EDITORIAL

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Regular readers and contributors to this journal would have noticed that this issue hails the commencement of a new phase in the life of the journal with the finalisation of our newly established editorial board. Our sincerest thanks go out to each and everyone whom have agreed to take up this very important task that adds a further dimension to the quality promotion of this publication.

Another important milestone for this publication is the first legal commentary to be published in this issue by **Lynette Olivier**.

The developments in accounting standards and the increased complexity of financial reporting present many challenges and difficulties to the preparers of financial statements and the audit committee as overseers of the financial reporting process. **Ben Marx** and **Erica du Toit** discuss in their article the impact of the development and increased technical nature of accounting standards on the constitution and workings of the audit committee by way of empirical evidence sourced from large listed companies in South Africa.

Using annual financial statement reports, **Merwe Oberholzer** and **Gert van der Westhuizen** calculated the performance of listed banks on the JSE Limited over a ten-year period to determine the relationship between bank efficiency estimates (measured by Data Envelopment Analysis or DEA) and bank performance (measured by the financial ratios included in the Du Pont analysis). What makes their study even more unique is that they use two DEA models – one that focuses on the efficiency of the finance and investment activity and the other that focuses on the efficiency of the operating activity of banks. The study found that the majority of significant relationships between efficiency estimates and financial ratios are negatively correlated.

Melville Saayman and **Waldo Krugel** conducted research to identify the determinants of visitors' spending at the Wacky Wine Festival in Robertson, South Africa. This festival - one of South Africa's largest wine festivals - takes place on an existing wine route with active participation from 48 wine farms. The authors utilised factor analysis to differentiate three types of wine tourists: 'Festinos', 'Epicureans' and 'Social Adventurists'. Consequently, these three groupings and other socio-demographic and behavioural attributes of festival attendees were regressed as independent variables against expenditure in an attempt to refine future marketing strategies.

Many factors impacted the credit risk environment in the past decade, the most significant of which were the Basel II Capital Accord requirements. Foremost in the financial industry's focus was, and still is, the implementation of these requirements and their associated outcomes. In the aftermath of the Basel II implementation, credit risk managers' focus will return to understanding the portfolio philosophy in managing their credit portfolios. They will be required to adapt an integrated risk management framework, taking into account the interdependence of various building blocks, data fields and model outcomes. In their article **Pieter Voslooo** and **Paul Styger** develop and propose a portfolio approach to the management of loan portfolios within an integrated risk management framework. The significance of this approach for the credit portfolio risk management environment and its role in maximising shareholder value are also highlighted.