

EDITORIAL

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In the second edition of this journal, one finds an overarching ‘accountancy’ theme revolving around aspects of both accounting and auditing.

In the first ‘auditing’ article, **Ben Marx** focuses on the strict adherence to corporate governance principles and practices that are essential to the success of South African higher education institutions. In his article, he focuses on the basic governance-regulatory requirements of higher education institutions in South Africa, and benchmarks these requirements against the corporate governance principles and practices required by the King Report on Corporate Governance for South Africa.

The decision to accept an appointment as registered external auditor to an audit client (the engagement decision) has in recent years been subject to an increased level of professional care and consideration, mainly as a result of significant amendments to statutory regulation and new International Standards on Auditing. **Dirk Steyn, Thea Voogt** and **Ben Marx** thus utilise their article to discuss how the engagement decision in medium audit firms is affected by a number of factors or motivational drivers.

In the first of three articles devoted to accounting *per se*, **Daniël Coetsee** adds value to the accounting debate on the different methodologies of accounting for financial and non-financial contracts in the current and proposed new accounting pronouncements of the IASB. The paper demonstrates that significant differences exist between the recognition and measurements of non-financial contracts in terms of the traditional accrual basis of accounting and the so-called contractual basis of accounting applied for financial instruments. The current IASB’s projects on liabilities, revenue recognition and the conceptual framework seem to eliminate certain differences between the two methodologies, but also raise new issues on the debate of the methodologies to account for financial and non-financial contracts.

It may seem logical to assume that GAAP aimed at informing investors show a higher association with share prices (value relevance) than with GAAP aimed at protecting creditors. In his paper, **Alexander Schiebel** compares the value relevance of IFRS and German GAAP with the use of regression analyses which are applied to companies listed on the Frankfurt Stock Exchange and publishing exclusively either IFRS or German GAAP consolidated financial reports over the period 2000-2004. The results of the paper show that German GAAP is statistically more value relevant than IFRS.

Heli Hookana’s article builds on the notion that, in order to meet the increasing management requirement for data, successful in-house accountancy professionals are internalising ever more capabilities and responsibilities, thereby reflecting a partnership role in professions

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related to basic operations. The study investigates the organisational interfaces of the accountancy profession *vis-à-vis* other professions during the change process. The findings identify some possible factors contributing to the traditional way of producing and utilising accounting information, and suggest some possible measures to be used as key facilitators in starting a change process aimed at securing an enlarged, more customer-oriented and highly interactive role for accountancy.