



ICAN STUDENTS' JOURNAL

JOURNAL FOR STUDENTS OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA



**ICAN unveils
new Logo
and Identity**

**Government Needs New Approaches In
Budget Design And Implementation To
Navigate Fiscal Crisis In The Country.**



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In the pursuit of excellence we constantly take on new challenges, a rebirth, re-invention or a raise of standard, because excellence is not a destination. ICAN... You can too.

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Editor's Note

Risk taking in business is a common phenomenon and it's actually inevitable. However, the thinking behind portfolio theory is the risk-reducing effect of spreading investment across a range of assets.

In our cover article entitled **The Essence of Portfolio Theory**, the author traced the history of portfolio theory to 1952 when it was first developed by Harry Markowitz. He therefore posited that in a portfolio, an unexpected bad news concerning one company or an investment project will be compensated for to some extent by unexpected good news about another.

The author explained how Portfolio Theory can serve as the tools for identifying portfolios which give the highest return for a particular level of risk, advising that investors can then select the optimum risk-return trade-off for themselves, dependent on the extent of personal risk-aversion.

We also publish for your reading pleasure the story of election of the 57th President and other new officers that will run the affairs of the Institute for the next one year.

However, four months into her assumption of office, Mrs. Eyitayo fulfilled one of the various goals set for herself. She planned to rebrand the Institute during her tenure and this has started in earnest. On Wednesday, September 29, 2021 a new official logo was unveiled for ICAN. Apart from this, the Institute's website is currently undergoing general overhaul to be more user-friendly. The details of this event are published for your reading delight.

You will also read in this edition the news items chronicling the various events of the Institute within this quarter.

As usual, we publish some past questions and solutions to guide our students on how to tackle examination questions in future.

The detailed reports of all these and other regular columns are contained in this edition.

Your comments and contributions are welcome. Please contact the Editor via: editor@ican.org.ng or aowolabi@ican.org.ng

ICAN ELECTS NEW PRESIDENT ,OTHER OFFICERS

The Institute of Chartered Accountants of Nigeria (ICAN) has elected new officers to run its affairs for the 2021/22 Presidential year. Mrs. Comfort Olu Eytayo mni, MNIM, CFA, FCA emerged as the 57th President. Her investiture took place after an election on Tuesday, June 1, 2021 at the Institute's Secretariat in Victoria Island, Lagos.

Also elected are: Vice President, Mallam Tijjani Musa Isa, BSc, MloD, FCA while Dr. Innocent Okwuosa, PhD, FCA and Mallam Haruna Yahaya mni, BSc, MBA, ANIM, FCA were elected 1st and 2nd Deputy Vice Presidents respectively. Mr. Oluwatobi Abiola, HND, BSc, FCA became the Institute's Honorary Treasurer.



The President, Mrs. Comfort Olu Eytayo mni, CFA, FCA is a member of the ICAN Governing Council since 2007. She has served on many ICAN Committees either as Chairman, Deputy Chairman or member at various times. As an Entrepreneur of repute, Eytayo is the CEO of Eden Comfort Place, a high-profile hospitality business in Ikeja, Lagos.

Mrs. Eytayo is a product of the prestigious University of London School of Economics where she obtained her Advance Diploma in Economics, from 1980 - 1981. She sat for her West Africa School Certificate at Lagos City College, Yaba, Lagos, in 1973 She also attended Hammersmith & West London College from 1978-1980 where she obtained her HND in Accounting. She was also at Sheffield City Polytechnic for her ACCA Level II, PAA Poly. Assc. in Accountancy (1982); London School of Accountancy (1983) and Students PYE (1987). Mrs. Eytayo worked with KPMG Peat Marwick and KPMG MCLINTOCK - UK at different times. She was also with the United Bank for Africa Plc.

She is a member of the National Institute for Policy and Strategic Studies (NIPSS) Kuru, Jos having successfully attended the Senior Executive Course in 2009. Mrs. Eytayo has attended numerous training courses both in Nigeria and overseas.

Apart from her professional career, Mrs. Eytayo has served the public in many areas such as Member, National Governing Council of Allover Polytechnic; Financial Secretary, Shepherdhill Baptist Church, Obanikoro (2003-2010); Chairman, Finance Committee, Shepherdhill Baptist Church, Obanikoro (2008 - 2013); National Treasurer of Alumni Association of the National Institute (2014 - 2017); General Secretary of Lagos Zone, Alumni Association of the National Institute (2010 - 2014) and many others. She is happily married and blessed with children.



The Vice President, Mallam Tijjani Musa Isa, BSc, MloD, FCA, holds a degree in Accounting from Ahmadu Bello University, Zaria in 1978. He qualified for

ACCA in 1998 and became its fellow 2003. In 2008 he became a fellow of ICAN. He became a Member of the Institute of Directors (MIoD) in 2001.

He also attended Slough College of Higher Education, England from 1980-1981; London School of Accountancy, 1982-86 and Emile Woolf College of Accountancy, London, 1986. He has attended numerous professional courses, seminars and conferences in and outside the country including the Columbia Business School, Executive Education Programme, in December, 2018

He joined ICAN Council in 2009 and served in different Committees as member and Chairman at different times. Mallam Isa is engaged in public service as member, Governing Council, Federal University, Lafia; The Tertiary Education Trust Fund (TETFund), Board of Trustees, Representing North West Geopolitical Zone and; The Federal Tax Appeal Tribunal, Federal Commissioner.

He has worked in several organizations including Obiora Monu & Company, Chartered Accountants; Bank of the North Limited as an Officer Trainee 1979/80; Murtari Dangana & Co. as Senior Accountant 1, 1987/90; SCOA Nigeria Limited Plc as Head of Internal Audit, 1990/92; Kaduna Furniture and Carpets Company Limited (KFCC), 1995/96; Nigerian Unity Line Plc as AGM, Finance, 1996/98; Intercellular Nigeria Limited as AGM, 1998/2001; Sada, Idris & Co. (Chartered Accountants), Managing Partner, 2001; Tijjani Musa Isa & Co. (Chartered Accountants), Managing Partner, 2002 till date.



The 1st Deputy Vice President, Innocent Okwuosa, BSc, Pg Cert LTHE, MSc, PhD, FHEA, SAP FICO, ACTI, CPFA, FCIB, FCA. holds a BSc in Accounting and an MSc in Banking & Finance and another MSc in International Accounting and Finance from University of Stirling, Scotland; a PhD in Accounting from the prestigious Henley Business School, University of Reading, UK. He also has a PG Cert in Teaching and Learning in Higher Education, UK and is a Fellow of Higher Education Academy, UK.

Dr Okwuosa is currently an Associate Professor of Accounting and Head of Department of Accounting, Finance & Taxation, Caleb University, Imota, Lagos, a position he has held since position he has held since 2019. Dr Okwuosa was first elected into the Governing Council of the Institute of Chartered Accountants of Nigeria (ICAN) in 2011. He has served the Institute in various capacities including Chairman Examinations and Syllabus Review Committee among several others before his election as the 2nd Deputy Vice President.

He initiated the current Mutual Cooperation Agreement

with Tertiary Institutions (MCATI)

following the ICAEW model with selected UK universities. In addition, he co-ordinated and anchored the ICAEW-ICAN Pathway which enables ICAN members in good standing to apply and become members of ICAEW without writing any exams. This has enhanced the ICAN brand globally. He played a key role in the implementation of the on-screen marking of ICAN professional examination. This has resulted in quadrupling the viability of the professional examination for the Institute. Dr Okwuosa succeeded in enhancing ICAN Professional Examination Model from two-exams to three-exams model in a year, thereby increasing the chances of students qualifying faster given more chances to write same exam.

Dr Innocent Okwuosa started his career at the then Nigerian Industrial Development Bank, now Bank of Industry and rose to become Senior Accountant and Head of Accounts and Management Information Unit within the Finance Division. He later trained with Horwarth Dafinone & Co (Chartered Accountants) where he acquired practical accountancy and audit experience. He was a co-founder of a leading professional accountancy tuition house, Safe Associates with responsibility for training staff of KPMG, PriceWaterhouse Coopers, Ernst and Young and Deloitte among others for their professional accountancy education. To this end, he distinguished himself lecturing Financial Accounting and Reporting. It was while lecturing in Safe Associates that he authored the popular Group Accounts and Advanced Financial Accounting Manual which was widely used by professional accountancy and tertiary institution students.

Before joining Henley Business School in 2016, as a Lecturer in Accounting after completing his PhD in that university, Dr Okwuosa was an Honorary Lecturer with University of Liverpool. He also worked as Finance Administrator with Australia Trade Commission, London.

As an expert in International Financial Reporting with Entop Consulting Ltd, Dr Okwuosa carried out IFRS implementation for many listed and private companies and delivered corporate training on IFRS.

He is a fellow of the Chartered Institute of Bankers of Nigeria and the pioneer Chairman Chartered Institute of Bankers, UK Branch. He has been a regular member of ICAN delegate to UNCTAD ISAR conference. Dr Okwuosa sits at the board of African Integrated Reporting Council and is the Chairman of Nigerian Integrated Reporting Committee as well as a member of the Industry Working Group, Sustainability Accounting Standard Board (SASB), US. He is also a member of IFAC International Panel on Accounting Education (IPAE), New York. He was President of Matori Lions Club from 2004 to 2005.

He is happily married with children.



The 2nd Deputy Vice President, Mallam Haruna Nma Yahaya, mni, BSc, MBA, FCA is a product of the famous Bayero University, Kano from 1982 to 1986 where he obtained BSc Accounting with Second Class Upper Division. He also attended Obafemi Awolowo University, Ile Ife, 1988-1989 for his Post Graduate Diploma in Computer Science.

He proceeded to Ahmadu Bello University, Zaria from 1996 to 1999 for his Master of Business Administration (MBA). He was also at the National Institute for Policy and Strategic Studies in 2018 (SEC 40/2018) where he obtained Member of National Institute (mni). Apart from academic qualifications, Yahaya has attended various workshops, seminars, training both within and outside Nigeria including RIPA International, London and Harvard University, Boston, Chicago USA. Mallam Haruna is a member of various professional organizations which include the following: Fellow of The Institute of Chartered Accountants of Nigeria (ICAN); Fellow of Chartered Institute of Taxation of Nigeria (CITN); Fellow of Institute of Management Consultants; Member, Institute of Directors (M.IoD) and Member of National Institute (mni)

Haruna has worked in various organizations both Private and Public Sector, including Banks. He was in Pannell Kerr Forster & Co. (PKF) Kaduna from 1993 to 1996 as Audit Manager. He worked with FSB International Bank Plc where he became Assistant General Manager AGM/Financial Controller before leaving to establish his own Audit Firm, Haruna Yahaya & Co. (Chartered Accountants) in 2001. Ever since, he has been the Managing Partner/CEO with offices in Minna, Abuja, Kaduna, and Lagos.

He has taken the firm to international arena by being a member of global accounting network known as MGI Worldwide that has presence in 260 Countries with more than 5,200 Professionals. His clientele base cut across Private Companies, International Donor Agencies, Ministries, Departments and Agencies (MDAs).

He is a member of Governing Council of the Institute of Chartered Accountants of Nigeria (ICAN) since 2011 and has served on many ICAN Committees either as Chairman, Deputy Chairman or member at various times.

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He is a member of Board of Directors of various Companies and Government Agencies which includes the following: Member, Board of Trustees and Governing Council, Edusoko University Bida, Niger State; Board Member, Suleja Smart City Company Limited; Board Member, Niger State Water and Sewage Corporation; Board Member/Chairman (2012 to Date), Edumana Micro Finance Bank Limited; - Chairman (2013 to Date),

Edumana Micro Finance Bank Limited; - Chairman (2013 to Date), Weightlifting Association of Niger State and Resource Person/Facilitator to the Institute of Directors (IoD) - (2015 to Date). He is happily married and blessed with children



The Honorary Treasurer, Mr. Abiola Oluwatobi Ayodele HND, BSc, FCA, attended Federal Polytechnic Ilaro, Ogun State where he graduated in 1991, with a Higher National Diploma (HND) in Accountancy.

He attended Babcock University, Ilishan, Ogun State where he bagged his Bachelor of Science B.Sc. (Hons.) in Accounting. He also holds a Diploma in Laws from the Executive Business School, Ikeja (2014). He is at present a Deputy Director with the Federal Inland Revenue Service (FIRS) with responsibility as Head, Tax Investigation (Lagos). Abiola was first elected into the Council of the Institute in 2017. He has served the Institute in various Committees of Council.

He started his working career in the Firm of Mojibola Oluwa & Co (Chartered Accountants) in 1993 from where he joined the Federal Inland Revenue Service (FIRS) in 2005. At the FIRS, prior to his position as the Head of Investigation (Lagos), he was Ag. Director (Technical). He has held the following positions: Head, Special Tax Audit; Chairman, Special Reconciliation and Review Committee (SRRC) with responsibility for the Southwest which include Lagos; FIRS representative on Micro, Small and Medium Enterprise (MSME), Office of the Vice President; Head, Domestic Tax Payers, Tax Investigation Abiola is also a Fellow of the Chartered Institute of Taxation of Nigeria (CITN). He is currently the Lead Doyen of the Joint Minds Club International, a club breeding Chartered Accountants for over thirty years, formed at the Federal Polytechnic, Ilaro in June 1990. Abiola believes in charity. He is a Paul Harris Fellow of the Rotary International, fighting polio in every part of the world. He loves reading, travelling, meeting people, watching sports such as football and lawn tennis.

He is happily married and blessed with children

Don't Rest Yet, ICAN Charges Newly Inducted 739 Accounting Technicians

The Institute has inducted 739 Accounting Technicians who have successfully completed the Accounting Technician Scheme West Africa (ATSWA) examination of the Institute.

The President of the Institute, Mrs. Comfort Olujumoke Eytayo, while inducting the new Accounting Technicians urged them not to rest on their oars as the sky is large enough for them to find their professional relevance in the highly lucrative and rewarding accounting profession.

"My admonition to the inductees is that this is not the time for you to rest on your oars as the sky is large enough for you all to find your professional relevance in the highly lucrative and rewarding accounting profession. You must leverage the unique opportunity provided by the ATS certificate to, in a record time, become Chartered Accountants," she advised.

Speaking further, she said the prestigious ATS certificate would qualify them to only write the final stage of the Institute's Professional Examinations and become Chartered Accountants within the next couple of months, if they are so committed.

She also advised the inductees to deepen their digital skills together with your professional competences to be able to fully exploit the opportunities inherent in the accounting profession.

"You should regularly renew your technical and digital skills, most especially in this fast changing world. You can no longer rely on a narrow pursuit of knowledge, but must open your mind to knowledge acquisition. We are at a critical junction in history where technology is reshaping our beliefs and understanding," she added.

In his own address, the Special Guest of Honour and a Past President of the Institute, Deacon Titus Soetan enjoined the new inductees to be the best they can in life and touch other people's lives positively.

He added that they should have it at the back of their minds that whatever they do today to themselves and others would become history tomorrow.

ICAN Calls for Extension of Practice Direction On Tax Matter to Appeals and Supreme Court



ICAN President and her team with the management of Federal Inland Revenue Service

The President of the Institute, Mrs. Comfort Eytayo has called for the Practice Direction on tax matters, handed to High Court, to be extended to the Court of Appeals and Supreme Court.

Mrs Eytayo who spoke during a stakeholder engagement with the Executive Secretary of Federal Inland Revenue Service (FIRS), Mr. Muhammad M. Nami lauded FIRS for the successful implementation of the Practice Direction which became effective June 1, 2021 as it aims to ensure speedy determination of tax matters in the courts.

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Mrs Eytayo who spoke during a stakeholder engagement with the Executive Secretary of Federal In-land Revenue Service (FIRS), Mr. Muhammad M. Nami lauded FIRS for the successful implementation of the Practice Direction which became effective June 1, 2021 as it aims to ensure speedy determination of tax matters in the courts.

She also lauded the FIRS for extending the deadline for filing of company income tax returns by taxpayers with December 31, 2020 accounting year-end from June 30 to July 31, 2021. She pledged the Institute's continued support to the FIRS through the creation of greater awareness among its members on the initiatives of the Service as well as collaborating on capacity building for accountants and other finance professionals in the Service.

She commended the FIRS boss for resolving the differences in perspective between ICAN and the Chartered Accountants as professional and commendable.

She commended the FIRS boss for Institute of Taxation of Nigeria (CITN) over who is qualified to practice taxation in the country. She

Eytayo Harps on Accountancy's Central Role in Economic Development



ICAN President Mrs. Comfort Eytayo with senator Olamilekan Adeola, FCA

ICAN President Mrs. Comfort Olu. Eytayo has said that the accounting profession is central to economic development and growth of the nation.

Speaking when she led members of council of the Institute on a courtesy visit to the Chairman, Senate Committee on Finance Senator Olamilekan Solomon Adeola, FCA, the 57th President Mrs. Eytayo said the central role of the profession in economic development calls for special attention on its activities.

She commended the Senate for exceptionally discharging their constitutional mandate and noted the role of the "Senate Committee on Finance in restoring sanity to the country's financial system".

Mrs. Eytayo expressed ICAN's willingness to continue to support the activities of the Senate Committee on Finance in the areas of capacity development especially by providing professional accounting education and training where it has established a strong reputation over the years.

"We shall continue to support the National Assembly in the delivery of its statutory functions", she assured.

ICAN Commends NDIC for Ensuring Financial System Stability



Managing Director of NDIC, Mr Bello Hassan, FCA presenting souvenir to ICAN President Mrs Comfort Eytayo, FCA

The Institute has commended the Nigerian Deposit Insurance Corporation for its invaluable contributions to the stability of the financial system in Nigeria.

Speaking during a courtesy call on Mr. Bello Hassan, FCA, the Managing Director and Chief Executive of the Corporation recently, ICAN President, Mrs. Comfort Olu Eytayo said "the corporation has successfully played the role of sustaining an efficient financial services industry and a working economy, by sustaining depositors' trust and confidence".

She said the successful performance of NDIC in the last 32 years has injected more capital into the formal financial system and a reduction in the occurrence of bank run among other advantages.

She expressed the Institute's willingness to collaborate with NDIC on critical areas including capacity building for finance professionals in the financial services sector.

Be at the Frontiers of Knowledge in Emerging Trends in Accounting, Eytayo Tasks Members

The 57th President of the Institute, Mrs. Comfort Olu. Eytayo has called on all members of the Institute to be at the frontiers of knowledge in the emerging areas of the profession.

Eytayo gave the admonition in her welcome address at the opening ceremony of the 4th Southern Zonal Accountants' Conference on Wednesday, August 11, 2021 in Yenagoa, Bayelsa state. The theme of the conference was **"The Future of Accounting Profession in the Face of Multiple Challenges"**.

According to Eytayo, developing competences in the area of cloud computing, data science, analytics, finance and investors' relations as well as the soft skills of creativity and emotional intelligence will facilitate Chartered Accountants' productive relationship with their clients, as these are the competences that would give them leverage as accountants now and in the future.

She pointed out that in the last few decades, the business landscape had witnessed overwhelming changes such that the beliefs and business models once held tightly have been changed.

"There has been an unprecedented blurring of the lines between the physical, biological and digital worlds. Advances in technology have reshaped all professions and raised the urgent need for professionals across all fields to rethink their value propositions. Failure to do this may result in the high risk of professional irrelevance, or at the extreme, professional extinction, she stated.

She continued that the speed and spate of changes, together with the dynamism in regulatory oversight functions, emergence of new policies and multiplicity of related professional bodies, appear to have heightened the challenges facing professionals and professionalism across all fields.

Speaking further, she explained that the profession has seen an interesting shift from the traditional roles to more strategic, business analytic, drawing top-level decisions from data and legal compliance functions, adding that professional accountants are now in a unique position to provide strategic leadership that would result in commercial and financial success of the organizations they work for or the clients they serve.

ICAN Calls for Unconventional Model in Addressing National Problems

The 57th President of the Institute, Mrs. Comfort Eytayo, has called for unconventional models for addressing the seemingly intractable national problems and challenges facing the country.

Eytayo stated this at the ICAN mid-year Economic Discourse titled "X-raying the Nigerian Economy: Problems and Prospects" held virtually on Monday, August 16, 2021.

She explained that the distortions in social, political and economic dynamics and the security challenge was assuming a worrisome dimension daily, adding that the volatility in the foreign exchange market was impacting businesses negatively.

She expatiated further that high inflation rates were making nonsense of investors' decisions, as low-level of budget implementation and monitoring have resulted in poor living standards. According to her, proffering feasible recommendations is the responsibility of all stakeholders in the country.

In his own keynote address, the Head, Innovation and Technology Policy, Nigerian Institute of Social and Economic Research (NISER), Professor John Adeoti, stated that Nigeria is endowed with vast natural and human resources needed for economic transformation. He maintained that the country has been plagued by different forms of macroeconomic instabilities, which has not only distorted sustained economic growth but also make growth with depth elusive.

He said appropriate measures were needed to be put in place to ensure the nation taps into potentials and maximizes the opportunities for economic transformation. One important measure according to him is breaking away from the shackles of overdependence on primary commodity (crude oil) exports.

"The Nigerian economy needs to be diversified such that all sectors of the economy contribute substantially to aggregate output and exports. The "Diversification will also help facilitate forward and backward linkages among the sectors of the economy and ensure economic competitiveness at the global stage," he said.

ICAN Decries High Rate of Poverty in Nigeria

ICAN President Mrs. Comfort Olu Eytayo mni, FCA has decried the high rate of poverty in the country describing it as a paradox considering the vast human, natural and material resources.

Speaking when she paid a courtesy visit to the Managing Director/Chief executive of Bank of Industry (BOI) during the week Mrs. Eytayo said that reducing poverty would require measures to stimulate socio-economic transformation to generate employment through micro, small and medium scale enterprises and creating a healthy industrial base in the country.

"Indeed, creating a sustainable production regime holds immense prospects for reducing the high unemployment and under-employment rates in the country. It would also lead to productive engagements of the youthful population, boost foreign exchange earnings in the country and ultimately contribute to addressing the increasing security threats in the nation", she asserted.

She explained that a recent x-ray of the problems and prospects of the Nigerian economy conducted by ICAN concluded that the country should improve its macro-economic indices and also enhance its industrial base to engender and deepen production of local goods and services. She expressed ICAN's desire to collaborate with BOI on relevant areas including capacity building for accounting and finance professionals in the services of the Bank in order to improve its operational effectiveness.

She appealed for BOI's financial, professional and practical support in the establishment of the ICAN Entrepreneurship Centre, which is envisaged to be a standard Centre with Simulation facilities for experience sharing on entrepreneurship issues.

Mrs. Eyitayo explained that the overall objective of the centre is to build entrepreneurial capacity of ICAN members and non-members for self-reliance and employment generation.

In his response, the BOI boss Mr. Pitan said the bank was ready to partner with ICAN on the Entrepreneurship centre as such project is in line with the Bank's objective of promoting industrial development.

ICAN to Collaborate with TETFUND on Common Interest

The Institute has concluded arrangements to collaborate with the Tertiary Education Trust Fund (TETFUND) on mutual interest to promote accountability and transparency across all sectors of the economy.

This was disclosed by the 57th ICAN President, Mrs Comfort Olu Eyitayo during her courtesy visit to the Executive Secretary of TETFUND, Professor Suleiman Elias Bogoro in his office in Abuja.

According to Eyitayo, ICAN was enthused with the uncommon show of integrity, candour and forthrightness Professor Bogoro had introduced to public service.

"Your rare adherence to unimpeachable ethical conduct and probity was illustrated when, for the first time in the history of public service in the country, you were reinstated as the Executive Secretary in 2019 by His Excellency President Muhammadu Buhari, having been investigated and cleared of all allegations against you. Without mincing words sir, you are a beacon of hope in a society that is ridden with sharp practices and unethical conduct," Eyitayo said.

Speaking further, her visit to TETFUND office was part of the Institute's stakeholders' engagement since her assumption of office as the 57th President of the Institute, adding that ICAN had planned to open discussion on the areas that the Institute and TETFUND could collaborate to further enhance the activities of the two institutions.

However the Institute implored TETFUND to collaborate with it in the areas of part sponsoring future Academic Conferences of the Institute; awards to the Best Paper Presenters, or the Best Doctoral Colloquium Paper at the Academic Conferences or to best students in various categories of the Institute's Professional Examinations; Funding of a project targeted at employment generation etc.

ICAN Unveils New Logo and Identity, Assures on Greater Commitment towards Nation Building



The Institute as part of its resolve to continue to promote Accuracy and integrity in the Public Interest recently unveiled a new logo and Identity. Speaking at the event which was held in Lagos on September 29, the President of the Institute, Mrs Comfort Olu Eyitayo, mni, FCA said the new logo has launched the Institute into an era of greater dynamism and deeper inclusiveness across generations.

According to her, "In 56 years, ICAN has sustained its enviable status as the most influential and prestigious Professional Accountancy Organisation (PAOs) in Africa. Our unmatched contributions to national development are the unique selling point that has accorded the Institute its enviable position. The ICAN brand is not just the toast of employers, but the products of the Institute are distinguishing themselves across all sectors – public or private," she added.

She disclosed that the ICAN logo is the identity of its members and represents their essence, adding that ICAN would not relent on its commitments and greater positive impact towards nation building.

In his speech at the occasion, the Deputy Governor of Lagos State, Dr. Obafemi Hamzat commended ICAN, saying that the new ICAN logo is a signal and renewal of commitment, dedication and professionalism.

He advised the Institute to continue to expose its members to international best practices and modern accounting processes that can enhance socio-economic development in the country.

Earlier, the Chairman of the occasion and the Chairman Body of Past presidents of ICAN, Princess, Agnes Adeniran, FCA, commended members of the Governing Council of the Institute and the rebranding Committee for the tremendous effort and initiative.

THE ESSENCE OF PORTFOLIO THEORY (PART 1)

By: Ben Ukaegbu



1. Introduction

The basis of portfolio theory was first developed in 1952 by Harry Markowitz, who earned the moniker "Father of Modern Portfolio Theory". In 1990, he alongside William Sharpe (Capital Asset Pricing Model) and Merton Miller (co-author of the Modigliani- Miller theorem of the debt-equity structure) became Nobel Laureate in Economics.

The thinking behind portfolio theory is the risk-reducing effect of spreading investment across a range of assets. In a portfolio, an unexpected bad news concerning one company or an investment project will be compensated for to some extent by unexpected good news about another.

Portfolio theory gave us the tools for identifying portfolios which give the highest return for a particular level of risk. Investors can then select the optimum risk-return trade-off for themselves, dependent on the extent of personal risk-aversion. The fundamental point is this: despite the different preferences, each investor will be able to invest in an efficient portfolio – that is one that gives the highest return for a given level of risk.

2. Return on a portfolio

The return on a portfolio is the weighted average of the projected returns of its constituent investments – weighted by their proportions in the portfolio. This can be explained with an example: Alhaji Baba Usman holds the following shares in his portfolio which have these projected returns:

Share	Proportion	Projected Return %
A	0.25	20
B	0.15	10
C	0.30	15
D	0.30	25

Required

Determine his projected return on the portfolio.

Suggested solution:

The return on the portfolio is the weighted average of the return on the individual investments:

Share	Proportion	Projected Return %
A	0.25	20
B	0.15	10
C	0.30	15
D	0.30	25

Proportion	X	Projected Return	=	Result
0.25	X	20%	=	5.0%
0.15	X	10%	=	1.5%
0.30	X	15%	=	4.5%
0.30	X	25%	=	7.5%
Overall return from portfolio				18.5%

3. Risk

The return an investor will expect to receive from his portfolio depends on the riskiness of the portfolio. Returns on investments cannot be predicted with certainty. If they could, there would be no

risk. Risk can be measured in terms of the variability of return and a measure of variability is given by the variance or standard deviation of returns. We can consider an example of an investment with three possible levels of return, whose probabilities are estimated:

Illustration: Investment A

Probability (p) Return (r) Probability x return

0.3	10%	3%
0.4	15%	6%
0.3	20%	6%
Expected return		15%

'Expected return' here means a weighted average of the three possible levels of return: 10%; 15% and 20%, using the probabilities as the weights.

The variance and the standard deviation of the return from the portfolio are calculated below (represents the expected return on the portfolio, calculated above):

Probability (p)	Return(r)	(r-)	p(r-) ²
0.3	10%	5%	7.5
0.4	15%	0%	0
0.3	20%	5%	7.5
Variance			15.0

The standard deviation is the square root of the variance (15 = 3.87 per cent). The standard deviation gives a measure of how much the overall portfolio return varies round its central value. Sometimes this can be put as the 'overall portfolio return is 15% +/- 3.87%. It should be noted that investors have a certain appetite to risk and may be 'risk-seekers', 'risk-neutral' or 'risk-averse'. Their degree of 'risk-aversion' is difficult to quantify. It is affected by factors, such as age, personal wealth, family circumstances, taxation, and time restrictions on the availability of investment capital.

4. Risk and Return

It has been observed above that the standard deviation of the returns can be calculated to give a measure of the riskiness of a portfolio in the sense of the degree of variability of the overall return. A higher-risk portfolio has greater chances of either large gains or large losses. This will be reflected in a larger standard deviation of the return. In general, when the expected return from an investment is higher, its degree of risk is likely to be higher. Investors may want both a high return and a low level of risk, but in practice, they recognize that they cannot have both and may be willing to accept a lower expected return to reduce the level of risk. Where an investor draws the balance between risk and return depends on his personal preferences and circumstances as previously discussed.

5. Diversification

An investor can reduce the level of risk by including several investments in a portfolio. This is because the factors that cause variations in performance are not the same for all investments, so that poor performance by one investment may to some extent be balanced by the good performance of another.

6. Correlation

Portfolio theory is concerned with the relationship between the risks and returns of the individual investments in a portfolio and how the combination of individual investments in the portfolio determines the overall risk and return of the portfolio. To understand this better, we need to consider correlation – that is the relationship between the returns on difference investments. There are three aspects of correlation – positive, negative and nil correlation.

6.1 Positive correlation

This can arise when two investments are in the same industry or in related industries. If one investment is successful and rises in value, then the other may also do well. Similarly, if the first does badly, then the second will follow.

6.2 Negative correlation

This happens when, if one investment performs well, another tends to perform poorly – and vice versa. For example, the price of an oil company's shares is likely to rise when the price of oil rises, whereas the price of companies such as airlines, whose costs are affected by the price of oil through the cost of aviation spirit, will likely fall. Here, we say 'likely' because other factors, such as the buoyancy of the world economy, may encourage rises in the prices of both oil companies and airlines' shares. Terrorist attacks or lockdowns as a result of the covid-19 pandemic will probably cause falls for both of them. So we are unlikely to find two investments with perfect positive correlation, where prices are exactly in step.

6.3 Nil correlation

Under this context, the performance of an in-

vestment is unrelated to that of another. Sometimes situation could arise, for example with an engineering firm and a clothing or fashion manufacturer. Many of the environmental factors and most or all of the internal organizational factors that influence the success of the engineering firm may be quite separate and independent from those that affect the success of the clothing manufacturer. So their share prices are likely to vary to a large extent independently. However, general economic conditions and stock market sentiment are likely to affect both companies in the similar ways. While the correlation between the two share prices is likely to be small, it may not be zero.

7. Risk reduction effect of diversification in a portfolio consisting of two investments (two-asset portfolio)The following section shows how standard deviation can be calculated to give a measure of the risk of a portfolio under different assumptions about the correlation between the performances of the constituent investments.

A portfolio consists of 50% by value of Investment A and 50% of Investment B.

Investment A	Probability (r)	Return(r)
Worst Outcome	0.3	10%
Most Outcome	0.4	15%
Best Outcome	0.3	20%

Investment B	Probability (r)	Return(r)
Worst Outcome	0.3	9%
Most Outcome	0.4	16%
Best Outcome	0.3	21%

We can find the expected return on the portfolio by combining the expected returns of the two investments. We have already considered the risk and return of an investment with the same characteristics as Investment A in the Section 3 under Risk above. This showed that the expected return of Investment A was 15% and the standard deviation of the return was +/-3.87 per cent.

For Investment B	Probability (r)	Return(r)	Probability X return
	0.3	9%	2.7%
	0.4	16%	6.4%
	0.3	21%	6.3%
Expected returnSr of investment B			15.4%

Risk of Investment B
Return (r) (r-Sr) Probability p(r-Sr)²

9%	(6.4)	0.3	12.29
16%	0.6	0.4	0.14
21%	5.6	0.3	9.41
		Variance	21.84

The standard deviation of return of Investment B = $\sqrt{21.84} = 4.67\%$

The expected return from the portfolio is a weighted average of the expected returns from the two investments:

$$(50\% \times 15\%) + (50\% \times 15.4\%) = 15.2\%$$

To investigate the risk of the portfolio, we need to know how the performance of the two investments is correlated. We consider three different cases:

Perfect positive correlation

Where the investments are perfectly correlated, they will both give the 'worst outcome' return at the same time and both give the 'best outcome' return at the same time. So if Investment A yields 20%, then Investment B will yield 21%, and Investment A yields 10% Investment B will yield 9%; and if Investment A yields 15%, Investment B will yield 16%.

Risk of portfolio return with perfect positive correlation

	Return on INV A	Return on INV B	Portfolio Return r	Probability p	p x r	p(r-Sr)	p(r-Sr) ²
Worst Outcome	10%	9%	9.5	0.3	2.85	(5.7)	9.75
Most Outcome	15%	16%	15.5	0.4	6.20	0.3	0.04
Best Outcome	20%	21%	20.5	0.3	6.15	0.3	8.4
					Sr 15.2	variance	18.22

Standard deviation of portfolio return = Standard deviation of portfolio return = $\sqrt{18.22} = 42.7\%$

Perfect negative correlation

If the two investments in our portfolio are perfectly negatively correlated, the worst outcome for Investment A coincides with the best outcome for investment B and vice versa:

	Return on INV A	Return on INV B	Portfolio Return r	Probability p	p x r	p(r-Sr)	p(r-Sr) ²
Worst Outcome	10%	21%	15.5	0.3	4.65	0.3	0.027
Most Outcome	15%	16%	15.5	0.4	6.20	0.3	0.036
Best Outcome	20%	9%	14.5	0.3	4.35	0.3	0.147
					Sr 15.2	variance	0.21

Nil correlation

If the performance of the two investments is uncorrelated, the expected portfolio return is still 15.2% with a standard deviation of 3.03%. This is less than the standard deviation of either Investment A or Investment B. As the number of investment in a portfolio increases and if their performance is uncorrelated, the effect is to further reduce the portfolio standard deviation. But the effect is not as striking as with negatively correlated investments.

8. Conclusion

The objective of this first part of a Series on Portfolio Theory is to provide candidates with the understanding of the importance and relevance of Markovitz's portfolio theory, understand the significance of risk and how it can be measured including correlation and be aware of the theories and models that describe how investors balance risk and return. In the next paper, we shall examine the graph of the capital market line (CML) as well as the securities market line (SML) and be aware of the theoretical and practical limitations to the application of portfolio theory.

Government Needs New Approaches In Budget Design And Implementation To Navigate Fiscal Crisis In The Country.



The 57th President of the Institute, **Mrs. Comfort Olujumoke Eytayo, mni, CFA, FCA** did not just stumble into Accounting as a profession. According to her, her sojourn in the profession was highly influenced by the fact that it was a noble profession in vogue and by two people. These are: one of the founding fathers of ICAN, late Chief Adedoyin Olayide Ogunde, FCA who also hailed from her hometown and her elder Sister, Mrs. M.O. Onasanya, FCCA, FCA. Eytayo explained that she was inspired by their carriage, demeanour and great accomplishments, hence her choice of Accounting as a profession.

In this interview, she spoke extensively about the nation's economy, the future of accounting profession, government, inflation and anti-corruption war of the government. She also reeled out her plans for the Presidential year : Excerpts

You were recently elected President of ICAN, what are the programmes that ICAN under your leadership intends to achieve?

The Institute is built on a legacy of continuity and, in this Presidential Year, we are determined to tread this well-entrenched path. The agenda for the year is in line with the overall mandate of the Institute to con-

tinuously produce future-ready Chartered Accountants who act in public interest. Although the overall objective is to sustain ICAN as a truly global professional body, the changing market dynamics would require that we revisit the approach with which we pursue the vision. Hence, it is imperative that we establish an Entrepreneurship Centre/Fund to produce Chartered Accountants who would be job creators and not just job seekers; strengthening of the Research and Technical Directorate of the Institute would be prioritised so that it can emerge as a veritable and authoritative source of information, intelligent analysis and dissemination of news in respect of accounting, economic and financial issues at the sub-national, national and International space; we would re-strategize and champion the rebirth of the Accountancy Profession through adequate investment in time and material resources; we would enhance the learning content of the Institute's Mandatory Continuing Professional Development programme as well as comprehensively review the syllabi of the various Faculties' certification programmes; we are rebranding the Institute to create the image of ICAN as a leading Professional Accountancy Organisation (PAO) in Africa; we would sign more Reciprocity Agreements with renowned PAOs across the globe; and the continued mentoring of fledgling PAOs

in the African sub-region in order to raise the standard of accountancy practice worldwide would be one of the top agenda for the Presidential Year.

There have been concerns about the length of the tenures of ICAN Presidents. With just a year to lead the Institute, how do you want to achieve the identified programmes within the period?

The one year tenure of each President of the Institute is not a concern. ICAN has a rolling plan and a well-established continuity process. The structure of the Institute devolves power to its different Committees that comprise experienced members of the Institute with each of the Committees **chaired by a Council Member**. This affords us the opportunity to seamlessly run the Institute, build on past legacies and chart a new course for the future. Also, the nimble ICAN Secretariat, comprising experts in the relevant areas of our operations, implements our various programmes and initiatives. In summary, ICAN's organizational structure allows for a smooth functioning of the Institute in order to achieve its mandate.

As the President of ICAN, what are your short-term and long-term plans?

The Institute's firm foundation is structured in a way to build on past legacies while the present administration is also expected to **chart new courses, as desirable, in the overall interest of the Institute, its members and the society at large.** My Inaugural speech has catalogued both the short-term and long-term plans of this Presidential Year. In summary, our plans are to provide the required leadership in a volatile, uncertain, complex and ambiguous (VUCA) world. We would play visible role in the formulation of economic policies of the country and contribute significantly to tackling the economical and social malaise bedeviling us as a nation. Also, we are focusing on building the entrepreneurship capacity of our members through the establishment of an Entrepreneurship Centre. We would equally provide thought leadership on harnessing data in the profession and economy which is necessary in arriving at informed decisions.

During your Inaugural Speech, you stated that there were efforts to weaken the profession. Please expatiate on that.

You will recall that in my Inaugural speech, I enunciated the circular issued by the Office of the Head of Service of the Federation on the abolition of entry level of professionals into the Civil/Public Service. The implication of this is not just for the noble accounting profession, but it has grave consequences on professionalism in the public sector. Lack of professionalism in the public sector, which the circular portends, would negatively and indirectly impact on quality of corporate reporting, ability to attract foreign direct investment and grants from donor agencies. In essence, the public sector needs more, not less, professionals. It is therefore an irony that the nation is unwittingly discouraging the building of capacity by professional bodies through this policy.

Some small companies believe they don't need to employ accountants. Is it every organisation that needs the services of accountants?

I am surprised that in this present age, any company would still imagine not engaging at least one accountant. Apart from the mandatory regulatory demand, accountants provide strategic direction to businesses, irrespective of size. We assist and guide in tax returns and preparation of Financial Reports.

What are the changes you would like to see in the accounting profession, especially in Nigeria?

The accounting profession is structured in a way that its adherents should act in the public interest and to actively participate in entrenching accountability and transparency in the economy. My desire is that gov-

ernment across all levels would ensure that relevant accounting and finance positions in the country are made to be occupied by Chartered Accountants. As an Institute, we would continue to implore the over 53,000 ICAN members to uphold Accuracy and Integrity and remain committed to the Institute's code of professional conduct and to always act in the public interest.

Every year, ICAN Presidents are asked this same question. The preference for certifications from foreign accounting bodies such as the Association of Chartered Certified Accountants in the United Kingdom appears to be overwhelming. Does it mean ICAN's certificate is inferior to its foreign counterparts' or not internationally recognized?

Yes, I agree with you that this has been an age-long question but we need to get things straight. The increasing desire for foreign certification is not peculiar to ICAN certificate but an indication of the uncontrolled national desire to consume foreign goods and services. A quick check on the various accounting and finance-related job advertisements in the country would reveal the premium employers place on ICAN certificate. The highly-rated ICAN certificate is usually a precondition for securing such jobs. The ICAN certificate is not only acceptable in the country but its international relevance is confirmed by the various renowned Professional Accountancy Organizations (PAOs) that have signed Reciprocity Agreements with the Institute. Let me reiterate that we have subsisting agreements with the Institute of Chartered Accountants in England and Wales (ICAEW) and the Chartered Institute of Management Accountants (CIMA). With this, our members can be inducted as members of ICAEW and CIMA without going through the entire examination processes of these bodies. Arrangements have also reached advanced stages to sign more Reciprocity Agreements with other PAOs. It may also interest you to know that, nationally, ICAN's seal is one of the few seals acceptable on financial reports, filing of tax returns among others.

What inspired you to become an accountant?

My career pursuit in accounting was greatly influenced by one of the founding fathers of ICAN, late Chief Adedoyin Olayide Ogunde who also hailed from my hometown. His stature, demeanour and great accomplishments were a great inspiration to us. Indeed, because of his accomplishments and gait or carriage, Accountancy became the vogue. My elder sister, Mrs. M.O. Onasanya, FCCA, FCA, who, for several years served as ICAN Council member before voluntarily stepping aside in 2006 was also an inspiration to me to choose this noble profession.

You are the CEO of Eden Comfort Place. What stirred your interest in the hospitality business?

I was principally motivated by a sense of fulfilment I derive from one of my eclectic skills in hospitality. This prompted me to establish Eden Comfort Place to care for the welfare of tourists and persons who carry out activities in Ikeja and need a place of comfort to rest after the day's hustles.

What advice do you have for career women, as regards combining and balancing their work and family?

The home front is very important, so also is your work. None should be allowed to suffer for the other. Striking this balance is critical for career women. While pursuing professional relevance, we should never neglect the home front. A truly successful career woman is one that can be successful at home and at work. It is not easy, but the benefit is worth the cost.



You have been on the governing board of ICAN since 2007. As a member of the board, what are the notable contributions you made to the association?

In all humility and with a high sense of responsibility, I would say I have paid my dues as a member of the Governing Council of

the Institute since 2007. I chaired several Council Committees including the Finance and General Purpose Committee, the Technical, Research and Public Policy Committee (TRPPC), the Professional Examinations Committee, the Annual Accountants' Conference Committee amongst several others. During my Chairmanship of Ikeja and District Society of the Institute, I pursued vigorously and achieved the desire for the District to own its own building and thereby securing the first position as the Pace Setter District amongst the Committee of ICAN District Societies to have its self funded building.

You were once the Vice President of ICAN. How did that role prepare you for your current position?

I would say that my role as the Vice President was just an icing on the cake of my close to one-and-half decades of membership of the Governing Council. As I have earlier mentioned, before my election as the 57th President of the Institute, I had spent 14 years on the Governing Council. Within this period, I was privileged to learn directly under fourteen (14) past presidents. The experience I garnered under these distinguished leaders no doubt prepared me adequately for my current position as the number one Chartered Accountant in the country. I have benefitted greatly also from my understanding on the workings of the Institute that arose from the various rich discussions on the floor of Council.

What are the humanitarian activities ICAN is involved in and how do you intend to continue that legacy?

Essentially, ICAN is involved in capacity building of professional accountants and other finance experts. We have over the years created the necessary enabling learning environment in different tertiary institutions. These include the building of ICAN lecture halls, provision of books, computers and other learning facilities for tertiary institutions. Also, we have different categories of scholarships for outstanding and indigent students as well as engage a good number of Industrial Trainees and Youth corps. We also impact the immediate environment we operate in, both at the national secretariat and our other offices. We recently bought motor cycles for the Denton Police Station at Ebute-Metta to contribute to the promotion of security in the areas we operate. In this Presidential Year, we would not just sustain these Corporate Social Responsibilities (CSRs), but also expand them against the backdrop of emerging developments. I would work with my colleagues on the Governing Council to make our various stakeholders feel the impact of ICAN more profoundly.

The challenges with budget design and implementation have remained a recurring issue. What do you think is the way forward, especially now that deficit financing appears to be the trend?

We need to appreciate the fact that times are changing and there is the need to deploy new approaches in our budget design and implementation. If well articulated, the country's budget could become a strong strategic-management tool for navigating the fiscal crisis in the country. It is fundamental that we come up with innovative ideas to fund the budget and significantly reduce expenditure, especially frivolous spending. The emerging new world has created both opportunities and threats. The budget process must be transformed in a way that would ensure that every Naira spent is accounted for and transparency is demanded from the operators of the economy. There is the need for a performance-based budgeting in the country. Deficit financing is not bad in the short run, but the question we should ask ourselves as a nation is that what are our long-run objectives for the short-term borrowings? Have there been significant impacts from past borrowings? What horizon do we have as a nation to ensure we are self-sustaining financially, at least to a large degree? Budget process in the country must be data-driven to promote efficiency and effectiveness and not just a superficial annual ritual. There is the need for a robust and scientific way of tracking budget performance, especially by independent assessors. ICAN has bridged this gap of independent assessment of budget performance in the country through the novel ICAN Accountability Index (ICAN-AI). The Index is a tool for an annual assessment of the three tiers of the Nigerian government on their adherence to global best practice in Public Financial Management. Efficient management of the fiscal regime in the country would enable us to exploit the opportunities while poor management portends a great danger.

Many have said Nigeria's problem is more of spending than revenue generation, going by the kind of interventions and expenditures recorded daily. How can these challenges be addressed?

I would rather say it is both spending and revenue-generation problems. Targeted spending is good for the economy, but Nigeria has gained popularity for frivolous spending not directly targeted to projects that can aid growth and development. When such funds are claimed to be targeted to developmental projects, they are usually mismanaged or poorly utilized. It is crucial that we religiously commit to blocking all financial loopholes in the country as well as hold public office holders accountable for critical and operators of the economy must be held accountable for every Naira spent. On the revenue side, we engage closely as an Institute with revenue-generating agencies like the Federal Inland Revenue Services (FIRS).

The sole purpose is to ensure that we support the revenue-drive of the country through our technical expertise as Chartered Accountants. We have advocated deliberate efforts to bring into the tax net the large number of commercial activities that are initiated and consummated in the cloud. Most of these business outfits do not have physical offices but they transact virtual businesses worth several millions of Naira. If we do not have the capacity to track these businesses, for tax purposes for instance, we may be losing a gold mine.

Looking at the country's debt ratio, do you see the current debt level and proposed borrowings as sustainable?

It is time we changed the discussion from the sustainability of the debt profile to its reasonability. Even if sustainable, is it a path to perpetually follow as a sovereign nation? If the borrowings are well-managed, they can be deployed into projects that positively impact long-term development of the country. If this is achieved, then these borrowings should translate to a better economic outcome in the medium to long term, which would make borrowing unlikely in the future. But is this the case in the country? That is a food for thought for us as a people.

The present inflation appears to have defied all forms of interventions. As a professional, what measures do you suggest can be deployed to check the trend?

As I have always said, we should celebrate small wins of the various governments' interventions on the economy. For three consecutive months now, the inflation rates have consistently declined reaching 17.75% in June 2021 against the 17.93% in May 2021. Imported inflation is one of the main reasons the various interventions to address the rising inflation in the country appear to have failed. Our primary reliance on foreign goods and services as well as raw materials with the depreciating value of Naira to Dollar makes a mince meat of any intervention on the inflation crisis. The country must make deliberate efforts at improving local industries and create the enabling environment for business growth. We must ingrain in the mindset of Nigerians the need to embrace local content by consuming locally-produced goods and services. Another way to address inflation, especially food inflation, is to tackle the security challenges in the country which has disrupted farming activities across major food-producing States.

Apart from the government under-utilising some assets, are there some sources of public funds wastage that you have identified within this administration that needs to be plugged?

It is not about this administration but there is the need for a new governance orientation across all tiers. We should further entrench probity and transparency in the management of public financial resources as well as other assets of the country.

Despite the fact that the Federal Government said the country had come out of economic recession, do you agree with that position, especially when you look at economic indices like the high unemployment rate, rise in food prices, among others?

Based on the data available to us, Nigeria has exited recession and nobody can debate that. However, we must understand the exact indices captured in the calculation of a country's Gross Domestic Product (GDP) which is used to define whether an economy is in recession or not. The GDP is an aggregate value of goods and services produced in an economy over a period of time. The debate is ongoing whether GDP growth naturally translates to improved welfare or the equitable distribution of economic resources in an economy. Nigeria has exited recession but the truth is that we still have a lot of grounds to cover in translating GDP growth to economic welfare for an average citizen.

In your inaugural address, you mentioned that 'ICAN will work closely with governments at all levels on the challenge of setting a new agenda for national rebirth'. How do you intend to do that?

Before now, we have championed a number of initiatives of national interest including the globally acknowledged ICAN Accountability Index (ICAN-AI). We have over the years ensured the positioning of ICAN for great impact on the economy through strategic relationship with governments and other stakeholders in the economy. Few weeks into the new Presidential Year of the Institute, we engaged political leaders at various levels where we had extensive discussion on the need for a national rebirth. Recently, we were at the National Assembly to meet with key actors in the upper and lower chambers on the need to promote healthy financial systems in the country. We were unequivocal in our commitment to collaborate with the House and Senate Committees on Finance in the area of capacity building for their honorable members. The Institute had also opened discussion with the FIRS in a bid to consolidate the achievements already made by the Service in the country's tax system. We are deepening our impact across all sectors of the economy, public and private. As an Institute that promotes accountability and transparency, we would be more deliberate in working with governments as well as private-sector actors to entrench probity, accuracy and integrity in our national consciousness.

Despite its wealth, many Nigerian citizens live in poverty. How do you think the country's resources can be better managed?

It is a paradox that Nigeria has assumed the sad status of one of the poorest nations in the world in spite of her human and natural endowment. Currently, over 40% of the population lives in severe poverty. The major problem is in the mismanagement of our collective national wealth, lack of accountability and transparency, and a large portion of the population not benefiting from the growth and development strategies. When fiscal transparency is entrenched across all levels of government, Nigeria would have adequately arrest the recurring illegal leakages from the economy. The focus can then shift to using the dividends from the fiscal transparency to bring about inclusive growth by increasing the quality of life of those in the federal poverty level or poverty threshold. This is how we can change the narrative of poverty in the midst of plenty. One of our approaches to addressing this ugly occurrence of high poverty rate is to entrench a culture of accountability and transparency in public governance through the ICAN Accountability Index (ICAN-AI). We have also resolved to tackle, to the best of our ability, the poverty problem through the planned Entrepreneurship Centre to train our members to be self sufficient and become employers of labor, thereby making positive contributions to the Gross Domestic Product.

There is systemic brain drain in the accounting profession, with many brilliant accountants leaving the country in search of greener pastures. What do you think that portends for the future of the profession and how can the trend be curbed?

The systemic brain drain is not peculiar to the accounting profession. It is a reflection of the general economic performances particularly low wages and poor purchasing power of our currency resulting in the migration of professionals and non-professionals to other seemingly promising societies. Hence, addressing this trend requires a revamping of the economy and aggressive national reorientation. It goes beyond what a single body or entity can effectively tackle. Let me also quickly state that the international mobility of our members, like other competitive professions, is an indication of the competitiveness of our certificate. Nevertheless, ICAN is embarking on aggressive marketing to ensure that the country is supplied with adequate number of Chartered Accountants who would meet the local demand for professional accountants.

What changes would you like to see in the accounting profession?

The accounting profession is designed to act in the public interest and actively participate in entrenching accountability and transparency in the economy. My desire is that government across all levels would ensure that relevant accounting and finance positions in the country are made to be occupied by Chartered Accountants. As an Institute, we would continue to implore the over 53,000 ICAN members to uphold Accuracy and Integrity and remain committed to the Institute's code of professional conduct and to always act in the public interest.

With the disruption occasioned by the unfortunate arrival of the COVID-19, I would like to see the accounting profession less reactionary and more proactive in technological and financial innovations. We should lead in these and innovations not be at the mercy of whatever the foreign IT geeks come up with. These indigenous innovations will save Nigeria millions in out bound foreign exchange and we may even be able to get some in bound foreign exchange.

What are the challenges to achieving accountability in both private and public sectors, and to what extent can you say ICAN has contributed to solving them?

The lack of accountability in the country, whether in the public or private sector, is basically due to weak enforcement and poor compliance to regulatory guidelines. As already alluded to on several fora, Nigeria is not lacking in policies, programmes and laws aimed at promoting accountability and transparency in the jurisdiction. Unfortunately, the country has not fared well in ensuring the implementation of these laudable policies and programmes due to lack of commitment to businesses ethos. Another hindrance to accountability in the country is regulatory capture whereby those who are expected to enforce the regulations are influenced by the interests of the few and not the public interest. There is also the need for appropriate and timely sanction for person(s) whose action(s) bring the accountability and integrity of the nation into disrepute. At ICAN, we have several initiatives for promoting accountability and integrity not just in the profession but in the economy as well. We launched the Whistleblowers' Protection Fund to protect Members and the public from any form of reprisal or victimization when an alarm is raised on financial impropriety by public or private establishments, individuals or groups within the country. The Institute also has a robust disciplinary mechanism against any member or firm of Chartered Accountants suspected to engage in acts of financial malpractices. Recently, the ICAN Accountability Index (ICAN-AI) Report on the public finance management practices across the three tiers of government has given an insight into these governments' priorities where transparency is concerned. Some governments have also implemented the Index as the Key Performance Indicator of the Accountant General in their various jurisdictions, and this has dramatically improved best practice in those jurisdictions.

How does ICAN structure its programmes to drive members' participation across various sectors? How do such programmes address peculiar challenges that young accounting professionals face?

The Institute's examinations and other capacity building programmes are structured to make our members fit for any sector of the economy. The Mandatory Professional Development trainings covers seventeen sectors of the economy including agriculture, oil and gas, telecommunications, Information Technology, finance and so on. We are also building the skills and competencies of members not just to be job seekers but job creators through our entrepreneurship programmes. In this Presidential Year, we are raising the bar of our entrepreneurship programmes through the creation of an Entrepreneurship Centre and Entrepreneurship/Endowment Fund. The Endowment Fund would assist graduates of the Centre to embark on projects and productive activities for which regular funding sources may not readily support. Our goal is to produce future-ready Chartered Accountants who are equally equipped with the skills to face the demand of the present day market.

Strategic partnership with stakeholders in the public and private sector is very critical to national and economic development. What are the roles of Accountants in achieving this?

As an Institute, we engage with a wide spectrum of social and economic players in the country to reposition the nation on the path of sustainable growth and development. We use the engagements to inform stakeholders about the value that our members can add to businesses and the economy if fully engaged. For instance, we regularly engage with the Federal Accounts Allocation Committee (FAAC) to report our findings on the ICAN Accountability Index (ICAN-AI); with the National Universities Commission (NUC), National Board on Technical Education (NBTE), West African Examination Council (WAEC), National Examination Council (NECO) and Joint Admissions Matriculation Board (JAMB) to ensure that the accounting syllabus across the accounting education value chain is in line with present realities. We also collaborate with the National Assembly in the business of law making by making recommendations on the Appropriation Bill, participating in public hearings and submitting position papers on matters that affect the business and economy of the country. We also partner with the Judiciary in the investigation of professional misconduct, as the Institute's Disciplinary Tribunal is equivalent to the Nigerian High Court and appeals from the Tribunal go to the Court of Appeal and thereafter the Supreme Court. This is just to mention a few.

Increasingly, technology is narrowing the space for professional practices across all sectors with its disruptive impact. How prepared is ICAN for this new normal?

Over the years, and more recently since 2004, ICAN has consistently developed the digital skills of its members through the Technology Competence Initiative (TCI). The TCI was introduced as a precondition for induction of new members to ensure that all ICAN members receive adequate grounding in Information Technology (IT). As a result, technological disruption is not negatively impacting the activities of our members. Rather, the digital disruption continues to enable more effective and efficient delivery of the services being provided by over 53,000 ICAN members. ICAN members are no doubt adequately prepared for this New Normal. As a result, it was not difficult for us as an Institute, together with our members, to quickly adapt to the disruption occasioned by the coronavirus (COVID-19) pandemic.

Coronavirus pandemic has greatly impacted organisations including ICAN. This has no doubt impacted operations. What measures have been put in place to overcome these challenges?

Our huge investment in technology in the Institute greatly assisted us in quickly adapting to the changes brought about by COVID-19 pandemic. As the New Normal evolves, we would remain at the frontiers of building a truly digital Institute that leverages technology to provide bespoke services to our various clients.

What solutions can you proffer in this parley for Nigeria to be on the path of economic growth?

Economic growth would be a mirage if the country fails to entrench a culture of transparency and accountability. Until leaders are held accountable for their actions and inactions, the current anti-corruption crusade would merely be paying lip service. The total independence and autonomy of the anti-graft agencies must become a priority. Without accountability, funds voted for different developmental projects would leak into private pockets. The widely acknowledged ICAN Accountability Index (ICAN-AI) is one of the initiatives of the Institute to assist the three tiers of government in effective best practice Public Financial Management. In this Presidential Year, we are determined as a body to take on the advocacy role and collaborate with government to review the planning, budgeting and financing mechanics. We would also liaise with standard setters and regulators to review the nation's corporate reporting framework such that sustainability metrics are mandatorily required of listed entities. Accountability in the public sector and the

better regulation of the private sector are enablers towards our journey to inclusive growth and sustainable development.

What changes would you like to see in the accounting profession?

Accounting profession has gone a long way in positively influencing growth and development in the country. Over the years, the profession has undergone varying degrees of change and professional restructuring. Most importantly, in recent years, technology has played a major role in reshaping the profession. The disruption as a result of technology has motivated an appreciable increase in the interest of our members to embrace the emerging technologies. This is highly commendable. We expect that, in the next couple of years, we would have more professional accountants who are active innovators of technologies driving the profession under machine learning, Internet Of Things, robotics, Artificial Intelligence and data analytics. Also, I wish professional accountants would be accorded more opportunities, especially in the public sector of the economy, to positively impact the economy. By virtue of the training received by professional accountants, governments should take more advantage of our skills and competencies in the management of the nation's scarce financial resources.

What legacies would you want to leave behind after your tenure as ICAN president?

I want the impact of the Institute to be more greatly felt across all sectors of the economy. We would position the Institute to be a well-respected voice on national discourse and raise our advocacy through informed contributions to national debates. We would sustain ICAN's towering image as a globally respected professional body and mentor more PAOs within the African continent. Most importantly, at the end of the Presidential Year, it is our desire to ensure that the ICAN Entrepreneurship Centre is fully established and functioning.

Our goal is to ensure success in ICAN exams. We have, therefore, provided solutions to some past questions to guide candidates in future exams. Although these suggested solutions have been published under the Institute's name, they do not represent the views of the Council of the Institute. ICAN will, therefore, not enter into any correspondence about them.

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART III EXAMINATIONS – MARCH 2021
PRINCIPLES OF AUDITING
Time Allowed: 3 hours**

**SECTION A: PART I MULTIPLE-CHOICE QUESTIONS (30 Marks)
ATTEMPT ALL QUESTIONS**

Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements.

1. The subsequent appointment of external auditors of public companies is the responsibility of the

- A. Finance Manager
- B. Managing Director
- C. Shareholders
- D. Company Secretary
- E. Company's solicitors

2. Which of the following is NOT meant to be a purpose for Letter of Engagement?

- A. Defining clearly the extent of the auditors' and directors' responsibilities
- B. Formalising the terms of engagement which helps to minimize the possibilities of any misunderstanding between the assurance team and client
- C. A written representation by the client that it has fulfilled its responsibility for the preparation of financial statements
- D. Providing written confirmation of the auditor's acceptance of the appointment
- E. Confirming in writing verbal arrangements in respect of the scope of the scope of the audit and any non-audit service

3. The Partner in an audit firm who is responsible for the performance of the audit and the auditor's report that is issued on behalf of the firm is known as the

- A. Quality Control Partner
- B. Senior Partner
- C. Sleeping Partner
- D. Audit Partner
- E. Engagement Partner

4. Which of the following is a type of audit conducted where the volume of testing to be undertaken is considerably large in order to reach an opinion on the reliability of the records?

- A. Complete audit
- B. Internal audit
- C. Comprehensive audit
- D. Interim Audit
- E. Continuous audit

5. Which of the following are examples of external audit?

- I. Statutory audits
- II. Transaction audits
- III. Private audits
- IV. Internal audits

- A. I
- B. I and II
- C. III and IV
- D. I and III
- E. I, II, III and IV

6. The notice of removal of the company's external auditor at the Annual General Meeting is given to the Corporate Affairs Commission within days?

- A. 7
- B. 10
- C. 14
- D. 28
- E. 30

7. Which of the following is NOT an internal financial control policy and procedure adopted by management

- A. Ensuring the orderly and efficient conduct of its business including adherence to company's policies
- B. The prevention and detection of frauds and errors
- C. The safeguarding of assets
- D. The facilitation of prompt preparation of its financial statements
- E. Auditing of the organisation

8. "Agency theory" best describes the relationship between

- A. A company and its distribution agents
- B. The various interested parties in the company
- C. Auditors and the company
- D. The Audit Committee and the external auditors
- E. Agents and principals

9. The key ethical requirement governing the acceptance of appointment is that the prospective auditor should

- A. Enquire from the company director reasons for removing the former auditor
- B. Set out the plan and procedure for the audit
- C. Obtain information on the key management personnel responsible for the audit
- D. Assess the internal control procedures in place
- E. communicate with the retiring auditor with the aim of discussing issues relating to the client

10. A series of instructions and questions which an auditor should follow and answer is called

- A. Internal control questionnaire
- B. Flow chart
- C. Internal control evaluation questionnaire
- D. Narrative records
- E. Check list

11. Confirmation that the responsibility for the preparation of the financial statements rests with the Directors is expressly stated in a letter of

- A. Consent
- B. Weakness
- C. Representation

- D. Engagement
- E. Comfort

12. Which of the following describes the activities that have to do with the review of the audit work before commencement?

- A. Compliance testing activities
- B. Substantive testing activities
- C. Test of controls
- D. Pre-planning activities
- E. Audit sampling

13. The measure of the quality of audit evidence is called

- A. Sufficiency
- B. Completeness
- C. Appropriateness
- D. Neutrality
- E. Suitability

14. Which of the following statements is NOT correct?

- A. The auditor shall express an opinion on financial statements
- B. Auditor's opinion is not a guarantee to future viability of business
- C. Auditor is responsible for prevention and detection of fraud and error in financial statements
- D. Auditor should examine whether recognised accounting principles have been followed
- E. Auditor should have access to all the clients accounting records

15. What is the term used to describe the list of audit procedures to be performed by the audit team?

- A. Audit requirements list
- B. Audit plan
- C. Audit guidelines
- D. Management letter
- E. Audit programme

16. In Audit planning, the time budget is used for

- A. Determining the extent of audit procedures required
- B. Ascertaining the income of the audit firm
- C. Controlling the time spent on that audit
- D. Decision to accept the engagement
- E. Limiting costs to be incurred on the audit

17. Which of the following should be considered in eliminating the challenges of poor audit planning?

- A. Commencing the audit before the year end of the client
- B. Training of all staff in the firm, rather than being selective
- C. Reviewing the internal audit report
- D. Revising the letter of engagement
- E. Review compliance with auditing standards

18. The stages involved in audit sampling listed below is in which order?

- I. Evaluating the results of the tests
- II. Planning the sample
- III. Applying compliance and substantive procedures to the items selected
- IV. Selecting the items to be tested
- A. IV, I, II and III
- B. II, IV, III and I
- C. I, II, III and IV
- D. IV, III, II, and I
- E. IV, II, III and I

19. Which of the following is the reason for compiling audit working

papers?

- A. Acts as a link between the clients' accounting systems and the audited accounts
- B. A basis for fees charged
- C. Acts as back up for client's books and records
- D. Acts as evidences during court proceedings
- E. Acts as evidence of similar work done presented to prospective clients

20. Which of the following affects the form and content of working papers?

- A. The level of errors and misstatements in the financial statements
- B. Statutory and regulatory requirements of the engagement
- C. The volume of transactions of the business entity
- D. The fees charged for the engagement
- E. The nature and complexity of the entity's business

21. Which of the following is the most advantageous of an independent examination?

- A. The credibility of financial statements is enhanced
- B. It is helpful in settling tax liability
- C. It acts as moral check on the employees from committing fraud
- D. It is beneficial to the creditors
- E. It will assist the potential investors

22. The procedure for obtaining audit evidence which includes examining records or documents, whether internal or external, in paper form, electronic form, or other media is known as

- A. Inquiry
- B. Confirmation
- C. Inspection
- D. Recalculation
- E. Analytical procedures

23. The following are examples of external confirmation, EXCEPT

- A. Accounts payable confirmation
- B. Bank balances confirmation
- C. Inventory count observation
- D. Loans from lenders
- E. Property title deeds held by lawyers or financiers for safe custody or as security

24. The need to use the work of an expert is determined by the following, EXCEPT

- A. Valuations of certain types of assets
- B. Determination of amounts using specialised techniques
- C. The internal policy of the entity
- D. The measurement of work completed and to be completed on contracts in progress
- E. Legal opinions concerning interpretations of agreements, statutes and regulations

25. The policies and procedures adopted by a firm designed to provide it with reasonable assurance that the firm and its personnel comply with professional and regulatory standards is known as

- A. Quality control
- B. Audit strategy
- C. Auditing standards
- D. Auditing guidelines
- E. Accounting standards

26. In conducting peer review, the reviewer is expected to report on which of the following?

- A. The structure of the audit firm management
- B. Means of engaging, training, allocating and motivating staff
- C. The emoluments paid to personnel involved in the audit
- D. The primary contacts for the purpose of the audit
- E. The proportion of audit fees to total income of the auditor

27. Which of the following that arises from an isolated event that has not re-occurred other than on specifically identifiable occasions and is therefore not representative of errors in the population is error

- A. Anomalous
- B. Detection
- C. Population
- D. Prevention
- E. Sampling

28. Engagement letter is provided by

- A. Management to External auditor
- B. External auditor to Management
- C. Internal auditor to External auditor
- D. External auditor to Shareholders
- E. Shareholders to External auditor

29. A complete and exhaustive description of the system as found in operation by auditors is called

- A. Check List
- B. Flow Chart
- C. Narrative Records
- D. Internal Control Questionnaire
- E. Internal Control Evaluation Questionnaire

30. Which of the following is the digital content that is stored in electronic form within the computer system?

- A. Operating System
- B. Data
- C. Software
- D. Application System
- E. Information Technology

SECTION A: PART II SHORT-ANSWER QUESTIONS (20 MARKS) ATTEMPT ALL QUESTIONS

Write the correct answer that best completes each of the following questions/statements:

1. An examination of financial statements with a view to expressing an independent opinion thereon is known as

2. The type of audit that is undertaken at the instance of an Interested party (e.g. a sole trader) or parties (partners of a partnership), even though there is no legal obligation that an audit be carried out is called legal obligation that an audit be carried out is called

3. With reference to the agency theory, the auditors are regarded as.....

4. The committee responsible for viewing the company's position in a detached and dispassionate manner and to liaise effectively between the main board and the external auditors is known as the.....

5. To ensure that the objectivity of the auditor is not threatened, the remuneration paid by one client or group of connected clients should not exceed of practice income for listed and other public interest companies.

6. The set of rules which requires auditors to display specific professional qualities is known as.....

7. The purpose of setting up the audit committee in public companies is to encourage familiarity between the external auditors and the directors of the Client Company. **True or false?**

8. The process of formalising audit arrangement ahead of time of carrying out the audit is called.....

9. Authoritative statements or pronouncements issued to guide accountants in the preparation of financial statements in order to narrow area of differences and varieties in accounting practices is known as

10. The risk that the conclusions drawn will be different from that which would have been drawn had the auditor examined all items is known as

11. The sampling technique which allows the auditor to bring his judgement and expertise to bear on the quality of the sample is known as

12. The system of audit that is used by auditors in order to concentrate on high risk clients and on high risks areas of a client's business rather than performing detailed audit tests on all areas of a client's business is known as

13. The materials the auditors prepare or obtain and retain in connection with the performance of the audit work is known as.....

14. A process which allows transactions to be followed stage by stage through a system to ensure accuracy of processing is called

15. The form of external confirmation that asks the respondent to reply only in the event of disagreement with the information provided in the request is known as

16. An audit which determines whether an entity is utilising its resources in the most economical and efficient manner is termed

17. The term that is applied to a condition which exists at the financial position date, where the outcome will be confirmed only on the occurrence or nonoccurrence of one or more uncertain future events is known as

18. The condition where loan repayments are falling due in the near future, and refinancing facilities are not immediately available is an indication of

19. The opinion that is issued when the auditor is satisfied in all material respect with the matters dealt with when carrying out the review is known as

20. The paragraph that indicates the factual statement of what the auditor did in the audit exercise is called the.....paragraph

SECTION B: ATTEMPT ANY FOUR QUESTIONS (50 Marks)

QUESTION 1

- Describe the key elements of an audit assurance. (5 Marks)
 - Auditors perform a wide range of services other than auditing to existing and prospective clients. State and discuss THREE of such services. (4½ Marks)
 - What is balance sheet audit? (3 Marks)
- (Total 12½ Marks)

QUESTION 2

- Differentiate between external and internal audit. (4 Marks)
 - List instances where the directors can appoint the external auditor. (4 Marks)
 - List factors that could result in the disqualification of external auditor. (2 Marks)
 - What are the conditions required to render the auditors' written resignation effective? (2 Marks)
- (Total 12½ Marks)

QUESTION 3

- What is an audit evidence? (2 Marks)
 - State FOUR conditions that can make an audit evidence reliable. (4 Marks)
 - Differentiate between sufficiency and appropriateness of audit evidence. (1½ Marks)
 - List and explain FOUR sources of obtaining audit evidence. (5 Marks)
- (Total 12½ Marks)

QUESTION 4

- What is audit documentation? (2½ Marks)
 - What are the benefits of audit working papers? (2 Marks)
 - What are the qualities of a good audit working paper file? (2 Marks)
 - List SIX contents in each of the following audit working paper files
 - Permanent files (3 Marks)
 - Current files (3 Marks)
- (Total 12½ Marks)

QUESTION 5

- List SEVEN characteristics of a good Internal Control System. (7 Marks)
 - Define the term "Regularity Audit" (3 Marks)
 - The effectiveness of an internal control systems is subject to the limitation of management override of controls. Explain the term Management Override of Controls. (2½ Marks)
- (Total 12½ Marks)

QUESTION 6

- Define the following Computer Assisted Audit Techniques (CAATS):
 - Test Data (2 Marks)
 - Parallel Simulation Technique (2 Marks)
 - Mapping (2 Marks)
 - What is an input control? (2½ Marks)
 - State FOUR uses of Computer Audit Programme (4 Marks)
- (Total 12½ Marks)

SECTION A

PART 1 MULTIPLE-CHOICE SOLUTION

- C
- C
- E
- D
- D
- C
- E
- C
- E
- E
- C
- D
- C
- C
- B
- C
- B
- B
- A
- E
- A
- C
- C
- C
- A
- B
- A
- B
- C
- B

EXAMINER'S COMMENTS

More than 70% of the candidates scored more than 20 marks in this section. This is encouraging.

PART II SHORT-ANSWER SOLUTION

- Audit
- Private Audit
- Agents
- Audit committee
- 10%
- Code of ethics
- False
- Audit Planning
- Accounting standards
- Sampling risk
- Judgmental
- Risk-based audit
- Audit working papers
- Audit trail
- Negative Confirmation
- Value for money audit
- Contingency
- Going Concern problem/issue
- Unqualified audit opinion
- Scope

EXAMINER'S COMMENTS

More than 60% of the candidates scored more than 10 marks in this section. This also is encouraging.

	Academic Qualification	Exemptions	FEE
A	Ph.D.(Accounting) with M.Sc.(Accounting) and B.Sc.(Accounting)	All subjects in Foundation and Skills Levels	122,800.00
B	M.Sc. (Accounting) obtained from ICAN accredited institutions in addition to B.Sc. in Accounting.)	All subjects in Foundation Level B1.Financial Reporting B2. Audit and Assurance	82,800.00
C	M.Sc. (Accounting) obtained from ICAN accredited institutions but without B.Sc. in Accounting.	A2. Business, Management and Finance A3. Financial Accounting A4. Management Information	34,900.00
D	M.Sc. (Accounting) obtained from non-accredited institutions in addition to B.Sc. in any accounting related discipline.	A2. Business, Management and Finance A3. Financial Accounting A5. Business Law	34,900.00
E	B.Sc./HND (Accounting) obtained under the Mutual Co-operation Agreement with Tertiary Institutions (MCATI)	All subjects in Foundation and Skills Levels	122,800.00
F	B.Sc./HND (Accounting) obtained from recognised institutions in Nigeria and MBA Finance.	All Subjects in Foundation Level B2. Audit and Assurance B6. Corporate Strategic Management and Ethics	82,800.00
G	B.Sc./HND (Accounting) obtained from recognised institutions in Nigeria but not yet accredited by ICAN plus MBA Finance.	A2. Business, Management and Finance A3. Financial Accounting A5. Business Law B6. Corporate Strategic Management and Ethics	66,600.00
H	ATSWA (2010)	All subjects in Foundation Level B2. Audit and Assurance B3. Taxation	82,800.00
I	ATS II (2005)	A2. Business, Management and Finance A3. Financial Accounting A4. Management Information	34,900.00
J	B.Sc./HND (Accounting) obtained from ICAN accredited Institutions in Nigeria.	All subjects in Foundation Level B2. Audit and Assurance	72,800.00
K	B.Sc./HND (Accounting) obtained from recognised institutions in Nigeria but not yet accredited by ICAN.	A2. Business, Management and Finance A3. Financial Accounting A5. Business Law	34,900.00
L	B.Sc./HND (Accounting) obtained from foreign recognised Institutions.	A2. Business, Management and Finance A3. Financial Accounting	28,700.00
M	B.Sc. Economics	A2. Business, Management and Finance	22,500.00
N	B.Sc. Economics/Statistics	A2. Business, Management and Finance	22,500.00
O	B.Sc. Actuarial Science	A2. Business, Management and Finance A5. Business Law	28,700.00
P	B.Sc./HND Insurance	A2. Business, Management and Finance A5. Business Law	28,700.00
Q	B.Sc./HND/B.A Business Administration	A2. Business, Management and Finance A5. Business Law	28,700.00
R	B.Sc./HND Banking and Finance	A2. Business, Management and Finance A5. Business Law	28,700.00
S	B.Sc./HND Marketing	A2. Business, Management and Finance A5. Business Law	28,700.00
T	MBA in addition to B.Sc./HND in non-accounting discipline	A2. Business, Management and Finance A5. Business Law	28,700.00
U	B.Sc. (Ed.) Accounting or B.Ed. Business Education (Accounting option)	A2. Business, Management and Finance A3. Financial Accounting A5. Business Law	34,900.00
V	B.Ed. Education Management (Accounting Option)	A2. Business, Management and Finance A3. Financial Accounting A5. Business Law	34,900.00
W	B.Sc./B.A Commerce	A2. Business, Management and Finance A5. Business Law	28,700.00
X	B.Sc./HND Cooperative and Rural Development	A2. Business, Management and Finance A5. Business Law	28,700.00
Y	LL.B/LL.M/LL.D	A5. Business Law	22,500.00

Professional qualifications			
	Qualifications	Exemptions	Approved Rate N
a	Associate Chartered Institute of Bankers of Nigeria (ACIBN)	All subjects in Foundation Level and B2. Audit and Assurance B6. Corporate Strategic Management and Ethics	72,800.00
b	Associate Institute of Financial Services, UK (Formerly Chartered Institute of Bankers, London)	A2. Business, Management and Finance A3. Financial Accounting	28,700.00
c	Associate Chartered Institute of Stock Brokers of Nigeria (ACIS)	A2. Business, Management and Finance A3. Financial Accounting A5. Business Law	34,900.00
d	Associate Institute of Chartered Secretaries and Administrators (AICSA)	A2. Business, Management and Finance A3. Financial Accounting A5. Business Law	34,900.00
e	Associate Chartered Institute of Insurance of Nigeria (ACIIN)	A2. Business, Management and Finance A5. Business Law	28,700.00
f	Associate Chartered Institute of Taxation of Nigeria (ACITN)	All subjects in Foundation Level except Management Information (A4.) plus B3 Taxation in Skills	66,600.00
g	Certified National Accountant of Nigeria (CNA)	All subjects in Foundation and Skills Levels	122,800.00
h	Institute of Chartered Economists of Nigeria	A2. Business, Management and Finance	22,500.00
i	Nigeria Institute of Management (Chartered)	A2. Business, Management and Finance	22,500.00
j	Federal Treasury Academy with effect from 1987 (Formerly Federal Treasury Training School) (EMA)	All subjects in Foundation Level B2. Audit and Assurance	72,800.00
k	CIMA, UK	All levels except C2. Advanced Audit and Assurance	191,000.00
l	ACCA, UK CPA, USA ICAS, UK ICAI, UK	All levels except the following subjects in each of the level: A5. Business Law B5. Public Sector Accounting & Finance C4. Advanced Taxation	174,800.00
m	ACCA, UK CPA, USA ICAS, UK ICAI, UK in addition to B.Sc. In Accounting obtain from Nigeria	All levels except the following subjects in each of the level: B5. Public Sector Accounting & Finance C4. Advanced Taxation	181,000.00
n	CIPFA, UK	All levels except the following subjects in each of the level: A5. Business Law B5. Public Sector Accounting & Finance C4. Advanced Taxation	174,800.00
o	ICAEW	All levels except the following subjects in each of the levels: A4. Business Law B5. Public Sector Accounting and Finance C4. Advanced Taxation	174,800.00
p	AIA (Final) with effect from 1994 AAT (UK)	A2. Business, Management and Finance A3. Financial Accounting A4. Management Information B2. Audit and Assurance	66,600.00
q	AIA (Pre-1994)	A2. Business, Management and Finance A3. Financial Accounting A4. Management Information	34,900.00

Levels	Rates				
	1 paper	2 papers	3 papers	4 papers	5 papers
Foundation	22,500.00	28,700.00	34,900.00	41,100.00	
Skills	31,700.00	41,700.00	51,700.00	61,700.00	71,700.00
Professional	34,450.00	45,700.00	56,950.00	68,200.00	79,450.00

Levels	Rates					
	1 paper	2 papers	3 papers	4 papers	5 papers	6 papers
Foundation	22,500.00	28,700.00	34,900.00	41,100.00	-	-
Skills	31,700.00	41,700.00	51,700.00	61,700.00	71,700.00	81,700.00
Professional	34,450.00	45,700.00	56,950.00	68,200.00	79,450.00	



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