Note Address	Auditorium	
15h00 – 15h30	TEA / COFFEE	Foyer	
15h30 – 17h00	Panel 2 Global Accountancy Skills Shortage - The GAP between expectations of employers and graduates produced by universities	Auditorium	
18h30 – 19h15	GALA DINNER PRE DRINKS	Foyer	(Semi-formal dress)
19h15 – 24h00	GALA DINNER	Main ball room	(Semi-formal dress)



<b>WEDNESDAY - 1 JULY 2015</b>			
<b>TIME</b>	<b>EVENT</b>	<b>VENUE</b>	<b>DETAIL</b>
08h00 – 10h30	Concurrent Sessions 4	See detailed programme	See detailed programme
08h00 – 10h30	IFAC Impact of Accounting on Economic Development	Conference Room 4	Mario Abela By invitation
10h30 – 11h00	TEA / COFFEE	Foyer	
11h00 – 12h00	IFAC Impact of Accounting on Economic Development (Continued)	Conference Room 4	Mario Abela By invitation
11h00 – 12h00	AGM / Best Paper Awards	Auditorium	
12h00 – 13h30	Panel 3 The GAP between Academic Performance and Academic Evaluation Criteria	Auditorium	
13h30 – 14h00	<b>AUDITING SUBJECT MEETING</b>	Auditorium	Jana Lamprecht
13h30 – 14h30	LUNCH	Hotel restaurant	
14h30 – 15h00	Regional meetings	Conference Room 2 Auditorium Conference Room 3 Conference Room 6 Conference Room 5 Conference Room 4	Central Northern Gauteng Johannesburg Eastern Cape Western Cape Kwazulu Natal
15h00 – 15h30	TEA / COFFEE - END OF CONFERENCE	Foyer	
<b>THURSDAY - 2 JULY 2015</b>			
<b>IAAER MEETINGS</b>			
<b>TIME</b>	<b>EVENT</b>	<b>VENUE</b>	<b>DETAIL</b>
TBA	IAAER Council Meeting	Conference Room 4	Council members
TBA	IAAER Executive Committee Meeting	Conference Room 4	Exco members
12h30 – 13h30	LUNCH	Hotel restaurant	

**PLEASE NOTE:**

On the detailed programme that follows, an \* indicates that the paper will not be published as part of the proceedings of this conference.

# **SAAA BIENNIAL CONFERENCE – ELICC, EAST LONDON**

## **CONCURRENT SESSIONS**

**MONDAY, 29 JUNE 2015**



VENUE	ACC Conference Room 2	EDU Conference Room 1	MAF Conference Room 3	AUD Conference Room 6	TAX Conference Room 5
<b>Concurrent session 1</b>					
<b>Chairperson</b>	<b>Rob Scott</b>	<b>Ilse Lubbe</b>	<b>Denny Emslie</b>	<b>Jack Jonck</b>	<b>Lilla Stack</b>
<b>14h00 – 14h30</b>	ACC010 * GRANT SAMKIN	EDU013 KAREN BARGATE	MAF013 SHENAAZ GANI / JMP VENTER	AUD009 HOUDINI FOURIE / PHILNA COETZEE	TAX005 * MARINA BORNMAN
<b>14h30 – 15h00</b>	ACC011 * WENDY TERBLANCHE	EDU005 ALET TERBLANCHE	MAF008 ANNERIE BOTHA / JMP VENTER	AUD010 NTOMBENTSHA MNCONYWA	TAX006 * DAYLAN STAUDE
<b>15h00 – 15h30</b>	ACC012 * LEE KRUG	EDU015 PAUL MAUGHAN	MAF010 GIZELLE WILLOWS	AUD007 ONESMUS AYAYA	<b>TAX SUBJECT MEETING</b>
<b>Concurrent session 2</b>					
<b>Chairperson</b>		<b>Rikus De Villiers</b>	<b>Phillip de Jager</b>	<b>Alet Terblanche</b>	<b>Wendy Terblanche</b>
<b>16h00 – 16h30</b>		EDU008 CLYDE MITCHELL	MAF019 * MBALENHLE ZULU	AUD012 * GERRIT PENNING	EDU020 * JANINE CHRISTIAN
<b>16h30 – 17h00</b>		EDU009 ABDULKADIR MADAWAKI	MAF017 * KEVIN BARNARD	AUD011 * BARRY ACKERS	EDU022 * PETA MYERS
<b>17h00 – 17h30</b>		EDU014 LIZEL BESTER / JANINE CHRISTIAN	MAF015 * MINGA NEGASH	AUD003 * MASHOKO CHOKUDA / COSMAS AMBE	

# **SAAA BIENNIAL CONFERENCE – ELICC, EAST LONDON CONCURRENT SESSIONS**

**TUESDAY, 30 JUNE 2015**



VENUE	ACC Conference Room 2	EDU Conference Room 3	MAF Auditorium	MAF Conference Room 4	EDU Conference 5
<b>Concurrent session 3</b>					
<b>Chairperson</b>	<b>Dandre van der Merwe</b>	<b>Carolyn Birkholtz</b>	<b>Collins Ngwakwe</b>	<b>Rona van Hoepen</b>	<b>Tammy Ntisana</b>
<b>08h00 – 08h30</b>	ACC001 THINUS GERBER	EDU006 * ELMARIE PAPAGEORGIOU	MAF005 ERNEST MBUMBO	MAF003 GANDA FORTUNE / COLLINS NGWAKWE / COSMAS AMBE	EDU017 * SONNETTE SMITH
<b>08h30 – 09h00</b>	ACC002 ILSE LUBBE	EDU010 NESTENE BOTHA	MAF006 SHAUN PARSONS	MAF016 TRUST CHIREKA / MICHAEL FAKOYA / COSMAS AMBE	EDU018 * RIKUS DE VILLIERS
<b>09h00 – 09h30</b>	ACC006 RON GRACE	EDU001 INGRID MULDER (NEE FISCHER) / THERESA VAN OORDT	MAF007 SHAUN PARSONS	MAF018 * PHILLIP DE JAGER	EDU021 * MARELIZE MALAN
<b>09h30 – 10h00</b>	ACC007 RON GRACE	EDU007 ELMARIE PAPAGEORGIOU	MAF004 JOLANDI GEVERS	<b>MAF SUBJECT MEETING</b>	EDU019 * RIKUS DE VILLIERS

# **SAAA BIENNIAL CONFERENCE - ELICC, EAST LONDON**

## **CONCURRENT SESSIONS**

**WEDNESDAY, 1 JULY 2015**



VENUE	ACC Conference Room 2	EDU Conference Room 3	MAF Auditorium	AUD Conference Room 6	TAX / MAF Conference Room 5
<b>Concurrent session 4</b>					
<b>Chairperson</b>	<b>Ursula Heath</b>	<b>Dharmini Fakir</b>	<b>Gillian Bartlett</b>	<b>Jenny-Lynn Timm</b>	<b>Daylan Staude</b>
<b>08h00 – 08h30</b>	ACC005 TARYN MILLER	EDU012 * LISA HIRSCHBECK	MAF009 STUART McCHLERY	AUD001 COLLINS NGWAKWE / COSMAS AMBE	TAX001 * ANCULIEN SCHOEMAN
<b>08h30 – 09h00</b>	ACC003 SINGGIH WIJAYANA	EDU011 * KAREN BARGATE	MAF002 JOHNATHAN DILLON	AUD002 GIBSON NYIRENDA / COLLINS NGWAKE / COSMAS AMBE	TAX002 ADNAN PATEL
<b>09h00 – 09h30</b>	ACC008 RON GRACE	EDU002 * GRANT SAMKIN	MAF011 ELTON PULLEN	AUD004 KORIEN SANDER	TAX003 MPHAGAHLELE NDLOVU
<b>09h30 – 10h00</b>	ACC009 RON GRACE	EDU016 * RONA VAN HOEPEN / MERWE OBERHOLZER	MAF012 JOLANDI GEVERS	AUD006 MICHAEL FAKOYA	TAX004 RILEY CARPENTER
<b>10h00 – 10h30</b>	<b>ACCOUNTING SUBJECT MEETING</b>	EDU003 * GRANT SAMKIN	MAF001 ISAAC MABHUNGU	AUD008 ADNAN PATEL	TAX007 * ANNA-RETHA SMIT

## **Welcome by the SAAA President - Prof Lana Hanner Weldon**

It is my pleasure to welcome all delegates to the 2015 SAAA biennial conference, and a particular pleasure to welcome you to my hometown, East London.

The SAAA biennial conference has been the largest assembly of accountancy academics in South Africa for many years and each of these occasions have been enriched by the presence and support of professional institutes and academic publishers alike.

We are indeed privileged to have the IAAER partnering with SAAA for the third consecutive conference and we look forward to a long and fruitful partnership into the future. We are particularly excited about the Paper Development Workshop and the research expertise and capacity that this will build. Our special thanks go to Donna Street of IAAER and her team of mentors for their input in this area, and to the IAAER President, Katherine Schipper for her support and assistance.

The panel discussions and the key note address by Raymond de Villiers will set the stage for us to reflect on “Our role as accountancy educators: Closing the GAP”. The conference will see 300 delegates and 69 papers. At the same time there is enough time for SAAA regional structures and subject interest groups to meet and to re-enforce our ties with our professional bodies.

This conference would not be possible without the generous contributions of our loyal sponsors and exhibitors. We thank LEXIS NEXIS, SAICA and CIMA as gold sponsors, our many prize sponsors and our exhibitors.

We would like to thank the scientific committee of the conference chaired by the current deputy president of SAAA, Rob Scott and his team of Subject Representatives, for their efforts in reviewing and selecting the papers presented at this conference. Please also see the report on the review process elsewhere in this conference proceedings.

A conference of this magnitude, however, requires meticulous planning starting at least eighteen months before the time. I cannot express sufficient gratitude to my excellent team for their assistance.

As we are all aware, the real value of a conference lies in the networking with peers in the field, so I trust that you will take this opportunity to renew old friendships and make many new ones.



## Welcome by the IAAER President - Prof Katherine Schipper

On behalf of IAAER, the International Association for Accounting Education and Research, I join the leadership of the SAAA, the Southern African Accounting Association, in welcoming delegates to the 2015 biennial SAAA conference. It is IAAER's privilege and pleasure to partner with SAAA for the third time, following successful conferences in Fancourt and Somerset West. This conference brings together accountancy academics, from both Africa and elsewhere, in a beautiful location in South Africa to discuss education, research and the profession of accountancy, under the theme "Our role as accountancy educators: Closing the GAP." We will discuss, and attempt to make progress toward resolving, issues related to university preparation of young accountants to meet the evolving demands of our profession. Our discussions will be enriched by the diverse viewpoints and knowledge bases provided by accounting professionals, accounting educators and researchers, and representatives of professional accountancy bodies.

IAAER is particularly delighted to host a development workshop in conjunction with the SAAA biennial conference. This workshop provides the researchers with specific, detailed, and constructive feedback and mentoring on their research proposals or work in process, with the objective of assisting in the professional development of Southern African accounting academics. The workshop is made possible by the generous sponsorship of our gold sponsors, KPMG Foundation and KPMG South Africa and the General Charitable Trust of the Chartered Institute of Management Accountants (CIMA), and our bronze sponsors, BDO, Emerald Group Publishing, First National Bank and *Meditari Accountancy Research*. IAAER also thanks the paper development workshop faculty who provide support and feedback to participating researchers.

A major component of the mission of IAAER rests on its collaborations with member bodies from all over the world. We are very pleased to have professional accountancy organizations, academic organizations and university members from both Nigeria and South Africa, and we hope that others will visit the IAAER's website ([iaaer.org](http://iaaer.org)) and consider the benefits of individual and institutional membership. IAAER is particularly committed to the support of the accountancy profession—both the academic side and the practicing side—in developing countries. One key support activity is our ongoing series of paper development workshops such as the one held here in conjunction with the SAAA meeting. Another support activity is the Deloitte/IAAER Scholars Program, launched in 2013. This program provides financial and mentoring support for five scholars from Brazil, Indonesia, Poland, Romania and South Africa, enabling them to benefit from participating over a number of years in international accounting conferences and to receive ongoing support and advice from a senior research mentor.

Finally, IAAER especially thanks Professor Lana Hanner Weldon, SAAA President and the SAAA conference planning committee for putting together a brilliant conference program and for continuing to support the highly successful partnership between SAAA and IAAER.



## Conference Directory

### Aquarium and Whale-watching Deck

Opened in December 1931, the aquarium is the oldest in South Africa. More than 400 species of fish, penguins and seals can be seen. Make sure you make it in time to see the seal show (twice daily at 11.30am and 3.30pm). The display of Cape Pigmy clawed lobsters is the only one of its kind in the world.

### ATM

There are ATMs along the esplanade under the Kennaway Hotel. Please ask the information desk for directions.

### Beaches

Orient Beach - East of the river mouth and closest to the city is a popular beach with families. It has a tidal pool, a playground, water slides and other child-friendly attractions. Since 1847, about 150 ships have been wrecked within a 5km radius of the Buffalo harbour, but the only visible wreck is the Orient, which can be seen at low tide from Orient Beach.

Eastern Beach is the main long beach fronting the Esplanade. Please do not walk further east than the life savers shack at any time – it is dangerous.

Nahoon Beach is on the northern headland, this is a beautiful stretch of beach and Nahoon Reef is a well-known and popular surf spot.

### Communication and Internet

There is high-speed, wireless broadband network that provides internet access to all areas of the Complex.

### Emergency Numbers

Police:	10111
Fire:	043 705 9000 / 043 705 9098
Ambulance:	086 022 3366 (Aldersons)
	043 726 2225 (Dynamic)

### Golf Courses

The East London Golf Course features a unique natural course layout, meandering through coastal dunes and indigenous bush. It is enhanced by striking natural scenery overlooking the Indian Ocean and has hosted six SA Open tournaments. Other golf courses in the region include the Fish River Sun, Alexander, West Bank and King William's Town.

## **Medical**

First aid services from registered staff to medical doctors are available on request. Please see information desk.

## **Museums, Monuments and Historical Buildings**

The East London Natural History gallery features the original coelacanth - a prehistoric fish species is estimated to be about 350-million years old and was believed to be extinct until a fisherman from East London caught one in 1938.

The Museum also serves as the home of the world's only surviving Dodo egg and a reconstruction of the flightless bird that lived on the island of Mauritius, standing about a metre tall.

The border gallery gives a fine depiction of the history of the region and includes displays of southern Nguni beadwork and traditional culture; the costume gallery is a fine treat with period settings from the Late Victorian through to the 1930s Art Deco style; and the maritime gallery includes model ships and shipwreck artefacts.

The Ann Bryant Art Gallery housed in an Edwardian building, features a mix of Cape Dutch and Victorian artworks. This fascinating collection is representative of South African art from 1880 onwards.

Gately House, built in 1878, was the residence of John Gately, the first mayor of East London, his wife Mary Ann and their 12 children. It was declared a national monument in 1973. The furniture in period style and almost all that is on display belonged to the original owners.

The foundation stone of the stately City Hall was laid in 1897. The clock tower commemorates the diamond jubilee of Queen Victoria. Built in the Victorian Renaissance style, the marble for the imposing staircase was imported from Carrara, Italy.

## **Safety and Security**

General security of the Centre is provided by Broubart Security.

A security team is on duty 24 hours a day, 7-days a week. An automatic fire detection & sprinkler system with voice evacuation, is installed throughout the building

For your own safety please **do not** walk alone along the esplanade after sunset.

## **Shopping and Entertainment**

Please refer to the information desk for directions to:

Hemingways Casino - the casino complex has a retail section, a variety of fast food outlets as well as activities for children (games arcade, a climbing wall and adventure golf).

Vincent Park - Centrally situated offering a number of clothing shops and dining restaurants.

## **Panel 1 - Closing the GAP**

### **Prof Lana Hanner Weldon - SAAA President, University of Fort Hare**

Lana is the current President of the Southern African Accounting Association and an Associate Professor at the University of Fort Hare teaching Governance and Auditing in the post graduate programme. Her passion for education means that she is constantly seeking new ways of connecting with students and enhancing their learning experiences.

### **Raymond de Villiers - Tomorrow Today**

Raymond is an international speaker, and consultant, who has held leadership and management positions in a number of entrepreneurial and corporate organizations. He brings this experience to bear in his keynote presentations with well researched and engaging content delivered in an edutaining and light-hearted manner.

### **Nanette Yeld - Department of Education**

Nan is the Director: University Teaching and Learning Development at the Department of Higher Education and Training. Previously, she held the position of Dean: Higher Education and Development at the University of Cape Town. Her professional and research interests and experience lie in the articulation between schooling and higher education, and in general higher education development issues. Her current responsibilities include the design and implementation of the DHET's 'New Generation of Academics Programme (nGAP)', monitoring and evaluation of the Department's Teaching Development Grants, and management of the International Scholarships Office.

### **Francis Kwahene - Walter Sisulu University**

Francis is the Head of the Department of Accounting at Walter Sisulu University (WSU) and also heads the Thuthuka programme at WSU. He was specifically recruited in January 2012, as part of the university's drive towards the SAICA re-accreditation of its BCompt degree. Francis teaches Financial Reporting at all undergraduate levels. Francis has a deep passion for education and appreciates that it is the only guaranteed way to change one's trajectory in life. Francis heads a young department (average age 31), who all share his beliefs and convictions on the importance of education as evidenced by the positive strides that the department has made since 2012 in its drive towards the SAICA re-accreditation of its BCompt degree.

### **Prof Ilse Lubbe - University of Cape Town**

Ilse Lubbe is an Associate Professor in the College of Accounting, at the University of Cape Town. She is also the subject representative on the SAAA Exco for Accounting Education. Ilse has been lecturing Financial Accounting for more than ten years, and is the main author of the textbook *Financial Accounting, IFRS Principles*, published by Oxford University Press and widely adopted in Southern Africa. Her research interests in Accounting Education include challenges in large class teaching, students' approaches to learning, and considerations for assessment, curriculum development and teaching interventions.

### **Lazola Cebe - KPMG Trainee**

Lazola is a second year trainee at KPMG in Port Elizabeth and a graduate of the University of Fort Hare. She was a tutor during her time at the university and showed passion for educating. Her enthusiasm and drive make her a prime role model for students aspiring to be chartered accountants.

## **Panel 2 - Global Accountancy Skills Crisis**

### **Prof Katherine Schipper - IAAER President, Duke University**

Katherine is the Thomas F. Keller Professor of Business Administration at Duke University's Fuqua School of Business and is currently the President of IAAER. She is a widely published researcher and highly sought after speaker and has been recognised as the American Accounting Association's Outstanding Educator and Distinguished International Lecturer. Prior to joining Duke University's faculty, she was a Board Member of the Financial Accounting Standards Board.

### **Tsakani Ratsela - Auditor General South Africa**

Tsakani is currently the Deputy Auditor-General of South Africa, the first South African woman to be appointed to this executive leadership position in the organisation's 103 year history. She has a wealth of governance experience gained through participation in a number of boards and is a passionate advocate and active contributor to the growth and transformation of the Accountancy Profession.

### **Shane Balzan - CIMA Global**

Shane is part of the Education management team at CIMA. He leads in developing strategy and overseeing the development of CIMA's syllabus and assessment strategy. He also forges closer relationships with employers, universities and other professional bodies. Prior to becoming Head of Syllabus Development, Shane managed CIMA's department responsible for accrediting university programmes.

### **Mandi Olivier - SAICA**

Mandi is the Senior Executive: Professional Development at SAICA. In this role, she is responsible for developing and driving the strategy for the Professional Development Unit which includes Education and Exams, Training and, previously, Continuing Professional Development. Mandi's commitment to the furtherance and transformation of the Accountancy Profession is evidenced by, amongst other things, her active involvement in capacity building projects at Historically Black Universities.

### **Zola Beseti - KPMG**

Zola is a Director of KPMG in the Technical Accounting and Assurance Division. His interest in education and development of others started when he was in articles when he initiated a tutoring project for matric students in Khayelitsha. It was no surprise then when he elected to continue this involvement by spending two years lecturing at the University of Fort Hare before returning to KPMG as a senior manager, and subsequently a director.

### **Taryn Woodbridge - Mercedes-Benz South Africa**

Taryn is a Divisional Manager: Finance and Controlling at the East London plant of Mercedes-Benz. As a CA(SA) herself, Taryn's passion for advancing the profession was evident in her being instrumental in founding the CA training programme at MBSA in 2008. She continues to employ many accountancy graduates at varying levels within the organisation.

## **Panel 3 - The GAP between Academic Performance and Academic Evaluation Criteria**

### **Prof Donna Street - University of Dayton, IAAER**

Donna is Chair of the Department of Accounting and the Mahrt Chair in Accounting at the University of Dayton. She is active in several academic and professional organizations, including being a past President of IAAER and currently holding the position of Director of Research and Educational Activities. Donna is a member of the IFRS Foundation Education Advisory Group, the IAAER Advisory Panel to IFAC and Beta Alpha Psi Professional Partners. She has received numerous prestigious awards and her research interests include international accounting standards and financial reporting issues.

### **Dr Charles Sheppard - Nelson Mandela Metropolitan University**

Charles is the Director: Management Information at NMMU and consults extensively in further education and training circles. He has been appointed as a consultant to the Department of Higher Education and Training for the last 5 years to assist with financial planning, enrolment planning, infrastructure funding allocations, subsidy calculations, data analyses and aspects of the funding review. Charles was a member of the Ministerial Committee on the Review of Funding of Universities and the principal writer of the report which was completed in 2012.

### **Mario Abela - IFAC**

Mario is the Leader of Research and Development at the International Federation of Accountants where he is responsible for IFAC's research function and leads the Accountability Now campaign. He was previously a director in Deloitte's Global IFRS office leading the firm's thought leadership on financial reporting. Prior to that he was Research Director at the European Financial Reporting Advisory Group where he established the research function and led a number of international projects on financial reporting.

### **Prof Keryn Chalmers - IAAER VP, Monash Australia**

Keryn is Deputy Dean in the Faculty of Business and Economics at Monash University. She is active in several academic and professional organizations including being the current Vice President (Education) of IAAER and sits on the IAESB. She is a senior fellow of the Financial Services Institute of Australasia. Formerly a Victorian Divisional Council member of CPA Australia, Keryn has also been a member of the CPA Australia national education accreditation board, special considerations committee and examination policy advisory committee.

### **Prof Nadia Albu - Bucharest University, Deloitte-IAAER Scholar**

Nadia Albu is Professor of Accounting with the Bucharest University of Economic Studies Romania, and obtained a PhD from the same university in 2005. Nadia is a Deloitte IAAER Scholar and a member of the IAAER Advisory Panel to IFAC. She visited the University of Dayton, OH, as a Senior Fulbright Grantee in 2014. Nadia is focusing her research on IFRS application in emerging economies, management accounting, and the accounting profession.

### **Prof Elmar Venter - University of Pretoria, Deloitte-IAAER Scholar**

Elmar Venter is Associate Professor of Taxation at the University of Pretoria. He has taught both Financial Accounting and Taxation at the undergraduate and post-graduate levels. During 2011, Elmar obtained a PhD in Accounting from the University of Auckland, New Zealand. He has published in leading national and international journals and was internationally recognized when he became one of the Deloitte-IAAER Scholars. In 2014, he was recognised as an "Exceptional Young Researcher" by the vice-chancellor of the University of Pretoria.

## Concise Report by the Chairman of the Scientific Review Panel - Rob Scott

Thirty nine of the seventy nine papers submitted to the conference have been accepted to the refereed section (49%) and a further twenty nine paper presenters were given the opportunity to present their papers as non-refereed in order to gain valuable input from their peers to improve their papers, or have elected not to have their papers form part of the conference proceedings. This is in line with the SAAA's mission to foster a strong research culture in Southern African Accounting.

All papers in the refereed section were subject to a double blind review process and we thank the academics who took time out of their very busy schedules to review these papers.

The accepted papers were contributed by academics representing a wide range of universities. The details are as follows:

<b>SOUTH AFRICAN UNIVERSITIES / ENTITIES</b>	<b>PAPERS</b>
University of Cape Town	11
University of Pretoria	7
University of Limpopo	7
University of the Witwatersrand	6
University of South Africa	5
National Research Foundation	4
Nelson Mandela Metropolitan University	4
University of Fort Hare	4
Rhodes University	2
North-West University	3
University of Kwazulu-Natal	2
University of Johannesburg	2
Tshwane University of Technology	2
Cape Peninsula University of Technology	1
University of the Western Cape	1
<b>UNIVERSITIES OUTSIDE SOUTH AFRICA</b>	
University of Waikato, New Zealand	3
Glasgow Caledonian University, Scotland	1
University of Maine, Farmington	1
Gadjah Mada University, Indonesia	1
Shehu Shagan College of Education, Nigeria	1
University of Western Australia	1

Researchers competed for best paper awards in the following five categories:

- Financial Accounting (including all forms of corporate reporting)
- Management accounting and financial management
- Auditing (including internal auditing, governance and ethics)
- Accounting Education; and
- Taxation

Best paper awards were made in each subject area by independent subject expert reviewers and the overall best paper was then adjudicated by a panel of additional reviewers.

We extend our congratulations to our winners!

In closing it would be remiss of me not to extend my personal gratitude to all the members of the Scientific Committee in particular administrative staff and representatives without whom none of this would be possible.

## Scientific Committee

### Chairman

Rob Scott (Department of Financial Accounting, Durban University of Technology)

### Executive Committee Subject Representatives and Reviewers

MANAGEMENT ACCOUNTING & FINANCE SUBJECT REPRESENTATIVE: RONA VAN HOEPEN			
ADELE OOSTHUIZEN	UNIVERSITY OF JOHANNESBURG	LEHANRI MULDER	NORTH-WEST UNIVERSITY
AKIOS MAJONI	UNIVERSITY OF CAPE TOWN	LEN STEENKAMP	STELLENBOSCH UNIVERSITY
ANDRÉ KRUGER	UNIVERSITY OF JOHANNESBURG	LIZEL BESTER	NELSON MANDELA METROPOLITAN UNIVERSITY
ANRIA VAN ZYL	STELLENBOSCH UNIVERSITY	MABUTHO SIBANDA	UNIVERSITY OF KWAZULU NATAL
BREGGIE VAN DER POLL	UNIVERSITY OF SOUTH AFRICA	MARIANNE LOTTER	UNIVERSITY OF SOUTH AFRICA
CARLOS CORREIA	UNIVERSITY OF CAPE TOWN	MARK BUNTING	RHODES UNIVERSITY
CAROL CAIRNEY	UNIVERSITY OF WESTERN CAPE	MARNO BOOYENS	UNIVERSITY OF JOHANNESBURG
COENRAAD LABUSCHAGNE	UNIVERSITY OF JOHANNESBURG	MERWE OBERHOLZER	NORTH-WEST UNIVERSITY
COLLINS C NGWAKWE	UNIVERSITY OF LIMPOPO	MICHAEL FAKOYA	UNIVERSITY OF LIMPOPO
DAAN VAN ROMBURGH	NORTH-WEST UNIVERSITY	MICHAEL WORMALD	UNIVERSITY OF CAPE TOWN
FRANS BIBBEY	NORTH-WEST UNIVERSITY	MUSI DOWELANI	UNIVERSITY OF PRETORIA
GIDEON ELS	UNIVERSITY OF JOHANNESBURG	NICO SMITH	UNIVERSITY OF JOHANNESBURG
GILLIAN BARTLETT	UNIVERSITY OF FORT HARE	PATRICIA SHEWELL	UNIVERSITY OF KWAZULU NATAL
HENCO VAN SCHALKWYK	UNIVERSITY OF PRETORIA	PAUL MAUGHAN	UNIVERSITY OF CAPE TOWN
HENDRIK WOLMARANS	UNIVERSITY OF PRETORIA	PHILLIP DE JAGER	UNIVERSITY OF CAPE TOWN
HUGO LAMBRECHTS	UNIVERSITY OF PRETORIA	REINETTE VAN GAALEN	UNIVERSITY OF JOHANNESBURG
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## Abstracts

The abstracts represent papers that have been accepted on the refereed and non-refereed track of the conference. The '**refereed**' papers were all subject to a double-blind peer review and will be included in the conference proceedings (i.e. CHED accredited). The abstracts of the refereed papers are highlighted by a <sup>1</sup> next to the title.

The '**non-refereed**' papers fall into two categories:

1. Those that elected not to form part of the conference proceedings, as the paper has been or will be submitted to a journal;
2. Those that were not accepted by the double-blind peer review process, yet the paper is sufficiently in progress to warrant a presentation.

In the content section under the different subjects, the section in which the abstract falls will be indicated. Authors who published under the non-refereed section are encouraged to use the feedback from the review process, as well as from the conference attendees to further improve their papers and to submit them to an accredited journal.

The abstracts are presented under the following categories:

- Accounting Education
- Auditing (including internal auditing, governance and ethics)
- Financial Accounting (including all forms of corporate reporting)
- Management accounting and financial management; and
- Taxation

## ACCOUNTING EDUCATION

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## **Towards creating a flipped classroom: A pilot study of students' perceptions of podcasts as a learning tool in large undergraduate taxation classes <sup>1</sup>**

*Mulder, I & van Oordt, T  
University of Pretoria*

### **Abstract**

**Purpose:** The purpose of this study is to determine the perceptions of higher education taxation students in South Africa (a developing country); on the use of podcasts as a revision tool in a blended learning environment towards creating a flipped classroom learning strategy.

**Design/methodology/approach:** The researchers made use of an action research methodology, collecting student feedback from 1084 second year taxation students by means of a structured online questionnaire.

**Findings:** 75% of respondents indicated that podcasts are a helpful learning tool when utilised as a revision tool. After being exposed to podcasts as a lecture replacement tool (and not a revision tool) to create a flipped classroom environment, 48% of respondents indicated that a flipped classroom would be the ideal learning environment. 37% of respondents did not agree with this statement. The researchers concluded from the pilot study that students perceive podcast to be valuable learning tools, and that they are ready for a flipped classroom environment.

**Keywords:** flipped classroom, higher education, podcasts, blended learning, ICT, e-learning, revision tools.

## **Power and influence: using a social network analysis of editorial boards to rank accounting journals**

*Samkin, G & Hutchings, J*  
*University of Waikato*

### **Abstract**

**Purpose:** The purpose of this paper is to establish whether a social network analysis of editorial board members can be used to develop a credible ranking of accounting journals.

**Design/methodology/approach:** The social network in this study takes the form of an affiliation network. This is a two-mode, non-dyadic network that comprises actors in the form of editorial board members and events, accounting journals. Centrality measures which are defined on the vertices of a graph, are essential for the analysis of social networks. Four centrality measures, degree, betweenness, closeness and eigenvector are used to provide a variety of scores that measured the power and influence of the editorial board members and journals. The centrality measures are then weighted to rank editorial board members and journals according to their position in the network.

**Findings:** The weighted centrality measures enabled the most influential and powerful editorial board members from the accounting journals in the sample to be identified. These measures were also used to identify the most influential accounting journals.

**Originality/value:** This research is unique in that it attempts to use social network analysis to identify those editorial board members able to exercise power and influence the accounting discipline. This is then used to prepare a journal ranking list of 140 accounting journals which covers multiple regions and languages, something not dealt with in previous research.

**Keywords:** Social network analysis; centrality measure; editorial board; power; influence

## Exploring the elusive professional identity

*Blake, E., Samkin, G., & Low, M*  
*University of Waikato*

### **Abstract**

This paper examines the professional identity of New Zealand chartered accountants. Although prior literature suggests that professional identity is integral to a profession the concept is elusive. This study attempts to gain a greater understanding of this term.

Semi-structured interviews were conducted with 60 New Zealand chartered accountants. Participants were drawn from different occupations and levels of experience. The interviews were transcribed and analysed using a textual analysis software program. Consistent with prior studies, this paper found that the concept of 'professional identity' was not well understood. Indeed, terms such as stereotypes, traits, characteristics, attributes, and branding were used interchangeably with 'professional identity'. Furthermore, there was a misalignment between the professional identity portrayed by New Zealand Institute of Chartered Accountants (NZICA) and the interpretation of the concept 'professional identity' by individual members.

This study has practical implications for future research. NZICA has become "One New Institute" with its merger with the Institute of Chartered Accountants Australia and as a result is currently undertaking a rebranding process. This study highlights weaknesses in existing NZICA current branding that may, in future, be remedied by the new institute.

**Keywords:** professional identity; stereotype; chartered accountant; Leximancer; attributes; branding



## **Measuring accessibility of accountancy programmes at public higher education institutions in South Africa <sup>1</sup>**

*Terblanche, A & de Clercq, B*  
*University of South Africa*

### **Abstract**

South Africa is currently in the midst of a financial skills shortage with a severe scarcity of accountants in particular. The shortage of accountants in South Africa could possibly be addressed if the accessibility to accountancy programmes is measured continuously and the public higher education institutions that offer them are ranked based on the results. This study attempted to measure the accessibility of accountancy programmes offered at public higher education institutions in South Africa by making use of four accessibility indicators, namely participation, educational attainment, educational equity and gender parity. Due to lack of data in the South African context, only the participation rate and educational attainment rate could finally be measured. Although accessibility indicators are often measured at a high level for higher education both in South Africa as well as internationally, these indicators are not often used to measure accessibility of certain scarce skills professions such as that of accountancy. This study aimed to fill this gap by measuring accessibility and providing subsequent rankings of the public higher education institutions in South Africa in terms of accountancy programmes offered. The results could provide the Department of Higher Education and Training (DHET), the South African government and other stakeholders with information on where possible accessibility issues are experienced in order to address these issues in a timely manner. Based on the combined accessibility assessment, the Cape Peninsula University of Technology and the University of Stellenbosch ranked the highest overall, being therefore the most accessible institutions for accountancy programs. Measures should be taken to learn from these universities and to take note of plans that they have put in place to address their overall accessibility to the accountancy programmes that they offer.

**A four-year analysis of the student profile versus academic performance in first-year Accounting at a South African university: an exploratory study**

*Papageorgiou, E*  
*University of the Witwatersrand*

**Abstract**

**Purpose:** The purpose of the study is to explore the first-year accounting student profile in terms of academic performance over a period of four years at a South African university.

**Objectives/Methodology:** The objectives of this study were to explore the impact of the student profile (age, gender, race) and the students' pre-university knowledge brought to lectures (languages in Grade 12, Grade 12 subject choice, whether Accounting was a Grade 12 subject) on academic performance or outcome (measured in marks obtained in Accounting I). A quantitative research method was used.

**Findings:** The study concluded that the student profile, in particular gender and race and pre-university knowledge of first-year accounting students, does have an impact on the academic performance.

**Value:** The value that this study is that it should enable the university to identify students who fit the profile in terms of passing Accounting I in their first year at an academic institution. The findings could also identify trends for at-risk students consequently helping to implement interventions to assist at-risk students to pass Accounting I.

**Key words:** academic performance, accounting, gender, grade 12, language, race, South Africa, students, subjects, university

## **Accounting students' adaption to university at a large African university <sup>1</sup>**

*Papageorgiou, E & Callaghan, CW*  
*University of the Witwatersrand*

### **Abstract**

**Orientation:** The transition from school to higher education is an exciting experience for some students but it could be a stressful and overwhelming period for some students admitted to higher education institutions. Students need to 'adapt or die' to face different kinds of difficulties on their journey from school to higher education.

**Purpose/objective of the study:** The purpose of this study was to investigate the concurrent and predictive validity of the Student Adaption to College Questionnaire (SACQ) scores to explore if the adaption from school to university is evident in a sample of South African university accounting students. Factors that were explored that may have an influence on the adaption of students to university were; age, gender, race, choice of degree, the school the student attended prior to the university, university tuition fees and place of residence while studying at the university.

**Research questions:** In order to achieve the aim of the study the following questions were addressed; 'What is the current 'make up' of accounting students that could influence the adaption of students to university attainment?' and 'What is the relationship between the adaption of accounting students to university and academic performance by investigating the concurrent and predictive validity of the Student Adaption to College Questionnaire (SACQ) scores?'

**Research method:** The research method was quantitative in nature; an exploratory study and data was collected in administering an electronic questionnaire.

### **Main findings and contribution:**

The findings offer accounting lecturers the opportunity to have a better understanding and greater sensitivity of their students' make-up' and that there are adjustment problems that influence students' academic performance.

**Key words:** Accounting, adaption, SACQ, South Africa, student adjustment, university

**A Reflection on Visual Representation of the Accounting Equation as part of the Teaching and Learning Mix for an Introductory Financial Accounting Class<sup>1</sup>**

*Mitchell, C*  
*University of Maine Farmington*

**Abstract**

The accounting education system is facing a multitude of challenges including questions regarding its effectiveness and reliability and these changes increase the pressure on accounting educators to find the most effective techniques not only for developing the additional skill sets and competencies expected on accounting graduates, but to also develop the foundational skills and knowledge. Much accounting research has been dedicated to considering how to improve the learning outcome of students, specifically considering learning styles, and their match with teaching pedagogies. This paper specifically addresses one of the many techniques available to the accounting educator to assist students in understanding fundamental concepts in financial accounting; namely using a visual representation of the accounting equation. The paper reflects on the 5 year formalized longitudinal survey, of students learning and perceptions using visual representations of the accounting equation. The study found that the majority of students did perceive the visual modeling as helpful in understanding both foundational concepts as well as more complex applications. The author concludes that such a model could be a useful addition to the mix of teaching tools available to accounting educators.

## **Accounting Education in Nigeria Universities and the Changing Demands of the Accounting Profession <sup>1</sup>**

*Madawaki, A*  
*Shehu Shagari College of Education*

### **Abstract**

This study presents the result of a survey on the required core and common courses for undergraduate accounting education as perceived by accounting educators, practitioners, employers and students in Nigeria. Respondents generally agreed to a series of core and common courses that are important to the training of undergraduate accounting students, although some differences manifest among the respondent groups regarding the perceived importance of those core and common courses. The findings also showed that the respondents have identified certain courses that need to be incorporated in the mandated Benchmark Minimum Academic Standards so that Nigerian accounting graduates will acquire the required skills to meet the market demand and deal with the challenges of discharging their professional responsibilities. Therefore it is satisfied that undergraduate accounting education curriculum reform in Nigeria is absolutely necessary.

**Key words:** Accounting Education, Nigerian Universities, Current Status, Future Prospects

**Addressing accounting education challenges through experiential teaching methodologies: possible benefits, examples of successful implementation and key-considerations <sup>1</sup>**

*Botha, N*  
*University of Cape Town*

**Abstract**

The recent worldwide recession has served to place the focus not only on the accounting profession, but also on the educational system that supports this profession. A growing body of research has highlighted that this educational system has failed to deliver entry-level accountants who are equipped with the necessary skills and competencies to cope with the ambiguous challenges that await them in the world of business. Both the profession and the educational system are challenged by various factors such as changing business environments and the integration of information technology into virtually all aspects of life and business processes. Current criticisms need to be addressed and future criticisms prevented if accounting education is to survive the turn of the century. It is in difficult times like these that accounting educators are called to step up and face the various challenges facing accounting education with new and innovative teaching methodologies. One theory from which such methods might stem is the theory of experiential learning and although a great deal of research has been done on the subject of using experiential learning theory in accounting education, not much of the findings have found real world application. This study explores whether specific challenges facing accounting education, as revealed by the literature review, may be addressed through the specific potential benefits which may be derived from effectively implemented experiential teaching methodologies, as revealed by the literature review. The value of this study is evident in that it provides accounting educators with a practical starting point of a list of considerations to be accounted for, when attempting to practically transfer the research in this area of accounting education into the classroom.

## **The best place to be on a Tuesday afternoon!**

*Bargate, K  
University of KwaZulu-Natal*

### **Abstract**

This paper emanates from a case study which focussed on 15 Managerial Accounting and Financial Management (MAFM) students' experiences of learning in an 18-week Writing Intensive Tutorial (WIT) programme. Interactive Qualitative Analysis (IQA) (Northcutt & McCoy, 2004) was used for the research design and as a data analysis tool. Following IQA protocols, participants' actively engage in collecting the data and undertake thematic content analysis of the data. Participants articulate their experiences of the programme and develop emergent categories of meaning, or *affinities*, and the relationship between the affinities. Of the nine affinities that were confirmed as describing students' experiences of learning in the WIT programme, this paper reports on the students' experiences of one of these affinities, *enjoyment*. Participants said that they found the WIT programme enjoyable which made learning fun. MAFM tutorials were no longer perceived as dull and boring rather exciting and enjoyable. The awareness that higher education can be a fun learning environment, impacted positively on students' experiences of learning MAFM.

**Keywords:** accounting education; affinities; enjoyment; financial management; Interactive Qualitative Analysis; management accounting; writing intensive tutorial programme



**The effectiveness of scaffolding as a teaching tool within the Taxation discipline in improving the reading, writing and understanding skills of students**

*Hirschbeck, L*  
*University of Fort Hare*

**Abstract**

Students are not practicing reading and writing sufficiently, and many students are not adequately versed in Academic Literacies. This is especially relevant within the South African context of Higher Education. The current thinking in Academic Literacies is that lecturers should embrace Academic Literacy within a subject specific context. This is supported by research undertaken in the South African Higher Education context. Contemporary assessment methods propose that lecturers should use more formative assessment methods to prepare students for summative assessments. With this background, the question arose whether it is possible to improve students' reading and writing by using the scaffolding technique within the teaching of the Taxation discipline. This technique involves breaking up a larger task into smaller more manageable tasks. An action research project was undertaken to provide students with the opportunity of practicing their reading, writing and understanding skills within a Taxation specific context. Whilst student participation in the various tasks was not as good as it could have been, the overall results of the research did provide support for the use of this technique. Further research requiring compulsory completion of formative tasks is recommended to explore this technique in greater depth.

**Key words:** formative assessment, action research, scaffolding, reading, writing and understanding

## **Towards a model of teaching and learning in a Managerial Accounting and Financial Management writing-intensive tutorial programme <sup>1</sup>**

*Bargate, K  
University of KwaZulu-Natal*

### **Abstract**

There is a plethora of theories of student learning including, student-based and teacher-based theories of learning. The student-based theories focus on qualities inherent in the student while teacher-based theories focus on the educator, and the development of teaching skills. In this study, 15 Managerial Accounting and Financial Management students participated in an 18-week Writing-Intensive Tutorial Programme. Using Interactive Qualitative Analysis, nine affinities or themes were identified by the participants, reflecting their experiences of learning while on the programme. The affinities identified were used to develop a model of teaching and student learning in a Writing-Intensive Tutorial Programme.

The findings from this research suggest an integrated model of teaching and learning in a Managerial Accounting and Financial Management Writing-Intensive Tutorial Programme. The emergent model is framed by the *programme structure*, which embraces the learning environment. The results stress the importance of the involvement of both faculty and student in creating a holistic learning environment where quality teaching and student learning are valued.

**Keywords:** Accounting education; Affinities; Financial Management; Interactive Qualitative Analysis; Managerial Accounting; Model; Teaching and learning environment; Writing-Intensive Tutorial Programme

## **Achievement of institutional success rate targets: the Diploma in Accountancy learning programme at the Nelson Mandela Metropolitan University<sup>1</sup>**

*Fourie, H., Barnard, J., Bester, L & Christian, J  
Nelson Mandela Metropolitan University*

### **Abstract**

Transformation in the Republic of South Africa (RSA) as well as the low success rates in academic learning programmes remain unsolved matters of concern for the RSA Government and thus University Management. As part of a larger research project, this paper aims to conceptualise different teaching approaches; describes the current teaching practice model at the Nelson Mandela Metropolitan University's Diploma in Accountancy learning programme; and gauges the success rates achieved with this current teaching practice model with the NMMU's constitutional target success rate.

In order to achieve these objectives a comprehensive literature review was performed, primary data on the current teaching practice model was collected by means of research instruments and an analysis of the NMMU's success rates for the Diploma in Accountancy accounting modules was performed. The results of the paper reveal that a *teacher-centred* teaching approach is largely followed and that the institutional success rate of 75% is not achieved through the use of the current teaching practice model.

**Key words:** Blended learning, success rates, students-centered approach, teacher-centered approach, teaching approach.

**Design and evaluation of a capstone course for accounting students: aligning an academic course with the competency required by the professional body <sup>1</sup>**

*Maughan, P & Davidowitz, B  
University of Cape Town*

**Abstract**

A capstone course was introduced at a South African University in 2012. It is compulsory for all students studying towards becoming chartered accountants.

The primary concern of this paper is to improve this capstone course for accounting students by making use of Action Research techniques. In the first part of this paper, the context, research problem and rationale for the study, are presented. The literature review explores the nature of capstone courses and the suitability of Action Research as a tool for reflective accounting education practitioners.

The data collection methodology of student evaluations, tutor and lecturer focus groups, is then discussed. The findings suggest that students believe that pervasive skills are being developed although with different degrees of success amongst the educational innovations included in this capstone course. The development of the capstone course through Action Research techniques has also been documented so as to help accounting education practitioners interested in developing a capstone course.

**Keywords:** Capstone course, Action Research, Innovation, Collaborative Educational Practice, Accounting

## **Analysing the perceived benefits of a case study-based competition in finance**

*van Hoepen, R & Oberholzer, M  
North-West University*

### **Abstract**

The Chartered Institute of Management Accountants' (CIMA) Global Business Challenge (GBC) is investigated to determine whether there were any benefits for the students taking part in a finance case study-based competition. A questionnaire was completed by 93 of the 96 participants whose teams managed to compete in the global final of the GBC 2013 that was held in South Africa. Questions were formulated to address perceptions on the benefits gained, the development of skills and enrichment by experience. A confirmatory factor analysis and descriptive statistics were used to identify different constructs of skills, different constructs of experience and to comment on the value of the skills development and experience. The study unravelled the interaction between skills developed and enrichment by experiences and demonstrates how the different constructs build on each other. The foundation of a hierarchy of benefits gained is the personal experience of participation in the GBC that was ranked the highest. From there the strategic analysis skills, subject exploration and financial management skills builds forth, to culminate in the soft skills and practical application of theoretical concepts.

**Keyword:** Case study; Chartered Institute of Management Accountants' (CIMA); Global Business Challenge (GBC), experience; skills development

## **Voices of First Year Accounting Students: Learning in a Second Language**

*Smith, S & de Villiers, C*  
*University of Pretoria & AUT University*

### **Abstract**

**Purpose** – English second language (ESL) accounting students in South Africa, and in the rest of the world, face unique challenges. The purpose of this paper is to provide a qualitative perspective on language factors impacting the academic experience of first year ESL accounting students.

**Design/methodology/approach** – Interviews were conducted with ESL students from a leading South African university, about their first year learning and language experiences in order to sensitise accounting educators to these students' reading, writing, listening and speaking experiences while learning.

**Findings** – The results indicate ESL students are apprehensive about speaking English, and find listening to English lecturers problematic. As most students spend their high school careers studying mainly English material and answering question papers in English, they did not necessarily believe that these two constructs were as problematic as speaking and listening.

**Originality/value** – This study extends the literature. Prior studies attempt to measure the effect of language, on first year accounting students' performance with little qualitative exploration of these factors. This study reflects the diverse lived experiences of first year accounting ESL students language struggles. Accounting educators should use this knowledge to work together with language practitioners to incorporate the appropriate use of language into their lectures, course materials and assessments.

**Keywords:** English second language, students, accounting, learning, first year, reading, writing, listening, speaking

**The use and usefulness of simulations in accounting education: Views of students at a South African university accredited at the South African Institute of Chartered Accountants.**

*de Villiers, R*

*North-West University*

**Abstract**

The use and usefulness of active learning tools such as simulations in accounting education specifically are evident and are being stressed by accounting educationalists on an international scale. In this study, the benefits of using simulations and how its recognised disadvantages can be mitigated are highlighted. The objective of this study was to obtain students views on the use and usefulness of simulations in the audit subject specifically. In reaching this objective, a qualitative approach in collecting the data from the respondents was followed, which included the use of several focus group discussions with the third year audit students at a South African university accredited at the South African Institute of Chartered Accountants. The results reported form part of a bigger project, where an instrument, i.e. simulation project that can be implemented by universities and other higher education institutions in South Africa and globally, were developed. In this project a mixed methodology was followed in evaluating this newly developed simulation, with the quantitative findings being reported in a previous study. The qualitative results of the project reported in this study have shown that the use of simulations in accounting education and specifically audit education, are invaluable to the learning process of students, and therefore the use thereof going forward is stressed. Recommendations based on the findings of the content analysis performed in analysing the qualitative data is also made, which may also have value to all lecturers in the accounting pedagogy. Finally, some areas for further research and development are stated together with an acknowledgement of the limitations this study is subject to.

**Keywords:** Accounting Education, Lecturers, Simulations, South African Institute of Chartered Accountants, Students.



## **The effectiveness of the teaching methodologies in audit education: A student perspective**

*de Villiers, R & Fouché, J  
North-West University*

### **Abstract**

Literature supports the fact that the approach followed in audit education still needs definite change. This study highlighted the point that the current criticisms toward the teaching approach followed in audit classrooms, which includes the argument that the current teaching methodologies utilised by audit lecturers are not effectively assisting audit students to master the various concepts in the audit subject field, are still evident today. The primary objective of this study was to evaluate whether the current teaching methods followed in audit education at universities accredited at the South African Institute of Chartered Accountants (SAICA), enables students to master the auditing and assurance competencies required by the SAICA. This was achieved through statistical analysis of data gathered from undergraduate chartered accountancy audit students of two South African universities accredited at the SAICA, using a questionnaire that was developed for this purpose. The results showed that there is room for improvement in the methods applied by audit lecturers in the audit classroom. The article concludes with recommendations, followed by a statement on the limitations of the study.

**Keywords:** Auditing, Audit Education, Audit Students, Competency, Perceived Competence, South African Institute of Chartered Accountants, Teaching Methodology.

## **Can blended learning tools contribute to improving undergraduate accountancy student success?**

*Christian, J & van Wyk, M*

*Nelson Mandela Metropolitan University & Tshwane University of Technology*

### **Abstract**

One of the main problems in higher education in South Africa is the low success rate and high dropout [attrition] rate of undergraduate students. In this paper, the authors aim to answer whether blended learning tools can contribute to improve the success of accountancy undergraduate students.

This paper is a result of a project initiated by institution X and Y focusing only on the possibility of how a blended learning approach and blended learning tools can contribute to the improvement of the success rate of the coloured and African accountancy undergraduate students in South Africa.

The research method entails a desktop study from which five key success factors were selected. The role of blended learning as well as blended learning tools were discussed in relation to the key success factors. In the end, a list is provided of proposed blended learning tools and how they can be used to address the factors that influence the success of students. In conclusion, it is proposed that blended learning tools can assist in addressing various success factors and in the process improve the student's chances of success. It is further recommended that the list of tools is expanded and tested in accountancy education.

**Keywords:** Success factors, blended learning, blended learning tools, under-preparedness, lack of prior knowledge, motivation, assessments, critical thinking, problem solving, practical examples.

## **The usefulness of detailed feedback on formative assessments of 2nd year accounting students**

*Stegmann, N & Malan, M  
University of Johannesburg*

### **Abstract**

The realities faced in higher education globally and in South Africa specifically, as embodied through massification, diversification of the student body and consumerisation requires students to increasingly take responsibility for their own learning. The reality of large classes and the inability of the system, through lack of resources and time constraints to interact with each individual student as was customary in the “traditional” higher education system necessitates students to take responsibility for their own learning. Over the last three to four decades there has consequently been a shift in teaching from a ‘simple’ acquisition process based on teacher/lecturer/educator transmission (cognitivist view) where one-on-one feedback was still a possibility to a process whereby students actively construct their own knowledge and skills (socio-constructivist view). It is generally accepted that feedback on formative assessments serves as a key mechanism in the development and enhancement of learning

A teaching and learning model was adopted by the Department of Accountancy at the University of Johannesburg that places more and more emphasis on students having to take responsibility for their own learning with a view to become life-long learners. Feedback however continued to mostly be limited to suggested solutions supplemented by general discussion of the most common responses received. A realisation of the inadequacy of this approach from both the lecturers’ and the students’ perspective contributed to the introduction of more detailed feedback. This research attempts to establish whether the supply of more detailed feedback on formative assessments was deemed to be useful by students.

A mixed-methods approach, utilising both quantitative and qualitative methods, which considers both subjective and objective knowledge was applied. A purposive sampling method was adopted in the study and allowed the researchers to select the class group (sample) according to the nature of the problem and the phenomenon being studied.

Based upon students’ positive lived experience of student feedback in accounting, feedback on assessments is perceived to be very important to facilitate learning. Even though 55% of students indicated that feedback in the past was regarded as sufficient, more than 80% of students indicated that (more detailed) feedback on assessments is important to facilitate learning. The distribution for feedback on assessments was especially encouraging with 79,2% of students strongly agreeing that such feedback facilitates learning.

The qualitative findings suggest that students view improved feedback as enabling them to prevent the repetition of mistakes, enables improvement and progression, supplies constructive criticism and stimulates self-assessment.

**Keywords:** Feedback, teaching and learning, formative assessment, accounting education, socio-constructivist

## **How knowledge structures impact on teaching and learning in an Introductory Accounting Course**

*Myers, LP  
Rhodes University*

### **Abstract**

Financial accounting is a discipline with a hierarchical knowledge structure. This has significant implications for how the discipline should be taught and it determines some of the procedures students need to follow when constructing knowledge (learning) in the discipline.

This study was conducted to better understand the structure of knowledge in Accounting at an introductory level, and how students constructed knowledge in the discipline, whether this was in an effective manner or not.

Accounting lecturers need to be aware of these procedures and of cognitive difficulties students may face when trying to construct knowledge in the discipline. Students on the other hand should be made aware of these potential stumbling blocks, and need to ensure that they engage with the discipline in an appropriate manner.

This research was conducted by through semi-structured interviews conducted with students who were purposively selected, based on their gender, race, whether they had studies in Accounting prior to coming to University and finally based on their performance in the June examination.

This research brings a focus to teaching and learning in Financial Accounting in a manner which has not previously been available. The reason behind our teaching strategies and the problems confronted by students are labelled which allow us to discuss these phenomena.

**Keywords:** Introductory financial accounting, knowledge structures, constructing knowledge.

## AUDITING (INCLUDING INTERNAL AUDITING, GOVERNANCE AND ETHICS)

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## **Board of Directors' Gender and Sustainability Disclosure Inclination<sup>1</sup>**

*Ngwakwe, CC & Ambe, CM  
University of Limpopo*

### **Abstract**

This paper examined possible association between a corporate board of directors' gender mix and the sustainability disclosure genre. Whilst recent research literature have found that gender mix is associated with improved sustainability reporting, the disclosure preference of different gender compositions have not been explored, at least, not within the South African context. This paper thus offers a nuance perspective to existing literature by examining the unexplored dimension in the literature – the type of sustainability reporting to which a board gender mix may be inclined. Using a sample of thirty companies from the Johannesburg Stock Exchange (JSE) Socially Responsible Investing Index (SRI), the Chi-square analysis results show that companies with a male dominated board of directors are more inclined to environmental disclosure, but companies with a critical mass of women (up to three women) on the board of directors, are more disposed to social responsibility disclosure. The finding of this research thus offers an agenda for further research on the likely implication of gender mix on corporate sustainability investment decisions.

**Key words:** board gender; board diversity; environmental accounting; environmental disclosure; social accounting; sustainability disclosure; social disclosure.

**Carbon Emissions and firm financial performance in JSE Socially Responsible Investment (SRI) index consistent performers<sup>1</sup>**

*Nyirenda, G., Ngwakwe, CC & Ambe, CM  
University of Limpopo*

**Abstract**

Environmental management has become a critical part of the operations of major firms across the globe. Firms in South Africa are no exception. The need to satisfy stakeholders has led to firms adopting environmentally friendly initiatives such as carbon emissions. This paper explores the impact of these carbon emissions on firm financial performance. Using panel data analysis, the carbon emissions of selected JSE SRI Firms are tested if they impact firm financial performance. Preliminary findings suggest that there is a negative association between carbon emissions and firm financial performance in these firms. Close scrutiny of the integrated financial reports and sustainability reports indicates a moral obligation for the firms to reduce their carbon emissions as well as pressure from authorities. The paper concludes by offering an agenda for further research to bridge the gap in knowledge in this critical area.

**Keywords:** Carbon Emissions, Firm financial performance, JSE SRI, Panel data analysis, South Africa

## **Evaluating the Relationship between Environmental Disclosure and Share Price Behaviour of South African Banks**

*Chokuda, M, Ambe, CM & Ngwakwe, CC  
University of Limpopo*

### **Abstract**

Corporate responsiveness to sustainable environment has become necessary to foster desired greening of the economy. However, corporations need to be motivated towards this act of social and environmental citizenship. One possible means to incentivise firms towards sustainability adherence is through environmental disclosure. Most firms are, however, hesitant to disclose if there are no apparent gains derivable especially under the background lacking a guiding sustainability reporting framework. The purpose of our study is to explore the relationship between share price and environmental disclosure. From six South African Banks listed on the Johannesburg Securities Exchange, we applied content analysis to determine the degree of environmental disclosure and collected share price figures from year 2004 to 2013. Control variables figures, return-on-equity (ROE) and dividend per share (DPS), earnings per share (EPS), market capitalisation and price earnings (PE) ratio were also collected from the same banks for the same period and using Panel Data Regression Analysis, our results indicate a significant relationship between share prices of South African banks and their environmental disclosures.

**Keywords:** Environmental Disclosure, Share price, Sustainability.



## **Ethical Theories Underpinning Selected Moments in the History of Chartered Accountants in South Africa<sup>1</sup>**

*Sander, K*

*PhD student Nelson Mandela Metropolitan University*

### **Abstract**

Increasing attention has been paid to ethics in the accountancy profession, evident from the requirements of the South African Institute of Chartered Accountants' initial development programme. This raises questions about the conceptions of ethics that have, since the founding of the profession in South Africa, underpinned the profession's efforts and actions. This paper explores selected moments in the history of chartered accountants in South Africa by considering archival documents from the South African Accounting History Centre. The documents were read with the intention of discerning which of the three ethical theories – utilitarianism, deontology or virtue – underpinned those moments.

**Key words:** Ethics, Accounting History, SAICA's Initial Professional Development (IPD) Programme, SAICA Code

## **Impact of Sustainability Reporting on Sustainable Ethical Business Practices: A Review of Sustainability Reports of Selected South African Companies<sup>1</sup>**

*Fakoya, M*  
*University of Limpopo*

### **Abstract**

This paper reviews sustainability reports of selected listed South African companies in relation to extant literature to determine its impact on sustainable ethical business practices. The paper adopted the four key principles of ethical behaviour in the principal-agent relationship as provided by Quinn and Jones (1995) to analyse selected South African firms attempts to conduct their businesses in a sustainably responsible manner using the content analysis method. Findings indicate the difficulty to measure a direct relationship between companies' sustainability reports and improvements to sustainable ethical business practices. The paper concludes that while it is necessary for organizations to comply with sustainability regulations; attempts should be made to ethically integrate and improve conventional business practice in a sustainable manner.

**Key words:** Sustainability Reporting, Stakeholder theory, King III Code on Corporate Governance, Sustainable ethical business practice

## **Municipal Fiscal Reporting and Determinants of Financial Regularity Audit Outcomes<sup>1</sup>**

*Ayaya, O*  
*University of Limpopo*

### **Abstract**

This paper contributes to developing of a composite model to predict audit outcomes and guide interventions seeking to improve financial reporting practices. It analyses the relationship between municipal financial regularity audit outcomes (FRAO) and selected municipal attributes. It examines the National Treasury's (NT) municipal capacity and Municipal Demarcation Board's structure categorisation in predicting municipal FRAO. The study hopes to contribute to operation clean audit tasks targeted at improving municipal attributes clustered within governance, and fiscal efficacy reform readiness.

The paper is based on ongoing doctoral research on developing and testing a composite model predicting municipal FRAO. The paper employs logistic regression framework in analysing the relationship between selected municipal attributes and FRAO. Logistic regression is applied on data published by the Municipal Demarcation Board (municipal structural categorisation), the Auditor General South Africa (AGSA) (FRAO), and the NT (municipal capacity categorisation data).

A review of the summary of municipal audit outcomes in financial years to June 30, 2013 show unsatisfactory municipal financial reporting practices. About 60 percent of municipalities failed to consistently achieve unqualified audit opinion report during a five-year period to June 30, 2013. The interventions improving municipal FRAO should be based on a composite model of municipal-based data.

**Key words:** composite model, municipal capacity, accountability, audit outcomes

## **Social and governance disclosure by Lonmin Plc pre and post Marikana: A research note <sup>1</sup>**

*Maroun, W*  
*University of the Witwatersrand*

### **Abstract**

This draft paper is grounded in an interpretive epistemology. It uses thematic content analysis to identify social and governance disclosures to explore the possible relevance of legitimacy theory for explaining changes in social and governance disclosures by South African corporates. The focus of the preliminary study is on Lonmin Plc and changes in the extent of the social and governance disclosures found in its' annual reports one year before and after the events taking place at Marikana.

The results suggest that the company responded to this significant labour unrest by increasing non-financial disclosure dealing directly with the incident. It includes the majority of this information in a specific section of the 2012 annual Report. The company also reduces the extent of social and governance disclosures specific to other sections of the organisation. Collectively, these results point to a legitimisation strategy designed to imply that the strike action was an isolated event and not indicative of the corporate social environment at the company as a whole. Related to this, it may also be the case that less specific non-financial disclosure can, paradoxically, bolster legitimacy by avoiding additional scrutiny.

**Key words:** Corporate governance; Legitimacy theory; Marikana; Social disclosure

## **Stakeholders' perceptions on the association between ERM structures and internal auditing's contribution towards risk mitigation<sup>1</sup>**

*Coetzee, P & Fourie, H  
Nelson Mandela Metropolitan University*

### **Abstract**

A gap is widening between the expectations of internal audit stakeholders and the value that the function adds. One of the areas that internal auditing, based on the professional definition, should add value is the mitigation of risks threatening an organisation. This paper investigates the views of chief audit executives, the chairpersons of audit committees and senior management on the contribution to enterprise risk management that the internal audit functions make in the public sector. This contribution is considered in the context of existing risk management structures and the level of coordination between these structures and internal auditing. Findings reveal that the chief audit executives have very different views from the other two parties, supporting the concern of the Institute of Internal Auditors that stakeholders are in general of the opinion that their expectations of the contributions of internal auditing are not met. The results also indicate that the existence of enterprise risk management structures have very little effect on how the contribution of internal auditing to enterprise risk management is perceived.

**Keywords:** Enterprise risk management, Internal audit function, Level of coordination, Public sector enterprise risk management, Enterprise risk management structures, Stakeholders of internal auditing

**The influence of public sector audit committees on external audit outcomes: case study evidence from an Eastern Cape municipality<sup>1</sup>**

*Mnconywa, NL*  
*University of Fort Hare*

**Abstract**

Audit committees have become an important feature of corporate governance in the public sector due to concern about poor external audit outcomes in municipalities. The purpose of this paper is to examine the influence of audit committees on external audit outcomes in the public sector, specifically Eastern Cape municipalities. This study examines the process followed by audit committees to fulfil their oversight role by way of a case study of a municipality that has shown marked improvements in its external audit outcomes. Semi-structured interviews were conducted with the audit committee members, management and members of the internal audit team. It was found that the audit committee has an influence on external audit outcomes. Using the institutional theory, it was found that audit committee members strive to provide effective monitoring of financial reporting rather than being ceremonial. However, the influence of the audit committee is not as strong as that of municipality administrative leadership tone, with management rating the influence at 40% and 60% respectively. The study cannot be generalised as this was a case study on one municipality.

**Key words:** corporate governance, audit committee process, audit outcomes

## **The internal auditor's corporate social responsibility assurance role**

*Ackers, B*  
*University of South Africa*

### **Abstract**

King III is driving the institutionalisation of corporate social responsibility [CSR] into South African corporate reporting practice. To mitigate the risk of unscrupulous companies using 'green-wash' to mislead or falsely disclose their CSR performance, King III requires adopting entities to provide "independent assurance" on their CSR disclosures. In terms of both King III and the International Professional Practices Framework [IPPF] for internal auditor, independence is the cornerstone of an effective internal audit activity. This article considers whether independent CSR assurance provided by the internal audit activity meets the King III requirement for independent assurance. Within the context of the internal audit activity's primary mandate as defined in the IPPF, a secondary objective is to explore internal audit's expanded CSR role. As such, this article represents the first study that specifically considers the internal audit activity's CSR assurance role.

**Key words:** Advisory services, corporate governance, corporate social responsibility (CSR), CSR reports, independent assurance, internal audit standards, King III, South Africa

## **Earnings quality and auditor switch rates: a profile of JSE-listed firms**

*Penning, G & de Villiers, C*  
*University of Pretoria & Auckland University of Technology*

### **Abstract**

In this study we profile JSE-listed firms on their financial characteristics and earnings quality using auditor switch frequency. Due to challenges in observing financial health and earnings quality, investors and other stakeholders may be interested in exploiting auditor switch rates as an additional tool in firm analyses. Whereas prior studies on auditor switches focus on the period around an auditor switch, this study considers the average rate of all switches for a given firm during a period of observation. We examine the association between earnings quality and auditor switch rates. Earnings quality is measured by modified audit opinions and established accruals models. Results suggest that firms with higher frequency switch rates (more than once in 10 years) are likely to be in a less healthy financial condition relative to lower frequency switch firms and are likely to have an overall lower level of earnings quality than firms with lower frequency switch rates. These results may assist successor auditors in profiling potential clients as part of client acceptance procedures. In addition, investors may be interested to know that higher rates of auditor switching, which is easy to observe, are associated with lower earnings quality, which is not necessarily easy to observe, and less healthy financial conditions. Results further substantiate suggestions that the rate at which firms switch their auditor may be of use in earnings quality models.

**Keywords:** South Africa, Listed entities, Auditor switches, Auditor switch rate, Earnings quality, Financial condition.



## FINANCIAL ACCOUNTING (INCLUDING ALL FORMS OF CORPORATE REPORTING)

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## Formalising the Definitions of the Elements of the Statement of Financial Position<sup>1</sup>

*Gerber, MC<sup>a</sup>., Gerber, AJ<sup>a</sup>., van der Merwe, AJ<sup>a</sup> & Stegmann, N<sup>b</sup>  
University of Pretoria<sup>a</sup> & University of Johannesburg<sup>b</sup>*

### Abstract

In this paper, we take the position that the Conceptual Framework for Financial Reporting (CFfFR) serves as a representation of accounting principles regarding financial reporting currently shared within a large contingent of the accounting community. In philosophy, the aim of Ontology is to seek truth (Mäki 2011) and obtain knowledge. Computing (Computer Sciences and Information Systems) inherited the concept of ontology from philosophy and uses ontologies to formalise complex conceptualisations of a specified domain using a formalised language based on logic (Gruber 2002). Ontologies are successfully used in computing to build computer readable artefacts that are inherently consistent and unambiguous (IHTSDO 2011; Noy and McGuinness 2000). In this paper we investigate whether the definitions of the elements of the Statement of Financial Position (SFP) as provided in the CFfFR (IASB 2010) and the Discussion Paper on the CF (DP/2013/1) (IASB 2013), could be formalised using ontology technologies. It is investigated whether such an artefact would benefit the accounting community by providing definitions that are inherently consistent and unambiguous. Based on an ontological analysis of the current definitions for the elements of the SFP provided in the CFfFR and DP/2013/1, we propose definitions for “asset”, “liability” and “equity” in a formalised language, which are computer readable artefacts that are inherently consistent and unambiguous.

The general contribution of the paper is that it uses established ontology technologies from Computing and applies it to a natural language text from a specified domain i.e. financial reporting. The contribution towards the accounting community is that the methodology and ontology technologies used in this paper provides a tool, based on formal logics, to identify inconsistencies and ambiguities in a text, written in natural language such as the CFfFR. During the process of building the formal ontology certain inconsistencies and ambiguities in the current definitions of the elements of the SFP were identified. By building the formal domain ontology, the authors demonstrate that it is possible to successfully represent the elements of the SFP in a formalised language that is a computer readable artefact and is inherently consistent and unambiguous. The accounting community can now decide if the inherently consistent and unambiguous definitions of the elements of the SFP proposed in this paper, correctly describe the instances of the concepts, asset, liability and equity.

**Keywords:** Accounting Ontology, Conceptual Framework, Formal ontology, Financial Accounting Standards, Knowledge Representation.

## **Describing the GAP: Public Sector vs Private Sector Accounting and Reporting<sup>1</sup>**

*Lubbe, I., Dhansay, A. & Anthony, J  
University of Cape Town*

### **Abstract**

*"The state of government reporting is 'the elephant in the room.'"*  
— World Bank Group CFO Vincenzo LaVia

The global debt crisis has illustrated the dire consequences of insufficient transparency and accountability of governments and poor public finance management and reporting. Governments are not risk-free and the failure of fiscal management in the public sector has an economic impact that far exceeds the impact of losses incurred by corporate failures. This affects both the interests of the public as well as investors. With finances tight, growth stalling and unemployment high, the legacy of the financial crisis continues to play out across borders. Key decision-makers, politicians, and public finance management leaders are all taking key steps toward meaningful reform, including the adoption and implementation of accrual accounting and International Public Sector Accounting Standards (IPSASs).

Transformation within the public sector has never been more relevant as public institutions are being increasingly scrutinised in terms of their effectiveness in discharging government services and managing public funds. In South Africa, the public sector aims to bring financial transformation through increased legislation and regulation, and with accounting and reporting standards for the public sector entities that are closely aligned with IPSAS. However, while South Africa is rated first by the World Economic Forum for its strength in auditing and reporting standards, the accountability and reporting in the public sector lags far behind – how is it that this GAP exists?

The aim of this paper is to describe the reform in government accounting and the development of IPSAS to improve accountability in government reporting internationally. The IPSAS standards are then compared to the IFRSs that are developed and adopted broadly by private sector entities. Followed by the development and broad adoption of IPSAS, this paper describes the development of the local GRAP standards in South Africa. Key challenges, relating to public sector accounting in general, as well as the unique challenges in South Africa are then addressed, including the adoption of different types of accounting (cash basis accounting, modified cash basis accounting and accrual accounting) in South Africa.

## **The Information Content of Cross-Listed Firms' Financial Information during the Convergence Period<sup>1</sup>**

*Wijayana, S & Rakhman, F  
IAAER – Deloitte's Scholar*

### **Abstract**

This study examines the information content of earnings announcement over time. With the expectation that the use of IFRSs for the preparation of financial statements increases the information content of earnings over time, this study examines the market reactions around the release of earnings information during 2003–2011. This study finds some evidence to support that the use of IFRSs for the preparation of financial statements leads to the increasing information content of earnings information. This result indicates that the increasing use of IFRSs over time is priced by the market. The usefulness of IFRSs financial information has increased. The results inform the SEC's deliberations on the requirement for companies preparing financial reports using IFRSs.

**Keywords:** Usefulness earnings information, convergence accounting standards, IFRSs, market reaction.

**The primary audience for an integrated report: Who are South African companies' reporting to, and what difference does it make to the length and quality of the report? <sup>1</sup>**

*Miller, T*  
*University of Cape Town*

**Abstract**

In South Africa and globally, there have been conflicting opinions as to the appropriate primary audience for an integrated report. According to the International Integrated Reporting Framework ('the Framework'), the purpose of an integrated report is to communicate '*to providers of financial capital*, how an organisation creates value over time' (IIRC, 2013a:4). Within South Africa, however, guidance has been issued that gives consideration to *all stakeholders* as the appropriate report-audience (IoD, 2009; IRC, 2011; IoD, 2014). The IIRC established the *providers of financial capital* as the primary audience, in order to promote the principle of *conciseness* and to ensure that *quality information on value-creation* is provided (IIRC 2013b:6).

The objective of this study is to identify who South African companies are primarily addressing their integrated reports to, and to assess whether or not integrated reports that are aimed primarily at providers of financial capital are more concise and of a better quality than the integrated reports of those companies that specify no, or a different, primary audience. The sample consisted of the 2013 integrated reports of the 100 largest South African companies listed on the JSE. The study found that only 13% of companies addressed their reports to providers of financial capital, whilst 50% addressed their reports to all stakeholders. The remaining companies did not explicitly state a target audience. Furthermore, the companies that reported primarily to providers of financial capital did not produce more concise reports, but were however able to produce reports of a better quality, than those companies that specified no, or a different primary audience.

These findings are valuable in assessing South Africa's progress in integrated reporting, which is gaining momentum globally as the corporate reporting norm (World Resources Institute, 2012; IIRC, 2014:10). In particular, these findings assist in concluding on whether or not the IIRC's aspirations for the integrated report being a concise communication of quality, to providers of financial capital, are becoming a reality or not.

**Keywords:** integrated report; primary audience; providers of financial capital; stakeholders; conciseness; quality.

## **Is there a case for Paremiology in Accounting? <sup>1</sup>**

*Grace, R*  
*National Research Foundation*

### **Abstract**

Thus far, the Accounting Conceptual Framework remains incomplete due to insufficient consensus on the design process. An alternative process may assist, drawing on a wisdom corpus. This transdisciplinary paper explores whether the use of paremiology (the study of proverbs) might augment the development of accounting by identifying possible merits of proverbs and matching them constructively to accounting. It concludes that such an approach will yield deeper, broader, original and more useful insights to the soul of accounting.

**Key words:** Key words/concepts: paremiology, paremiography, soul of accounting, proverbs

## **Redesigning Pacioli's Accounting Paremiology: elements of the soul of Accounting? <sup>1</sup>**

*Grace, R*  
*National Research Foundation*

### **Abstract**

A deeper understanding of accounting requires an understanding of its historical, philosophical, economic, ethnographic and theological foundations. The father of accounting, Luca Pacioli, provides such a context through a unique paremiography (collection of proverbs). Some of these expressions are no longer well understood, but their wisdom may still be relevant to us. This paper identifies historical proverbs employed by Pacioli to promote the discipline of accounting, engages with their utility, and then, using paremiological poetic forms, translates such meanings to the contemporary context to represent a collection of some building blocks for an evolving soul of accounting.

### **Key words**

Key words/terms: Paremiology, paremiography, Pacioli, theological accounting

## **Contemporary filaments for an Accounting Paremiography<sup>1</sup>**

*Grace, R*  
*National Research Foundation*

### **Abstract**

What do bringing down Al Capone, Einstein and counting, and the claim that accounting is the fairest invention of the human mind have in common? All are paremiological claims, orphans from disparate sources requiring a paremiographical home. There is a lacuna in accounting regarding an aesthetic of wisdom forms in accounting, particularly proverbs, even though adopting such a philosophical approach may hold many benefits. This paper attempts to provide an initial accounting paremiography of contemporary expressions.

**Key words:** Paremiology, paremiography, proverbs, theological accounting



**The outrageous idea of a research framework that consists of a mere fifteen words: a Theological Accounting evaluation<sup>1</sup>**

*Grace, R*  
*National Research Foundation*

**Abstract**

Transdisciplinary study is emerging as a key to resolving complex issues and provides novelty in research. Attempts at transdisciplinary study are hampered by the absence of a suitable research methodology. Attempts to link theology, philosophy and accounting holistically remain tenuous because there is no common framework. One particularly complex research methodology, the Dooyeweerdian Framework, is not used in Accounting, as it is incompletely understood. This study uses action-based research to determine whether a layman's simplicity can be adopted in accounting research. The study concludes that the framework has potential for theological accounting if it is prudently deployed.

**Key words:** Cosmonomic Idea, research methodology, transdisciplinary research, theological accounting, Dooyeweerd.

## **Voluntary Reporting of Intellectual Capital: Comparing evidence from universities in New Zealand, Australia and United Kingdom**

*Li, Y., Low, M & Samkin, G  
University of Waikato*

### **Abstract**

**Purpose** - This study examines the voluntary intellectual capital (IC) disclosure of universities in New Zealand, Australian and the United Kingdom.

**Design/methodology/approach** – An IC framework was developed specifically to measure IC reporting in the university sector. The 2011 annual reports were analysed before a comparative analysis of three years of annual reports (2009, 2010 & 2011) of 90 universities (8 New Zealand universities, 38 Australian universities and 44 UK universities) were analysed. Content analysis was utilised to analyse annual reports in terms of IC reporting frequency and quality.

**Findings** - New Zealand and Australian universities outperformed the UK universities in terms of IC reporting practices. This study suggests that the levels of IC disclosure have increased moderately over the three years period. Further, the longitudinal analysis depicts a similar trend in disclosure quality; universities in New Zealand had a relatively higher IC disclosure quality growth rate than universities in Australia and United Kingdom.

**Practical implications** - Internal capital and human capital were the most frequently disclosed, while external capital was the least frequently disclosed IC category in universities for all three countries. However, it is of interest to note that the disclosure quality of external capital was higher than internal and human capital. Further, the result also indicated that most of IC disclosure by universities was expressed in narrative terms rather than numerical or monetary terms.

**Originality/value** – This is the first empirical analysis of IC disclosures made by universities.

**Keywords:** Intellectual capital, disclosure, universities

## **Internationalisation and Intellectual Capital disclosure in Integrated Reports**

*Terblanche, W & de Villiers, C*  
*University of Fort Hare & University of Waikato*

### **Abstract**

The purpose of this paper is to investigate the extent of voluntary intellectual capital (IC) disclosure firms provide. Tests are performed to examine whether increased pressure associated with international capital markets leads to a higher level of IC disclosure or whether preparing an integrate report results in more IC disclosure. This study investigates 40 firms listed on the Johannesburg Securities Exchange in South Africa in 2013, including 20 only listed on the JSE and a matched sample (for industry and size) of 20 firms also listed on a developed country stock exchange. Using the content analysis method, the paper compares the IC disclosure by firms that are locally listed on the JSE and those that are cross-listed on a developed country stock exchange. In addition, the IC disclosure of firms that prepare integrated reports are contrasted with those that do not. The results supports the hypothesis that firms preparing an integrated report disclose more IC information and does not support the expectation that firms exposed to international capital market pressures disclose more information. The results of this study can be used by standard setters in further refinement of integrated reporting regulation as well as by firms considering preparation of an integrated report. The findings also imply that future IC disclosure research will have to control for whether firms prepare an integrated report or not. This is the first study to assess the role of preparing an integrated report in influencing the level of IC disclosure. The findings implies that the integrated reporting process plays a role in ensuring that managers assess the need to disclose IC information, resulting in more IC disclosure.

**Keywords:** Intellectual capital, integrated report, international capital market, content analysis, voluntary disclosure

## **Factors Affecting Judgments about Materiality and Conciseness in Integrated Reporting**

*Wee, M<sup>a</sup>., Tarca, A<sup>a</sup>., Krug, L<sup>a</sup>., Aerts, W<sup>b</sup>., Pink, P<sup>c</sup> & Tilling, M<sup>c</sup>  
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Western Australia<sup>c</sup>*

### **Abstract**

The study explores the issues of materiality and conciseness in Integrated Reporting (<IR>) from the perspectives of corporate report preparers and users of reports. Preparers of integrated reports and other reports revealed that many companies had a specific process to determine materiality that involved both internal and external stakeholders and a series of activities to identify, evaluate and prioritize material matters as recommended by the International <IR> Framework. The disclosure of the materiality determination process in companies' public reports generally focused on explaining the process they undertook to determine material items and providing a list of material matters. The process of evaluating and prioritizing items was often not described, consistent with these processes being more strategic and commercially sensitive for the disclosing company. The <IR> Framework recommends that companies consider the magnitude and likelihood of matters when evaluating if they are material. However our interviews and review of corporate reports identified few explicit mentions of these concepts in relation to materiality.

**Keywords:** materiality, conciseness, integrated reporting, <IR> Framework

## MANAGEMENT ACCOUNTING AND FINANCIAL MANAGEMENT

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## **A Performance Measurement Framework to enhance the Business Performance and Survival of MSMEs in the Retail Sector in Zimbabwe<sup>1</sup>**

*Mabhungu, I & van der Poll, B  
University of South Africa*

### **Abstract**

This is a conceptual paper that seeks to propose a performance measurement framework for MSMEs in the retail sector in Zimbabwe. A performance measurement framework is a business tool which may be used to enhance the success and survival of a MSME. The performance measurement framework should be based on critical success factors of the enterprise and the key performance indicators of the critical success factors. The critical success factors which can be considered are commitment of the owner-manager, business planning, management of information, strategies to manage revenue and costs, innovation, management of customers, management of suppliers, management of competitors, the enterprise's pool of resources, conformance to regulations and management of sources of finance. The performance measurement framework is proposed to be built on the basis of the organisational theory, goal theory, open system theory, and stakeholder theory. Therefore, there is a need for considering and balancing the interests of all the stakeholders. The performance measurement framework should focus on both financial performance and non-financial performance.

**Key words:** Performance measurement, critical success factors, key performance indicators, performance measurement framework

## **A refined constructive operating lease capitalisation model considering new proposed lease accounting rules<sup>1</sup>**

*Dillon, J & Correia, C*

*Nelson Mandela Metropolitan University & University of Cape Town*

### **Abstract**

This study develops a refined model used to capitalise off-balance sheet leases, namely operating leases accounted for using current lease accounting rules. Imminent changes to the accounting rules for leases will require both operating and finance leases to be reflected on an entity's balance sheet. Based predominantly on the constructive operating lease capitalisation method developed by Imhoff, Lipe and Wright, the refined model developed in this paper considers the impact of the new proposed accounting treatment for leases (in terms of ED/2013/6 – the revised lease accounting exposure draft released by the IASB and FASB in May 2013). It also incorporates aspects of current lease accounting rules not previously considered, namely provisions recognised in respect of the straight-lining of operating leases as well as onerous operating lease contracts. The refined model is developed in order to determine the impact that the capitalisation of operating leases will have on an entity's reported financial statement figures and ratios.

**Key words:** operating lease; off-balance sheet; lease capitalisation; straight-lining

**An analysis of corporate image as a factor that supports corporate green investment practices in Johannesburg Stock Exchange (JSE) listed companies<sup>1</sup>**

*Ganda, G., Ngwakwe, CC & Ambe, CM  
University of Limpopo*

**Abstract**

Green investment practices assist preservation of the company's image through shielding it from undesirable media reports plus consumer boycotts. Green investment practices also improve the company's image thereby enhancing the firm to acquire better business contracts in addition to developing broadened market bases. This paper examined the association involving corporate image and green investment practices in 100 South African CDP companies on the JSE using data gathered from the firm's 2012 sustainability reports and/or annual integrated reports. Chi-square tests indicated that corporate image influence green investment practices in JSE listed firms. In addition, a positive linear connection between corporate image and green investment practices in JSE listed firms was demonstrated. Therefore, investing in green activities is important to improve corporate green image. The study also generated associated green image drivers of JSE listed firms. In addition, corporate perceptions in relation to green image for JSE listed companies were also briefly discussed.

**Keywords:** Corporate image; Green investment practices; JSE listed firms; Carbon Disclosure Project (CDP); South Africa.



## **An analysis of the price sales ratio as a share selection tool for shares listed on the Johannesburg Stock Exchange <sup>1</sup>**

*Gevers, J & Correia, C  
University of Cape Town*

### **Abstract**

This research investigates the relationship between the Price-Sales ratio (PSR) and future share returns of companies listed on the Johannesburg Stock exchange (JSE) over the period 1 January 2002 to 31 December 2013. The study controls for survivorship bias and as such the sample size changed from month to month. On average 254 companies were included in the study with a total of 560 companies included across the whole period. The portfolio analysis approach was used to identify whether the PSR is a good share selection tool. Furthermore, the performance of the PSR was compared to three other company-specific variables; Market Value (MV) as a proxy for size, the Debt/Equity (DE) ratio and the Book value/Market value ratio (BVMV).

The results of the portfolio analysis indicate that the PSR is a superior share selection tool where portfolios are rebalanced monthly. Furthermore, low PSR share portfolios outperformed high PSR share portfolios. Investors in South Africa and international investors looking to invest in shares listed on the JSE should benefit from the findings.

**Keywords:** Price-Sales Ratio, JSE, Johannesburg Stock Exchange, share selection, investing, debt/equity ratio, book value/market value ratio, market value, PSR, Finance.

## **Effectiveness of management accounting skills: Perception of decision-makers of Small, Micro and Medium Tourism Enterprises (SMMTEs) in Cape Town, South Africa<sup>1</sup>**

*Mbumbo, EPT & Benedict, OH  
Cape Peninsula University of Technology*

### **Abstract**

Small, medium and micro enterprises (SMMEs) in general and small medium and micro tourism enterprises (SMMTEs) in particular are considered as one of the possible vehicles to decrease the high unemployment rate in South Africa. Furthermore, the SMMEs impart vital entrepreneurial skills to enable those previously disadvantaged to not only create employment for themselves and others, but also to meaningfully participate in the economic growth of the country. The tourism sector in South Africa further present potential opportunities for SMMEs to bring about economic growth and employment creation especially in major cities such as Cape Town. Due to the lack of management skills, among other factors, SMMTEs may not fully realize their potential. The question that arises is: what is the decision makers' perception of the effectiveness of the current management accounting skills employed to make decisions? The aim of this study is to find out how the decision makers of SMMTEs perceive management accounting skills in the day-to-day running of their businesses; also to determine their thoughts about implementing management accounting skills to facilitate their decisions making. Data were collected by means of a structure questionnaire that comprised closed-ended questions. The researcher found that decision-makers in SMMTEs in Cape Town find management accounting skills effective for the management of their business but do not use it for decision making as they rely more on external parties such as accountants for their financial duties. However the findings of this research may assist the government to implement management accounting training sessions among owners and managers of SMMTEs through the newly created ministry of small businesses to improve the management of their businesses as they will be able to use management accounting skills in the day-to-day running of their organisation and make effective decisions.

**Keywords:** Management accounting; Management accounting skills; Transport tourism business owners; Western Cape; Decision-makers of small businesses.

## **Has risk based capital regulation negatively affected aggregate credit supply by South African banks? <sup>1</sup>**

*Neethling, SB., de Jager, P & Parsons, S  
University of Cape Town*

### **Abstract**

Risk based capital regulation seeks to create stability within the global banking system by imposing minimum capital requirements on banks. These requirements have been increased several times since first implemented. It is important to understand the impact that these requirements may have on the lending supply by banks, since a contraction in supply could have unintended consequences for the economy, particularly in economic downturns. This paper reviews the empirical evidence of how South African banks have changed credit supply since the introduction of risk based capital regulation through the Basel Accords between 1994 and 2013 in order to establish the extent to which changes in industry level credit supply can be attributed to the increased regulatory requirements of target capital adequacy ratios or to other demand and supply side variables. The extent to which compliance with regulated capital reforms has been satisfied by contracting credit supply, increasing qualifying capital or changing the composition of on-balance sheet lending portfolios through substitution between risk weighted assets is analysed. Furthermore, the risk weighted assets component of capital adequacy is reviewed to more critically understand risk taking and arbitrage in both retail and commercial lending portfolios over the full observation period. A vector auto regression (VAR) model is used to test the dependency of bank lending on both bank specific and macroeconomic variables and to quantify their individual effects at the aggregate industry level. This paper finds that there is no significant link between changes in risk based capital regulation and aggregate lending by banks.

**Keywords:** Bank lending, Basel Accords, capital regulation, credit extension, credit supply, risk based capital regulation

## **How effective was diversification during the 2008 global financial crisis?**

*Hawinkels, J., Morley-Jepson, S., Wood, L., Rajaratnam, K, & Parsons, S  
University of Cape Town*

### **Abstract**

Portfolio diversification refers to an investment strategy of investing in a variety of assets in an attempt to reduce or eliminate overall investment risk within that portfolio. This research paper extends prior research on the effect of portfolio concentration on diversification on the Johannesburg Stock Exchange.

This preliminary study, expanding on the work of Neu-Ner and Firer (1997), investigates the relationship between portfolio concentration and diversification prior to, during and after the 2008 global financial crisis. This research also applies alternative risk measures, and introduces the concept of Principal Component Analysis using the methodology of Meucci (2010) in order to generate a measure of the effectiveness of portfolio diversification during these three periods.

The research conducted shows that during the financial crisis, the level of downside risk in a portfolio was substantially higher than in the pre-crisis and post-crisis periods. It also finds that diversification was most effective prior to the crisis, while during the crisis, increased diversification was required to maintain consistent risk exposure levels within the market.

In the pre-crisis period the standard deviation of value and growth shares is almost identical, suggesting that the level of risk evident in the two types of shares was similar. Over the crisis and post-crisis periods value shares are associated with lower levels of risk than growth shares.

**Keywords:** 2008 global financial crisis, concentration, diversification, equally-weighted portfolio, financial crisis, portfolio risk, weighted portfolio, diversification, portfolio risk, principal component analysis, systematic risk

## Individual human needs satisfied by long-term liabilities<sup>1</sup>

*Botha, A & Venter, JMP*  
*University of South Africa*

### **Abstract**

South African households are increasingly under pressure to meet their monthly obligations mainly due to over-indebtedness. This paper investigates if this position is not due to individuals using long-term liabilities to satisfy short-term needs. In determining if liabilities are used correctly the paper firstly classifies South African liability products available to individuals in terms of the credit product classification framework. Using Alderfer's ERG theory the human needs that should be addressed when using different types of liabilities are evaluated. Using empirical data obtained from individuals using long-term liability products, it is determined which needs are satisfied by these products. The analysis found that although the majority of South Africans are using long-term debt correctly, there are a considerable number of individuals that use these long-term debts to satisfy short-term needs.

**Key words:** Alderfer's ERG theory, credit product classification framework, long-term liability usage, liability use process

## **Latent accounting standards within emerging economies: the case of oil and gas upstream activities in Libya**

*Eldanfour, I & McChlery, S  
North-West University*

### **Abstract**

Accounting regulation within developing economies merits careful reflection, particularly where local directives disregard globally accepted accounting practice and potentially hinder vulnerable economies. The regulatory arrangements for oil and gas upstream activities, once oil and gas have been discovered, within Libyan Petroleum Law (LPL, 1955) allows discretionary latitude which could reduce the value of fiscal returns between International Oil Companies (IOCs) and the Libyan government. This paper considers the jurisprudence of this ostensibly latent accounting framework, questioning its efficacy. The study finds an apparent dormant intransigence from both the Libyan government and the IOCs regarding this regulation. Applying a diffusion-contingency model to explore influences for accounting reform reveals power dynamics and economic implications as key variables. Fiscal impact is considered utilising simulation modelling techniques, applying differing accounting methodologies using the historic upstream cost data reported by seven IOCs. The simulations show significant value shifts between methodologies, contradicting existing market valuation literature rationalised through cost sharing agreements.

**Key words:** Libya, Accounting standards, Emerging economies, Oil and gas accounting, diffusion-contingency model

## Missing Persons from the Population of Unit Trust Investors<sup>1</sup>

*Willows, G*  
*University of Cape Town*

### **Abstract**

Collective investment schemes ('unit trusts') are a popular vehicle to research owing to the vast data available on its participants. However, an inherent sampling bias is present in these populations of investors. This paper analyses survey responses from 416 individuals in an attempt to determine the characteristics of individuals who are not invested in unit trusts and reports the lack of younger investors and investors with lower self-assessed levels of financial knowledge within this grouping. Furthermore, the reasons for not investing in unit trusts appear to be a combination of limited resources, lack of understanding and the preference to invest in alternative ways.

The preference for equity only unit trusts was also assessed, revealing the majority of respondent's avoiding this fund choice are doing so based on the decisions of someone investing on their behalf, whilst the heightened risk of this fund type also came into play.

**Keywords:** Collective investment schemes, unit trusts, equity, young investors, financial knowledge, risk aversion

## **Student Endogenous Factors that Impact on Performance in Advanced Management Accounting: an Exploratory Study<sup>1</sup>**

*Pullen, E<sup>a</sup>., Toerien, F<sup>b</sup> & Anthony, J<sup>b</sup>  
University of the Western Cape<sup>a</sup> & University of Cape Town<sup>b</sup>*

### **Abstract**

This study investigates the relationship between student endogenous factors and academic performance in advanced management accounting, offered as part of a post graduate diploma in accounting (PGDA) accredited by the South African Institute of Chartered Accountants (SAICA). A sample consisting of all students who were registered for advanced management accounting at the University of the Western Cape between 2009 and 2013 is used in this study, which is largely based on regression methodologies. It is found that English as first or subsequent language has no statistically significant impact on performance in management accounting at undergraduate level. However, at PGDA level, where application of concepts to unfamiliar situations is required, students whose first language is English outperformed their counterparts. In addition, grades in the prerequisite final year undergraduate management accounting module were found to be statistically significant in predicting performance in PGDA advanced management accounting. Finally, students who attempted the PGDA advanced management accounting for the first time, as well as students who obtained a higher overall final high school grade, were found to outperform their counterparts. The above findings could be used to inform the selection process, as well as to identify students possibly at risk of underperforming, with a view to proactive interventions.

**Keywords:** Student Endogenous factors, Performance, Advanced Management Accounting, the South African Institute of Chartered Accountants (SAICA), Post Graduate Diploma in Accounting (PGDA)



## Total Beta: a review of theory and practice<sup>1</sup>

*Correia, C & Gevers, J*  
*University of Cape Town*

### Abstract

Modern Portfolio Theory assumes that the marginal investor is diversified and therefore will only be compensated for systematic or non-diversifiable risks. A CAPM market or equity beta only reflects systematic risk. However, the assumption of well-diversified shareholders will often not apply to private companies. The owner of a private company will often have most of his/her wealth invested in the business and total risk may be more relevant than systematic risk. This would increase the cost of equity of private companies which have undiversified investors. Often, valuers will make upward adjustments by adding specific risk and size premiums to the CAPM cost of equity. An alternative approach is to apply Total Beta which captures the total risk of companies. This paper reviews the derivation of the Total Beta methodology and its level of acceptance in the academic literature and valuation reference books. The study then applies the total beta methodology to the JSE Sector Indices with the objective of establishing the average size of the adjustment by sector. The average (non-weighted) market or equity sector beta will increase from 0.76 to 1.61 and the average sector cost of equity based on current estimates for the risk-free rate and equity (market) risk premium will increase from 12.2% to 16.8%. This increase is within the range of ad hoc adjustments often made to a company's cost of equity in order to value private companies. However, there remain significant limitations to using the total beta concept in practice.

**Key words:** total beta, CAPM, beta, systematic risk, equity risk premium, diversification, specific risk premium, Butler-Pinkerton calculator,

## **Towards developing sustainable national health insurance in South Africa<sup>1</sup>**

*Gani, S & Venter, JMP  
University of South Africa*

### **Abstract**

Recently South Africa embarked on a process to implement a National Health Insurance (NHI). Internationally a number of countries have or are in the process of implementing a national health care system. Several countries that introduced the system are however faced with the reality of an unsustainable system. This paper used an archival research method to identify challenges other countries faced in order to ensure the future sustainability of the South African National Health system. The initial analyses revealed that two themes exist when considering why systems are not sustainable. The first theme was the continuous increase in the cost of providing health care, especially due to increases in life expectancy and aging populations. The second theme focused on the provision of adequate financing to sustain the system, especially in the light of the ever increasing cost.

Internationally three main sources are used to finance national health care systems with each country using a different model depending on the country's fiscal capacity. Several countries finance all or most of their health care cost through allocations from tax collections. Countries included in the study made use of different tax collection strategies with some countries making use of targeted sin taxes to support the health care system whilst other merely allocated funds from their general tax collections. The second funding option that is used is 'out-of-pocket payments'. The analysis revealed that there is a fine line between charging too little, which can result in misuse of the system and charging too much which excludes poor people from the system. Some developing countries are dependent on donations to maintain their health care systems (the third financing option). National Treasury has announced that, at least initially, the national health insurance in South Africa will be financed through transfers from the National Revenue Fund to the Department of Health, who is responsible for administering the National Health Insurance. A more sustainable funding model must however be developed to ensure sufficient funds are obtained to maintain the system in the long term.

**Key words:** National Health Insurance (NHI), out-of-pocket payments, national health care system, sustainable health care

## **Determinants of earnings management: Evidence from around the world**

*Lemma, T., Negash, M & Mlilio, M*

### **Abstract**

This study investigates determinants of firm-level earnings management (EM) within the context of 44 countries around the world. We analyse a sample of 29,430 non-financial companies over a period of 17 years (1996-2012) by using a series of models that link firm, industry and country-specific characteristics and firm-level EM. We develop composite measures of accrual earnings management (A\_EM) and real earnings management (R\_EM) using principal component analysis (PCA) and utilise seemingly unrelated regression (SUR), a variant of three-stage least square (3SLS) procedures, to estimate model parameters. We triangulate multiple theories to gain deeper insights into firm-level EM behaviour around the world and draw policy implications. We find a broadly robust and positive relationship between firm leverage, board independence and institutional ownership and [both] A\_EM and R\_EM activity. On the other hand, firm growth and debt maturity structure are inversely related to firm-level EM independent of the measure of EM and reporting environment considered. Notwithstanding that above, we observe that the nature of the nexus between firm, industry and country-characteristics and firm-level EM activity is a function of the measure of the EM construct and the reporting environment considered. These findings signify that monitoring and reputational concerns, regulatory and market pressures, and information asymmetry issues are important antecedents of firm-level EM activities around the world.

## **The Determinants of corporate cash holding levels: Evidence from selected South African retail firms**

*Chireka, T, Fakoya, MB & Ambe, CM  
University of Limpopo*

### **Abstract**

With corporate cash holding on the rise, there is a need to know at what levels does cash holdings become detrimental to corporate value. Studies have identified the following as determinants of corporate cash holdings; firm size, growth opportunities, liquid asset substitutes, capital expenditure, leverage, cash flows and dividend payments, little literature are available especially from the context of South African retail industry. Hence, this study undertakes to investigate the determinants of corporate cash holding in the South African retail industry. The paper uses panel data to test the relationship between cash holding level and its determinants. This study intends to extend existing financial literature by adding empirical evidence from a growth geared African country into the ongoing discussion of corporate cash holdings.

**Keywords:** pecking order theory; trade-off theory, free cash flow theory; precautionary motives, speculative motives and transaction motives.

**Fundamental analysis in the South African equity market: A study of the relationship between accounting information and subsequent equity returns**

*Bunting, MB & Barnard, KJ  
Rhodes University*

**Abstract**

The premise underlying the practice of fundamental analysis is that the accounting numbers contained in financial reports are relevant to the prediction of security returns. The theoretical foundation for this proposition is well-established. However, empirical evidence is less clear on whether a contextual partition on the basis of value-growth or other characteristics is a necessary precondition for the efficacy of fundamental analysis. Accordingly, we investigate this issue in the frame of reference of the South African equity market for the eleven year period ended 30 June 2014. We find strongly robust results in support of the investment value of fundamental analysis in two specific frames of reference. Securities with good financial health outperform their weak counterparts in neutral portfolios of securities that have neither value nor growth characteristics, and also in portfolios of mid-sized companies. These return differences are both statistically and economically significant. In contrast, we find only inconclusive and counterintuitive results in the tails of our value, growth, big and small portfolio sorts

**Key words:** Fundamental analysis, contextual financial analysis, Piotroski F-score, South African equity market, value premium, size effect

## **The impact of a large dividend tax change on ex-dividend day share price behavior: a natural experiment from South Africa**

*de Jager, P & Chinhema, M*  
*University of Cape Town*

### **Abstract**

On the first of April 2012 South Africa changed its dividend taxation system. Dividends were previously taxed at company level with a tax called secondary tax on companies (STC). The new system taxes dividends at the shareholder level. The investor group most impacted by the change is institutional investors; previously they were indirectly paying a dividend tax of 10% and after the change they are no longer paying any dividend taxes. The tax position of other investor groups did not change significantly. This paper seeks to establish the impact of taxes on the ex-dividend day share price movement by comparing the pre-tax change and post-tax change price drop ratios (PDRs). We make use of mean and median differences tests, augmented with a fixed effects regression, to analyse the observed PDRs. The fixed effects regression allows us to compensate for all time invariant omitted variables that can explain the observed PDRs. Our results strikingly show that ex-dividend day share prices vary systematically with taxes as predicted by Elton & Gruber (1970:68), therefore supporting the tax-based explanation for ex-dividend day share price movements. Further tests show results consistent with dividend payout policies leading PDR ratios.

**Keywords:** dividend tax, price drop ratio, clientele effect

## **The value relevance of interim and annual financial statements (1999 to 2012): South African evidence**

*Zulu, M, de Klerk, M & Oberholster, J  
University of Pretoria*

### **Abstract**

**Purpose:** Accounting information is value relevant if it has a predicted association with market value of equity. This study tests whether accounting information provided in annual and interim financial statements is value relevant. We explore whether these associations have changed over time. In addition, we investigate whether interim accounting information has a different association with market value of equity than annual accounting information does, and thus whether it is assessed differently by market participants.

**Design/methodology/approach:** Data for the period from 1999 to 2012 was collected from a sample of non-financial companies listed on the Johannesburg Stock Exchange (JSE). The study uses the Ohlson (1995) model to investigate the value relevance of the interim accounting information and of the annual accounting information presented in financial statements.

**Findings:** The results show that annual and interim accounting information is positively and significantly associated with the market value of equity, and that this association remained fairly constant over the sample period. Moreover, the findings show that capital markets assess interim accounting information differently from annual accounting information.

**Originality/value:** This study adds to the existing capital market literature by examining the value relevance of interim accounting information and annual accounting information. The study also provides additional exploratory evidence on changes in the value relevance of financial statements over time. Lastly, this study provides new evidence of the incremental value relevance of interim accounting information.

**Keywords:** Value relevance, capital markets, market value, annual reporting date, interim reporting date, association, book value, earnings, equity, Johannesburg Stock Exchange, South Africa.

## TAXATION

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## **Tax transparency reporting of the top 50 JSE listed companies**

*Stiglingh, M., Venter, ER., Smit, A., Steyn, T., Schoeman, A & Penning, I*

### **Abstract**

As a result of increased media focus on a number of companies' tax behaviour, tax compliance is now recognised as a source of reputational risk. Tax transparency reporting of taxation could be a mitigating factor in managing a company's reputational risk and might contribute to higher tax compliance. The main purpose of this study was to develop a framework that can be used to evaluate tax transparency reporting of companies listed on the Johannesburg Stock Exchange (JSE). A tax transparency reporting framework was developed consisting of a checklist on mandatory tax reporting requirements and current practices regarding voluntary tax reporting. The reports and financial statements of the Top 50 companies listed on the JSE were then evaluated against the framework. It was found that 86 per cent of the companies complied with more than 70 per cent of the mandatory tax reporting requirements. It was also established that 50 per cent of the companies were transparent regarding their disclosure of tax strategy and risk management, tax figures and performance, their total tax contribution and the wider economic impact of their tax behaviour.

**Keywords:** JSE-listed companies, tax transparency reporting, mandatory tax disclosure, voluntary tax disclosure practices, integrated reporting, total tax

## **'Born free' to unemployment? A critical review of the Employment Tax Incentive<sup>1</sup>**

*Crowley, M, Greeff, S & Patel, A*

### **Abstract**

Youth unemployment is a serious policy challenge confronting South Africa as 35% of South African youth are unemployed. This paper discusses a tax solution for the long-term employability of South African youth that has recently been implemented- the Employment Tax Incentive (ETI) or Youth Wage Subsidy. This analysis is achieved by performing a critical review of the ETI and comparing the scheme to other similar tax solutions that were implemented in other countries, namely the Polish Intervention Works Programme, Argentinian Proempleo Experiment, the French Apprenticeship System and the Australian Special Youth Employment Training Programme. These comparisons enrich the body of knowledge on the current Youth Wage Subsidy as a possible solution for youth unemployment in South Africa. In the performance of this comparison, this paper identifies that there are many strategies which can improve the current ETI scheme. The research finds that the ETI by itself will not resolve South Africa's youth unemployment problem as the quality of both basic and higher education needs to improve through education interventions to achieve a sustainable employment future for the youth. However, the research does find that the ETI is an effective way to create some jobs in the economy. The findings also reflect that the implementation of the ETI, if fashioned and revised in light of international policies, is welcomed as it is likely to be a cost-effective measure to decrease unemployment among South African youth.

**Keywords:** Employment Tax Incentive; Youth Unemployment; Youth Wage Subsidy

**A comparative study on the tax compliance burden for SMMEs in South Africa (SA)<sup>1</sup>**

*Ndlovu, M., Blumenthal, R & Papageorgiou, E*

**Abstract**

Small, medium and micro enterprises (SMMEs) play a key role in the development of the economy and are a significant contributor to employment. To achieve the objective of economic growth, job creation as well as income redistribution, the government is actively promoting SMMEs. The SMMEs increase the average employment rate in SA by pulling into production unemployed low skilled labour, whose skills level is not sufficient to qualify for employment in larger businesses. How does the SA tax compliance burden for SMMEs measure up in comparison to the tax compliance burden for SMMEs in the United Kingdom (UK) and the United States of America (USA)? The research reviews the tax compliance burden of SMMEs in SA in comparison to the tax compliance burden for SMMEs in the UK and the USA. The research was conducted through an extensive review of the literature and has revealed that tax compliance act as a deterrent to the formalisation of SMMEs for tax purposes. The review of the literature also revealed that tax compliance burden for SMMEs in SA is in line with tax compliance burden of SMMEs in the UK and the USA.

**Keywords:** Income tax, small business, SMMEs, taxation, tax compliance costs, turnover tax, value-added tax (VAT).

**An analysis of the income tax implications for the seller and purchaser in relation to the assumption of contingent liabilities in part settlement of a going concern<sup>1</sup>**

*Nates, L., Carpenter, R & Cramer, P*

**Abstract**

This paper addresses the proposed income tax treatment of contingent liabilities assumed when a going concern is sold. With the transfer of going concerns being common, a critical issue is how agreements should be structured to determine the income tax implications. Currently no prescribed income tax treatment exists in South Africa and the Ackermans case brought this aspect to the fore. The South African Revenue Service issued a discussion paper to address the income tax treatment regarding the assumption of contingent liabilities on the transfer of a going concern. This discussion paper was issued in draft and public comments were due by 31 March 2014. The income tax effects of these transactions can be high in value and have an impact on the future and current tax consequences of an acquisition. This paper will consider the development of the discussion paper and how it has been influenced by the historical treatment of these transactions and applicable case law. An analysis of Binding General Ruling 185, issued on 11 December 2014, which deals with the corporate rules, specifically the disposal of assets and liabilities as part of a group structure is provided. The paper concludes with recommendations as to how agreements should be structured and how these transactions could be treated for the purpose of the Income Tax Act No.58 of 1962.

## **Training tax practitioners: an opportunity for comprehensive universities in South Africa**

*Bornman, M*

### **Abstract**

Comprehensive universities are expected to respond to the social and economic needs of industry and civil society and these institutions should seek to strengthen relationships with community, civic, government, business, and industry partners for local and regional development. The recent regulation of tax practitioners in South Africa meant that professional bodies are responsible for setting registration requirements for tax practitioners which include academic qualifications and relevant experience as criteria. This paper highlights the opportunity that this has provided for comprehensive universities and aims to present some guiding principles for tax lecturers in diploma programmes for the improvement and strengthening of the diploma programme. It is argued that the Diploma of Accountancy programmes could expand its purpose to include the preparing of prospective technical tax practitioners for the tax profession. These principles are extracted from a review of the literature on vocational and professional training as well as an analysis of the registration requirements recommended by the appropriate professional bodies.

**Keywords:** Comprehensive universities; diploma programme; professional bodies; tax ethics; tax knowledge; tax practitioner; tax

## **The tax consequences of a contingent liability disposed of as part of the sale of a business as a going concern**

*Staude, D*

### **Abstract**

The sale of an entity as a going concern has a number of tax consequences for both the purchaser and the seller. The tax deductibility of a contingent liability upon its transfer from the seller to the purchaser, where the selling price has been reduced by the value of the contingent liabilities transferred, remains uncertain following the decision in *Ackermans Ltd v Commissioner for the South African Revenue Service*. An expense is either deductible under a specific section of the Income Tax Act, 58 of 1962, or under the general expense provisions in terms of sections 11(a) and 23(g). The Act does not contain a specific section relating to contingent liabilities and therefore a contingent liability will need to be considered for deduction under these sections. The Act further disallows an expense as a deduction under section 23(e), where a reserve is created (for example a leave pay provision). This paper analyses the tax deductibility of a contingent liability, where the contingent liability has been transferred from the seller to the purchaser in a sale of an entity as a going concern and the purchase price has been reduced to compensate for the transfer of the contingent liability. The deductibility of the contingent liability was first assessed in terms of the provisions of the Act (sections 11(a), 23(g) and 23(e)) and associated case law. The decision in the *Ackermans* case and its preceding *Income Tax Case 1839* was then analysed in order to establish the principles arising from the decisions. Finally the proposals in the Draft Taxation Laws Amendment Bill, 2011, and the subsequent Discussion Document issued by the South African Revenue Service were discussed. The analysis revealed the continuing confusion surrounding the *status quo*, thus demonstrating the importance of legislative intervention to provide guidelines for taxpayers.

**Keywords:** Contingent liabilities; income tax; sale of a business

## **Integrated Thinking and Tax Transparency**

*Venter, ER., Stiglingh, M & Smit, A*

### **Abstract**

The purpose of our study is to link two global corporate developments, namely tax transparency and integrated thinking. These two developments have featured independently in the media, but thus far there has been no serious consideration of how they may be related. We argue that there is a natural relationship between these two developments. We use PWC's (2014) framework for measuring tax transparency, and apply the framework to the corporate reports of a final sample of 45 large firms. We use regression analysis to test our prediction that integrated thinking is positively associated with tax transparency and find results consistent with this prediction. Our findings suggest that if the regulators want to increase tax transparency, one possible strategy is to see tax transparency as part of a broader corporate culture of integrated thinking.

**Keywords:** integrated reporting, integrated thinking, tax transparency

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