EDITORIAL

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In the second part of her research, **Sophia Brink** again looks at the accounting treatment of credit card rewards programmes. In May 2014 the IASB and the United States Financial Accounting Standards Board (FASB), published IFRS 15 'Revenue from Contracts with Customers' intended to replace six existing Standards and Interpretations, including IFRIC 13 (first issues in July 2007 and giving specific guidance to suppliers on the accounting treatment of customer loyalty programme transactions). The aim of IFRS 15 was to streamline accounting for revenue across all industries and to correct inconsistencies in existing Standards and practices. Credit card rewards programme respondents raised many queries and uncertainties based on the proposed model but despite these concerns the Boards decided against providing any additional guidance to credit card rewards programmes. The main objective of the research reported in this article is to determine whether or not credit card rewards programmes should have been included in the scope of IFRIC 13 and consequently whether or not credit card rewards programmes should be included in the scope of IFRS 15. It was found that the differences between a credit card rewards programme and a typical customer loyalty programme prove that a credit card rewards programme transaction should be treated differently for accounting purposes and that these transactions should fall outside the scope of IFRIC 13 and IFRS 15.

Most tax treaties (including South Africa's) are based on the OECD Model Tax Convention on Income and Capital and the related Commentary. Notwithstanding the uncertainty surrounding its legal status, courts in many countries use the Commentary in the interpretation of treaties. **Lee-Ann Steenkamp** contributes to the debate regarding the use of a static or ambulatory approach when using the OECD Model Commentary.

Public infrastructure investment is believed to be one of the key factors in addressing South Africa's main socio-economic challenges of high unemployment, income inequality and poverty. The country's economic growth has not been able to create enough jobs to reduce these ills. The South African government believes that a labour-absorbing growth path can be realised by improving public infrastructure investment. In their research **Vandudzai Mbanda** and **Margaret Chitiga-Mabugu** use a dynamic CGE analysis to quantify the impacts of increasing public economic infrastructure investment on economic growth and employment. The results indicate that increasing public infrastructure investment is in general beneficial for the South African economy. GDP increases while the price level declines. Aggregate labour demand increases across all formal labour categories resulting in a decline in unemployment.

The relationship between financial intermediation and economic growth has been under investigation for decades. Some studies have been conducted using panels of countries with or without similar characteristics while others have been carried out on individual countries. In less-developed countries, the evidence about the link between financial intermediation and economic growth is particularly deficient. **Sebuhuzu Gisanabagabo** and **Harold Ngalawa** attempted to empirically investigate the possible cointegration and causal link between financial intermediation and economic growth in Rwanda, using quarterly data spanning from 1996Q1 to 2010Q4. A Structural Vector Autoregressive model was used to analyse the short-run dynamics between variables of interest. Findings of the study show evidence of a cointegrating relationship between financial intermediation and economic growth in the country. It was further observed that a shock to domestic private sector credit accounts for the largest proportion of fluctuations in real output growth, while the shock to potential liquidity comes second. This supports the supply-leading hypothesis in the intermediation link between financial sector development and economic growth in Rwanda, which suggests that the country can achieve significant economic growth if it reinforces incentives to attract businesses that can easily make use of the present financial services.

The study evaluates the nature of market structure, and the degree and determinants of market power in the Zimbabwean banking sector during the period 2009-2014. **Sanderson Abel** and **Pierre le Roux** utilised the Lerner Index approach method to assess the market power of banks. The Lerner Index approach assists in measuring the extent to which a bank has market power to set its price above marginal cost. The study results established that the banking sector operates under monopolistic competition, confirming that banks possess some market power in pricing their products. This is a result of the nature of products sold by the banking sector, which are differentiated but close substitutes. The study found that the market power of banks increased during the period and was derailed by the memorandum of association which was signed between banks and the central bank. The study established that market power is determined by capital adequacy, non-performing loans, liquidity risk, cost income ratio, economic growth, and regulatory interventions. The study also recommended that the government should ensure that it puts in place measures that enhance economic growth and should desist from interfering with the operations of market forces.

Pieter Conradie and **Derick de Jongh** wanted to determine whether the International Integrated Reporting (IR) Framework is sufficiently robust to act as the guide for the IR movement. The secondary purpose was to speculate on the constraints that IR will face on its journey towards achieving the aims and vision of the IIRC (International Integrated Reporting Council). The article, written in the form of a critical viewpoint, engaged with the relevant academic literature and industry-led initiatives to achieve its objectives. The main finding of the research was that the potential of the International <IR> Framework towards achieving its objectives lies more with the way it is applied than the way it was written. Academic literature does however highlight a number of potential constraints that will have to be overcome if integrated reporting is to achieve its long-term vision of financial stability and sustainability.

Despite the importance associated with measuring and assessing reputational risk, the effectiveness of techniques that accomplish these risk management tasks have not kept pace – perhaps due to a lack of a universally accepted definitions or inadequate tools. Ezelda Swanepoel, **Jánel Esterhuysen, Gary van Vuuren** and **Ronnie Lotriet** propose a reputational measurement matrix to measure and assess reputational risk nationally and internationally for the purposes of closing the current reputational assessment gap. The matrix comprises four key aspects ('who', 'where', 'what' and 'how'): each assesses the degree of risk posed to reputation and each of the aspects of the four-point matrix will be evaluated. The objective was to examine the numerous factors that influence the reputational risk of a retail bank. From the 'who' and 'where' perspective, no clear evidence of reputational risk was indicated; for the 'what' and 'how', minimum reputational risk was detected.

The implementation of a South African National Health Insurance, combined with the potential of price reforms, has the potential to adversely affect the profitability of the health care industry. This could force management to look at ways to better understand the causal link between costs and the activities that drive costs. **Gideon Botha** and **Elda du Toit** used the study to determine the extent of ABC use in health care facilities in South Africa, what the perceived and actual benefits were of adopting ABC and what other management tools and techniques were considered important utilising a structured questionnaire. The results revealed that the rate of ABC adoptions has increased from 1.2% in 1994 to approximately 46% today. The growth in ABC adoptions and the high level of ABC adoption in relation to hospitals in the USA and Ireland indicate that the hospital industry in South Africa acknowledges the value ABC can add.

Retail property management teams neglect the influence of occupancy costs and the resultant profitability of different retail formats when assessing their decision to expand. The aim of this research was to provide an easy-to-understand profitability equation for shopping centres and stand-alone outlets to guide retail property management teams in their decision-making process. A quantitative study, using secondary data obtained from a single retailing group and analysed using a simplified profitability formula, was conducted by **Amanda Duvenhage** and **André Kruger**. Although financial considerations form an important part of the decision-making process, retail property management teams should continue to combine the results of financial benchmarking with consumer preferences to achieve optimum results.

The New International Standard of Auditing (ISA) statement 701 (key audit matters) has been reported as one of the most significant changes to the audit profession and the manner in which audit reports are to be delivered. Effective from 15 December 2016, auditors for JSE-listed companies will need to disclose key and significant transactions that occurred on the audit, even in the event of an unmodified audit opinion. The legislators describe this as increasing transparency and accountability to enhance the fairness of reporting and to assist the stakeholders with understanding the audited annual financial statements. In his research **Milton Segal** used content analysis of prior academic and professional audit literature to explore possible unintended consequences, uncertainties and risks of the KAM. These include disclosure of potential confidential information and potentially increased auditor's liability.