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ICAN Will Drive Process for  
Renaissance of Nigeria's Value Systems  
- Kabir Mohammed

ICAN Canvasses Good Education,  
Jobs as Panacea for Youth Restiveness

ICAN Elects New President,  
Other Officers

INSECURITY: Nigeria Should Go  
Back to Rule of Law  
- Kabir Mohammed  
49th ICAN President



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## Editor's Note

The baton of leadership changed hand again at the Institute of Chartered Accountants of Nigeria (ICAN) on Tuesday, June 4, 2013 as Alhaji Kabir Alkali Mohammed, mni, FCI S, CGMA, FCA became the 49th President of the Institute. He came to power through the flawless democratic procedure put in place over the years.

In his acceptance speech, Alhaji Kabir pointed out that the Institute's unprecedented rancor-free succession process is worthy of emulation. He described it as a beacon of hope for Nigeria as a nation and called on the people at the helm of affairs at the national level to borrow a leaf from ICAN's democratic transition.

In this Presidential edition, Alhaji Mohammed shared the thoughts and vision of his tenure. He reeled out these through the interview granted the editorial team of the Institute. In the interview entitled "Insecurity: Nigeria Must Go Back to Rule of Law", the ICAN President also proffered a solution to the menace of indiscipline in the country. He insisted that anyone, no matter how highly placed in the society, must be made to face the wrath of the law whenever

there was violation of law and order, if Nigeria must achieve security of lives and property.

For his Presidential year, Alhaji Kabir chose "ICAN: Redefining Values, Reinforcing the Brand" as the theme. With this theme, he promised to do his best to redefine the old values of chartered accountants and accounting profession as a whole, thereby taking the Institute to the next level.

Soon after his investiture, the ICAN President was invited by the Nigerian Universities Accounting Students' Association (NUASA) to deliver a paper at its 2nd Annual Financial Summit in Lagos. The paper with the title "The Accounting Profession and the Nigerian Economy: Meeting Global Standards" is reproduced in this edition for your reading delight.

The edition is full with interesting articles, news-stories, and topical materials put together for your reading and learning pleasure. Your comments on the interview and articles in this edition are welcome. Please write to:  
corporateaffairs@ican.org.ng or  
cobinitie@ican.org.ng.

## ICAN Elects New President, Other Officers

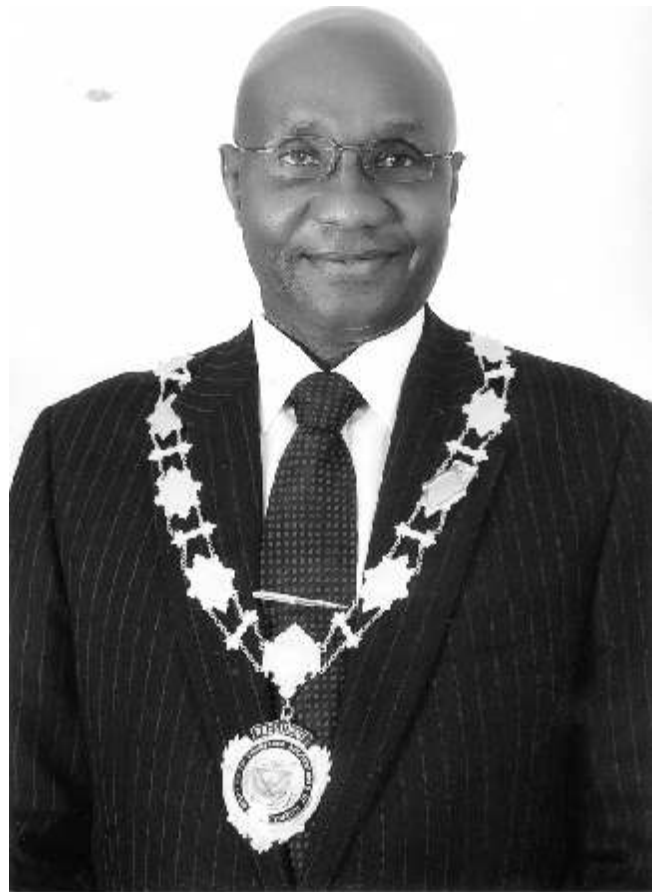
**T**he Institute of Chartered Accountants of Nigeria, ICAN, has elected new officers to run the affairs of the Institute for the next one year. Alhaji Kabir Alkali Mohammed, mni, FCIS, FCMA, FCA emerged as the 49th President and his investiture took place after an election on Tuesday, June 4, 2013 at the Institute's Secretariat in Victoria Island, Lagos. Also elected are: Mr. Chidi Ajaegbu, ACIS, MBF, FCA as Vice President; while Otunba Samuel Olufemi Deru, FCA and Deacon Titus Alao Soetan, FCA were elected 1st and 2nd Deputy Vice Presidents respectively; Mrs. Joy Onome Olaolu, BSc, MSc, ACPIN, FCIB, FCA became the Institute's Honorary Treasurer.

Mohammed attended Government College, Sokoto (1965-1969) WASC Div. II; Federal Training Centre, Kuru, Jos (1970-1971); WestHam College, Now East London University (1972-1973) 3 "A" Levels; Chelmer Institute of Higher Education, Essex (1974-1977) (ACIS); London School of Accountancy (1977-1978) (ACMA). National Institute for Policy & Strategic Studies (2007) Kuru, Jos (Policy & Strategy) mni; Harvard Business School, Boston, USA (2009) (Corporate Governance).

Professionally, he started his career as Secretary, New Nigerian Newspaper, Kaduna. He was Cost Accountant, CRYO

Plants, London (1978-1979); Principal Accountant, FRCN, Kaduna (1979-1980); Asst. Chief Accountant, FRCN, Kaduna (1980-1982); Chief Internal Auditor FRCN, Kaduna (1982-1984), Acting Bursar, University of Sokoto; Senior Manager, UBA Plc; Principal Manager, UBA Plc; General Manager (F&A) NEPA; Executive Director, (Finance & Accounts) NEPA; Diamond Bank Plc. Board Audit Committee Member; Director, T & T Engineering Limited; Director, Deutsche Badcock Nig. Limited; Chief Executive Officer, Millennium Resources Limited.

Alhaji Mohammed has served the Institute of Chartered Accountants of Nigeria in various capacities such as Member, Deputy Chairman and Chairman of various committees. His services to the public include National Treasurer, Alumni Association of the National Institute;



**Alhaji Kabir Alkali Mohammed, mni, FCIS, FCMA, FCA  
49th ICAN President**

Council member, Federal Polytechnic, Nasarawa; Member, Economic & Financial Committee (UPDEA), Ghana & Tunisia (1995-1999); Member, Commission on Review of By-Laws of UPDEA, Burkina Faso (1993).



*ICAN President with a Council Member, Mazi Nnamdi Okwuadigbo after the investiture*

**T**HE VICE PRESIDENT, **MR. AJAEGBU, ONYEUKWU CHIDI**, attended Government College, Surulere, Lagos (1982 – 1984) GCE A' Levels; Government College, Surulere, Lagos (1977 – 1982) WASC; Mbutu Umujima Pry School, Osisioma Ngwa, Abia (1970 – 1976) First School Leaving Certificate with Credit Pass. He trained and qualified as a Chartered Accountant in Binder Balogun & Co. (BDO) 1984 – 1988. He holds a Masters degree in Banking and Finance from University of Lagos. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN); an Associate of the Chartered Institute of Stockbroker (CIS); Associate of the Heritage Capital Markets Ltd. (Member, Nigerian Stock Exchange) Chief Executive Officer 2008 – till date; Mutual Alliance (Member, Nigerian Stock Exchange) Founding/Pioneer Chief Executive Officer 1997-2008; BCIC Investment Ltd/LTC Advertising (CBN Licensed Finance house) AGM to Executive Director 1992 – 1997; Binder Balogun Badejo & Co. (BDO) Audit trainee to principal analyst 1984–1992.

He has served the Institute in various capacities as member, Deputy Chairman and Chairman of various committees. He has been a member of ICAN Governing Council since 2001. He has also served the public in numerous capacities.

**T**HE 1ST DEPUTY VICE PRESIDENT, **OTUNBA OLUFEMI DERU**, is a fellow of both the Institute of Chartered Accountants of Nigeria (FCA) and Associate of Chartered and Certified Accountants of United Kingdom (FCCA), an Associate member of the Institute of Secretaries and Administrators (ACIS), Fellow of Nigerian Institute of Management (FNIM) and Justice of Peace (JP) of Ogun State.

Femi Deru has worked in various capacities in the United Kingdom and Nigeria, as the Group Management Accountant of Berec Group in London and as a Chief Tax Officer in Her Majesty's Tax Office in Barnet District Hertfordshire and Grosvenor District in London. In Nigeria, he worked as Chief Accountant and Company Secretary of Berec Nigeria Plc, Finance Director, Managing Director



MR. AJAEGBU, ONYEUKWU CHIDI  
VICE PRESIDENT

and as Chairman from 1972 to 1998. A Senior Associate Consultant with Omolayole and Associates, a leading management consultant outfit in Lagos. He is the Managing Partner of Femi Deru & Associates as well as a council member of Institute of Chartered Accountants of Nigeria (from 2002) and Chairman of Annual Accountants Conference 2003 to 2005. He served as Coordinator and Secretary to Council, Nigerian Institute of Management 1995 – 1996 and the Finance and Investment Committee 2005 and currently the Chairman of the Audit committee.

He was a council member of the Lagos Chamber of Commerce and Industry since 1982 and became the Chamber's President

from 2009 to 2011. He was Chairman Industrial Group 1995 to 1998, Hon. Treasurer 1999 to 2002, Vice President from 2003. Chairman of Tenders Board 2003 to 2005 and Chairman Trade Promotion Board, the organizer on behalf of Lagos Chamber of Commerce and Industry of the Lagos International Trade Fair 'the biggest and the best'.

He is a Rotarian and had served as President, Rotary Club of Ikeja 1996 to 1997 and District Treasurer of Rotary International District 9110 (Ogun and Lagos States) in 1989/90. He has served and represented the Organized Private Sector in various seminars, courses, forums and conferences where he made very valuable contributions.

He is on board of private and public companies i.e. Chairman Basscomm Nigeria Ltd, Director (alternate) Eterna Oil and Gas Plc, Governing council of Nigeria Council for Management Development.

**T**HE 2ND DEPUTY VICE PRESIDENT, **DEACON TITUS ALAO SOETAN** attended Premier Grammar School, Abeokuta (1967 – 1971), where he obtained WASC (Division One). He also attended The Polytechnic Ibadan (1973 – 1975) and made a distinction in OND Accountancy. He was also at the City of Birmingham Polytechnic, U.K. (1976 – 1977) where he qualified as ACCA.

He commenced his professional career



OTUNBA OLUFEMI DERU  
1ST DEPUTY VICE PRESIDENT



DEACON TITUS ALAO SOETAN  
2ND DEPUTY VICE PRESIDENT



as Accounts Clerk at W.N Housing Corporation (1972 to 1973). He was the Accountant, Nigerian Television Authority (1978 – 1979). He was Audit Senior Manager at Z.O. Ososanya & Co (1979 – 1985) and became Partner, Z.O. Ososanya & Co (1985 – 1998). He was Partner, Oyelami Soetan Adeleke & Co (1998 to 2005) and Senior Partner in the same firm (2005-2008) before moving to Baker Tilly as Senior Partner from 2008 till date.

Soetan has been a Council member of ICAN since 2004 and has served on various committees and sub committees either as member or Chairman.

He is a versatile paper presenter and resource person at various levels of the Institute. He was member, Governing Council of Nigerian Accounting Standards Board (NASB); member, Budget Committee, Nigerian Baptist Convention (2000 - 2009); and Chairman, Nigerian Baptist Bookstore Limited (2001-2009).

**MRS. JOY ONOME OLAOLU** attended Federal Government College, Enugu from 1973 to 1977 and passed her WASC examination with Division One. She proceeded to the Federal Government College, Warri from 1977-1979 where she obtained her Higher School Certificate (H.S.C). She got admitted at the University of Benin, Benin-City, in 1979 and Graduated in 1982 with B.Sc degree in Accounting with Second Class Upper Division. She later proceeded to University of Lagos, Akoka, for her M.Sc, Banking and Finance in 1997. She is an Associate Member of Certified Pension Institute of Nigeria (ACPIN), a Fellow of the Chartered Institute of Bankers of Nigeria (FCIB), Associate member of Nigerian Institute of Management (ANIM), an alumnus of American International Banking Summer School (2001) and alumnus of Lagos Business School (1998). She qualified as a Chartered Accountant in 1987 and became a Fellow of ICAN in 1997.

Professionally, Mrs. Olaolu started as Treasury and investment Accountant at Texaco Nigeria Plc from 1987-1990. She later moved to Intercontinental Bank Plc as Assistant Manager in 1990-1992. From 1997- 2001, she was Manager/Senior Manager at Fidelity Bank Plc. She became Assistant General Manager in 2001. She was elevated to DGM, Transaction Support


and Head Operations Bank Wide in 2002. From 2003-2005, she was DGM, Credit and Marketing. In 2005, she moved up to become General Manager, Risk Management. She is currently an Executive Director with the Bank.

Mrs. Olaolu has served the Institute of Chartered Accountants of Nigeria in various capacities such as Member, Deputy Chairman, Chairman and Secretary of various committees. She has also served as President, Vice President, Patron and Trustee of various associations.

The new officers will serve in their present capacities for one year.



MRS. JOY ONOME OLAOLU  
HONORARY TREASURER



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*... Our past Results are our Testimonies*

## ICAN Will Drive Process for Renaissance of Nigeria's Value Systems - Kabir Mohammed

The 49th President of the Institute of Chartered Accountants of Nigeria (ICAN), Alhaji Kabir Alkali Mohammed has reiterated that ICAN is poised to drive the process for the renaissance of Nigeria's value system, to move the nation forward.

Mohammed who made the promise in his acceptance speech during his investiture in Lagos on Tuesday, 4th June, 2013, also affirmed that the nation is in state of decay as a result of loss of core societal values.

"As a nation, we are at a cross road, with our societal values decaying at a fast pace. Today, the youths relish in vices as if living an honest life, is a recipe for naivety or antithetical to human progress. Indeed, the ideals of integrity, transparency, diligence and trust, which define civilized societies, are observed not only in the breach by many, including professionals, but also, are daily sacrificed for short term selfish monetary gains, by persons in fiduciary positions," he said.

Mohammed lamented that painfully, wealth is celebrated without recourse to its source and warned that if leadership is to continue to be for service, rather than for the pillage of the common wealth, the nation's value system must be redefined and enforced. He added that the renaissance of value system, must begin with the Institute and its members thus leading by example.

Declaring the theme of the Presidential year as "ICAN: Redefining Values, reinforcing the brand", Mohammed explained that the historical public interest mandate of the accountancy profession, driven by strict adherence to the ideals of objectivity, integrity, technical competence and diligence, with great ethical disposition, must be held on to tenaciously irrespective of threat or loss of pecuniary benefits.

"To them, the ICAN motto of "Accuracy and Integrity" was conceptualized, to continue to raise the consciousness of chartered accountants, such that they remain the beacon of hope, even for a failing generation, or nation. They fought, conquered and handed over to us, a banner without stain. Today, painfully, these sacred values, are observed more in the breach, than in compliance, so much so that, only the past is worthy of celebration".

"In my view, the seeming triumph of evil over good, implies that good men, have not only failed to do nothing, but have also remained docile and indifferent. As good men, we must act, and fastly too, to redeem and restore, the lost glory of the Accountancy Profession," he added.

"As the conscience of the nation, we members of ICAN, must be actively involved and indeed, drive the process, for the renaissance of our nation's value systems. We must continue to expose ethical compromises,

According to Mohammed, the Council under his leadership will reinforce its mechanism, for monitoring and enforcing compliance, to professional ethics and practice standards.

He insisted that ICAN must continue to lead the drive for high quality financial reporting, benchmarked on global best practices, and deliver more on its public interest mandate, by meeting and surpassing expectations.

"We will constructively engage and partner with the government and regulatory agencies, in order to set a new tone for corporate governance and public service by proactively setting direction of change in the profession and economy. We would be able to sustain the leadership position of the ICAN Brand. As a body, we have the technical capability and professional expertise to make these initiatives happen. I therefore count on your collective support, as members of the Presidency, Council and Institute, as we strive in the days and weeks ahead to implement our roadmap, to social rebirth and national rejuvenation".

Also elected to serve with Mohammed for the next one year were: Mr. Chidi Onyeukwu Ajaegbu, ACS, MBF, FCA, as Vice President; Otunba Olufemi Deru, FCA, as 1st Deputy Vice President; Deacon Titus Alao Soetan, FCA as 2nd Deputy Vice President. Mrs. Onome Joy Olaolu, B.Sc, M.Sc, ACPIN, FCIB, FCA was appointed the Honorary Treasurer of the Institute.



*Immediate Past President of ICAN, Mr Doyin Owolabi (left) presenting a portrait to the new President after the investiture.*

and sanction deviants, whose conduct, if not checked, can demean and bring the hard earned and towering goodwill of the profession to disrepute. We must stand up and be counted, on the side of equity and justice, both in words and in actions, such that the premium placed on the integrity of chartered accountants, by stakeholders, will continue to be justified".

"This is our finest hour to impact the cause of national development, and human progress, with our skills and professional expertise. The ICAN brand must remain the benchmark of best practices, the nation's lighthouse in ethical conduct and professionalism, and pathfinder to business. As the voice of conscience and public interest, we cannot afford to fail, falter or shirk our responsibility, imposed on us, by our attestation franchise. In words and deeds, we must be different and outstanding, irrespective of the decay in the larger society".



*L-R A Council Member, Lady Monica Ngozi Okwownko ICAN President and another Council member, Mrs Uchenna Erobu after the investiture*

## ICAN Appoints New Registrar/Chief Executive

The Institute of Chartered Accountants of Nigeria, ICAN, has appointed Mr. Rotimi Akanni Omotoso, MBA, FCA, as its new Registrar/Chief Executive Officer with effect from Monday, May 20, 2013.

Prior to this appointment, Omotoso was in practice as a Certified Public Accountant, CPA, and a financial advisor in Georgia, United States of America and has over 27 years combined financial management, controllable, business development and leadership experience in public accounting, commercial banking, financial planning, industry and government. He spent 10 years working and consulting for fortune 100 corporations including American Express Financial Advisors, Verizon Wireless Treasury as well as the State Accounting Office of Georgia. In recognition of excellent service, he received the American Express Advisor Mercury Award in 2004 and in 2013 was recognised for five years of faithful service by the state of Georgia.

Omotoso's experience is not limited to the United States. In Nigeria, he excelled and rose to the pinnacle of a career that led him through Akintola Williams and Co. where he received his accounting training starting with youth service, to Ecobank where he served as financial controller and deputy general manager/head of commercial banking.

He was educated at The Polytechnic, Ibadan; he bagged an MBA degree from Obafemi Awolowo University, Ile-Ife, Osun State and a certificate in state financial management from Carl Vinson Institute of Government, the University of Georgia. He is an alumnus of Lagos Business School Advanced Management Program (AMP14); a member of the Chartered Institute of Bankers of Nigeria (CIBN); a member of the American Institute of Certified Public Accountants (AICPA); a fellow of the Georgia Society of Certified Public Accountants and a fellow of the Institute of Chartered Accountants of Nigeria.

He has attended various management, leadership and professional courses both locally and internationally.



Mr. Rotimi Akanni Omotoso, MBA, FCA, Registrar/Chief Executive, ICAN

## Chartered Accountant Heads CITN

A member of the Institute of Chartered Accountants of Nigeria, Mr. Mark Anthony Dike has been elected the 11th President of The Chartered Institute of Taxation of Nigeria to pilot its

affairs for the next two years.

Mr Dike was unanimously elected at the extra-ordinary Council Meeting of the Institute, after the 21st Annual General Meeting (AGM) of the Institute.

Prior to his election, Dike, the Director of Tax Policy in the Federal Inland Revenue Service, is a seasoned tax administrator and Chartered Accountant. He obtained a Bachelor of Science degree in Economics from University of Ife (now Obafemi University), Ile-Ife, Osun State.

He has at various times been the Chairman of Students Affairs and Examinations Committee; Dean of International Taxation & Treaties Faculty; Oil, Gas and Solid Minerals Faculty; Project Committee and as the Vice President, he was a member of the Executive Committee of CITN Council.

## Nigeria Must Diversify The Economy - Mohammed

The 49th President of the Institute of Chartered Accountants of Nigeria, Alhaji Kabir Alkali Mohammed has called on the federal and state governments to diversify the economy by venturing into other areas of business to boost the economy of the country.

Mohammed made this call in Asaba at the 2nd Public Lecture of the 5th Assembly of Delta State. In his paper entitled *"Delta State Beyond Oil: Taxation as A Catalyst for Socio-Economic"* Mohammed opined that the way forward for the economy both at the national and state levels is to diversify, especially now that 80% of the country's revenue is derived from oil, price of which is fluctuating and not determined by the country. He said the government needs to match its words with actions by working towards the fundamental restructuring of the economy such that the nation's acute dependence on petroleum will be reduced.

He said: "In all developed nations of the world, taxation is the key source of revenue for the government represented by the public sector. Except taxes are imposed, collected and used by the State, governance will grind to a halt."

He further stated that as Delta State takes a strategic view of its future and particularly its growth and development prospects beyond oil, the place of internally generated revenue through tax and diversification into tourism and agriculture cannot be over-emphasised. According to him, if properly harnessed, taxes should provide alternative funding support for development beyond oil.

## Elected Council Members Take Oath of Office

The newly elected and re-elected members of the Institute of Chartered Accountants of Nigeria (ICAN), who contested and won election to become Council members of the Institute, have been sworn in.

They are Mrs. Comfort Olujumoke Eyitayo, Mrs. Uchenna Ifesinachi Erobu, Mr. Nnamdi Anthony Okwuadigbo, Alhaji Ismaila Muhammadu Zakari, Deacon Titus Alao Soetan, Mr. Sunday Abayomi Bammeke, Mr. Hart Wahab Odafen Ozoya, Mrs. Joy Onome Olaolu and Chief Oye Clement Olugbenga Akinsulire.

The election which was conducted electronically through e-balloting was in two categories: 'Members-in-Practice' and 'Members-not-in-Practice'. In the first category, eighteen members contested, out of which seven were elected to fill the existing vacancies. In the second category, seven members contested and two were elected to fill the two existing vacancies. They will serve for three years before offering themselves for re-election.

After the oath of office had been administered, The President of the Institute, Alhaji Kabir Mohammed, mni FCA, welcomed the two members of Council who joined Council for the first time, Mr. Hart Ozoya and Mr. Oye Akinsulire, to their first Council meeting and encouraged them to contribute robustly to deliberations on Council and join all other Council members in the quest to bring continuous improvement to the development of the profession in keeping with the vision and mission of the Institute.



## ICAN Harps on Benchmarking Public Institutions for National Development

As Nigeria is still struggling to find solutions to its economic setback and security challenges, the 8th Annual Eastern Districts Conference of The Institute of Chartered Accountants of Nigeria (ICAN) will be focusing on benchmarking Nigerian public institutions for national development.

The Conference which has been scheduled to take place between Monday August 19 and Thursday August 22, 2013 at Eemjnm Hotel and Suites, 47 Dominic Utuk Avenue, Uyo, Akwa Ibom state will be declared open by..... while the 49th ICAN President, Alhaji Kabir Alkali Mohammed mni, FCIS, FCA will deliver the keynote address. The theme is **Benchmarking Nigerian Public Institutions for National Development**. The conference will feature paper presentations, workshops, plenary sessions, excursions and a gala night among other events.

According to ICAN President, "the conference, packaged to discuss way forward for Nigeria's economy and development couldn't have been timelier than this. Aside topical issues put together by eminent resource persons and which will be deliberated upon, there will be a special meeting of District Society Chairmen and members of the ICAN Governing Council, where a new agenda of the ICAN Council for the ICAN Districts will be unfolded".

Other dignitaries and resource persons expected at the conference include Dr. Vincent Onodugo from University of Nigeria, Enugu Campus; Mrs. Ifueko Omogui-Okauru, former Chairman, Federal Inland Revenue Service; Dr. Udentia O. Udentia, Director, Peace and Conflict Resolution Institute, Abuja; and Venerable (Prof.) I.O. Osawmonyi from University of Benin.

Dr. Onodugo and Mrs. Omogui-Okauru will present a paper each on "**Realising National Economic Strategic Plans Through Benchmarking**" and "**International Best Practice in Revenue Generation**" respectively, while Dr. Udentia O. Udentia and Venerable (Prof.) Osawmonyi will also present paper on "**Transparent and Visionary Leadership in a Turbulent Polity: The way Forward for Nigeria**" and "**Strategies for Effective Knowledge Transfer**" respectively.

Apart from the presentation of technical papers, there will also be an excursion to some notable places in the region, a dinner party and a Cultural and Gala Nite to round off the conference.

ICAN began holding District Conferences seven years ago in Jos where the first Northern Districts conference was held. The maiden Eastern Districts Accountants' Conference was held at the Port Harcourt International Airport Hotel, Omagwa, in Port Harcourt, Rivers State in 2006. It was one of the various efforts of the Institute aimed at bringing the Institute and the Profession as well as members of ICAN closer to the grassroots

## ICAN Staff Bags BSc at Babcock University

**Mr. Gbolahan Akinlawon**, a Fellow of the Institute and a Manager at the Faculties has earned a BSc degree in Accounting from Babcock University, Ilishan-Remo, Ogun state, with Second Class Upper



Akinlawon

Division. He was conferred with the degree at the University's 11th convocation ceremony held on Sunday, 2nd June, 2013. According to him, going for the degree was aimed at topping-up the HND he had from The Polytechnic, Ibadan in 1988. The significance of the convocation was that Akinlawon was one of the first set of the 69 chartered accountants without the first degree produced under an MOU between ICAN and the University.

## New Exco for District Societies

### ENUGU DISTRICT

Elder Martin n. Onyenmuru, FCA	- Chairman
Elder Andy Epie - Sona, FCA	- Vice - Chairman
Mrs. Amoge Ani, FCA	- General Secretary
HRH, Mrs. Augustina Nwadike, ACA	- Treasurer
Mr. Ekene Emma Nnamani, ACA	- Financial Secretary
Dr. Michael Ekwe, ACA	- Technical Secretary
Mr. Titus Orjiani, ACA	- Asst. Gen. Secretary
Mr. Jude S. Egbo, ACA	- Soc/Publicity secretary
Dr. Austin u. Nweze	- Ex - officio; &
Chief Emmanuel M. E. Akpa, FCA	- Ex - officio

### LAGOS & DISTRICT SOCIETY

Kola Olaitan, FCA	- Chairman
Ranti Okanlawon FCA	- Vice Chairman
Yaqoub Okponobi FCA	- General Secretary
Omolola F. Oke (Mrs.) FCA	- Treasurer
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## 8TH NORTHERN ZONAL CONFERENCE

## ICAN Canvasses Good Education, Jobs as Panacea for Youth Restiveness

The Institute of Chartered Accountant of Nigeria (ICAN) has called on all tiers of government to ensure that all youths are educated and provided good jobs, as a way of tackling restiveness and insecurity in the country.

The appeal was made recently in Kaduna at the end of the 8th Northern Zonal Districts' Conference of the Institute held at Hamdala Hotel, Kaduna.

The conference which has "Impact of Insecurity on the Socio-Economic Development of Nigeria" as its theme was declared open by the Governor of Kaduna State Alhaji (Dr.) Muktar Ramalan Yero, who was represented by the State's Accountant-General, Mr. Ishaku Shekari.

The conference which was themed on insecurity and socio-economic development of Nigeria, with emphasis on the northern part of the country, had six scholarly papers presented by experienced professionals. The papers dwelled on various topics such as Insecurity and socio-economic development of Northern Nigeria; Crime and Criminality; Corruption: A White-collar Crime; Strengthening the Public Sector Audit; Role of Accountants in National Security Management and Insurgency and Education and the Nigerian State.

The conference identified low level of literacy among the youths, unemployment, poverty, corruption, loss of core values, and unscrupulous activities and interferences of politicians amongst others as the causes of insecurity and crime in Nigeria.

The implications of insecurity and crime were identified to include violence, loss of lives and properties, loss of productive workforce, distortion of the business environment, non-attraction of local and foreign investors, diversion of too much fund to security as against development in other sectors, threat to the image of the states and the country at large, and inability to achieve Millenium Development Goals and Vision 202020.

As a way forward, the conference recommended the need for support of Whistle-Blowing Bill initiated by ICAN, by all and sundry when it gets to the National Assembly. It was also suggested that there should be a re-examination and strengthening of good governance at all levels

Participants also opined that funding of the

Participants also opined that funding of the country's educational system should be improved to ensure that education is available and accessible.

country's educational system should be improved to ensure that education is available and accessible. Government should play a minimal role in economic activities and ensure a level playing ground for all.

While canvassing for the autonomy of the Office of the Auditor-General for Local, State and Federal governments, participants called for social security scheme to be encouraged in order to reduce crime and poverty in the country. The

conference enjoined government at all levels to ensure that Nigerians meet their basic needs and accelerate job creation both at the government and private sectors.

On the menace of corruption in the country, government was advised to speedily prosecute those responsible for criminal activities and ensure adequate media coverage of all corruption cases.

Professional bodies were also charged to impose serious sanctions on any of their erring members as a call for the removal of immunity clause in Nigeria's Constitution was also made.

The younger generations were advised to be upright and live on genuine income while security agencies should be empowered in funding and capacity building. Parents were also called upon to inculcate fear of God and core values in their children and wards.

Earlier in his keynote address, President of ICAN, Mr. Doyin Owolabi emphasized the relevance of the conference theme at this period in the history of the country, adding that the conference is a way of demonstrating one of the Institute's contributions to the existence of Nigeria as an indivisible entity.

As a way of finding lasting solution to the issue of insecurity in the nation, Owolabi called on the three tiers of government to appropriately fund the Police force in order to actively play their constitutional roles of maintaining law and order and

guaranteeing security.

In his keynote address, the Kaduna State Governor, Alhaji (Dr.) Muktar Ramalan called on members of the Institute to continue to discharge their professional responsibilities with utmost diligence and shun vices that could bring disrepute to their calling. He said the state administration has commenced the process of restoring in the state by engaging respective stakeholders in discussion in line with its cardinal objective of Peace, Security and infrastructure.

## ACOA 2013 In Ghana

The 2nd Africa Congress of Accountants (ACOA) held at the International Conference Centre, Accra, Ghana under the auspices of the Pan-African Federation of Accountants (PAFA) was indeed a delight to all in attendance as His Excellency, John Dramani Mahama, President of the Republic of Ghana, represented by the Minister of Trade and Industry, Hon Haruna Iddirisu declared the ceremony open.

Alluding to the theme of the conference, “Africa's Economic Growth, Accountability and Democracy”, President Mahama said that throughout Africa and the developing world, economic growth is seen as the chief means of achieving development and improving the economic well-being of the people, hence, very relevant and timely to the continent.



**48th President of ICAN, Mr. Doyin Owolabi (3rd right); President of Institute of Chartered Accountants of Ghana (ICAG), Mrs. Angela Peasah (middle); flanked by Past Presidents of ICAN; and Alhaji Kabir Mohammed, Vice President of ICAN (right) at the 2nd Africa Congress of Accountants held in Ghana**



**Warren Allen, IFAC President presenting a plaque to Mr. Adedoyin Owolabi after his paper presentation**

Welcoming delegates from 39 professional accountancy bodies from 34 African countries, the PAFA President who is also a Past President of the Institute of Chartered Accountants of Nigeria, Major-General Sebastian Owuama (rtd.), said the organising committee chose an appropriate theme which he believes would inspire the delegates at the end of the congress to go and make a difference not only in their countries but in the continent as a whole.

His words: “The

vision of the African Union – “An integrated prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena” and its mission statement – “An efficient and value adding institution driving the African integration and development process in close collaboration with African Union Member States, Regional Economic Communities and Africa citizens” should give the accountancy profession added impetus as it seeks to play its rightful role in the continent.”

The President of the Institute of Chartered Accountants of Ghana (ICAG) who was the host of the congress, Mrs. Angela Peasah, expressed happiness for honour and the privilege given to her country to host fellow Accountants. She said, “the tradition of the conference has been preserved, but while there are a series of events that carries forward the tradition started in Kenya, in 2011, ICAG



has also sought to break new grounds and I hope you will have much gratification as intended. Whatever ICAG has been able to achieve thus far, has been possible because of the valuable contributions made by individuals from within and other organisations". "This structure, coupled with the financial support of local, national and international sponsors, has provided the crucial resources for the planning and organisation of the conference," she added.



*Warren Allen, IFAC President (middle), flanked by Past Presidents of ICAN at ACOA Gala Night*



*Warren Allen (left); PAFA President, Major-Gen. Sebastian Owuama; and Dr. Musa Assad, Vice President, PAFA at ACOA Dinner*

## ICAN Stands Tall at the Congress

Meanwhile, the exhibition stand of the Institute of Chartered Accountants of Nigeria was the most patronised at the Congress. From the beginning of each day till closing, delegates lined up at the stand waiting for their turn to transact one business or the other – ranging from registration, collection of souvenir, dropping of business cards for the raffle draws to collection of prizes by winners of the raffle draws. The prizes for the raffle draws were: a Samsung Camera, iphone and ipad which ran consecutively for three days were won by delegates from Nigeria, Ghana and Uganda respectively and same were presented to them at the end of each day's programme by the 48th President of ICAN, Mr. Doyin Owolabi, amidst praises of ICAN for the gesture.

Further to the Institute's performance at the congress, Mr. Owolabi, presented a paper entitled 'PAFA in the Next Decade'. The session had Chief (Mrs.) Elizabeth Adegite, a past President of the Institute as the moderator.

In the paper, Owolabi enjoined PAFA to focus on at least four major areas in the next ten years in order to meet up with its mission statement. The area of concentration should include: Technical Ability, International Trade & Investments, Governance and others. He advised that the areas must be viewed in line with the strategic plan of the Association, as the itemised will definitely lead to Africa's economic growth, accountability and democracy.

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# INSECURITY: Nigeria Should Go Back to Rule of Law

- Mohammed

## INTRO

**W**hen the 49th President of The Institute of Chartered Accountants of Nigeria (ICAN), Alhaji Kabir Alkali Mohammed, mni, FCIS; CGMA; FCA, joined the Council of ICAN, hardly was he aware that he was writing his history with a golden pen.

*His main aim was to fraternise with his colleagues to serve, selflessly, the ICAN members and other stakeholders and also take the Institute to the highest pedestal. This he did for many years before his colleagues on the Council and other members deemed it fit to unanimously elect him the 49th President of the Institute and on June 4, 2013 the mantle of leadership was passed to him by Mr. Adedoyin Owolabi.*

*In this interview with "The Nigerian Accountant" team led by the Editor, Mrs Claudia Binitie; along with Muiyiwa Dare and Ruth Idumuekwu, the soft-spoken Chartered Accountant, Entrepreneur, Philanthropist and Community Leader bared his mind on his many years of service in the foremost professional body in Africa, his contributions so far and further plans to move the Institute to the next level, the Institute's projects, amongst other sundry issues concerning the profession and economy.*

**Excerpts:**



**Q: Let's start by congratulating you on your election as the 49th President of the Institute. For the past one month that you assumed office, how has it been so far?**

**A:** Yes, I have spent about a month now. I was invested on 4th of June, 2013, that's exactly one month now. It has been all well and good. It is not different from what I expected. Actually, I seem to have been used to the pressure even before I became President. We thank God for everything.

**Q: So, you are saying that the pressure is not different from what it was when you were the Vice President.**

**A:** Yes, internally, there is no much difference. I have been in the Presidency for the past four years. This is my fourth year and I am conversant with what is happening. It is externally that the pressure is a bit different, especially from the stakeholders.

**Q: Your theme for Presidential year 2013/2014 is "ICAN: Redefining Values, reinforcing the brand". How do you intend to do this?**

**A:** Anywhere in the world where you see a Chartered Accountant, you must see direction, quality and also you must see dedication to duty. But currently, things have changed, the kind of quality and virtue you find in a Chartered Accountant are going down. In those days, when you say you are a Chartered Accountant,



people look at you with high respect but that is going down now. These are the things I intend to bring back to life. And I have to reiterate that ICAN is a brand. Anywhere it goes; people know the ICAN brand and accord it respect. What we are trying to do is to enhance that brand, to polish it, protect it and bring it out well.

**Q: Where do you intend to start this?**

**A:** Yes, we will take the brand to Secondary schools, Polytechnics and Universities. We will interact with the stakeholders especially the students and enlighten them. Also, we will interact with the Institutions themselves to see the input we can make to good quality of education and arrange for aspiring students who wish to write our examinations and become our members. We also have to deal with issues pertaining to our processes internally. We will review our examination processes, membership and the Secretariat. We will also try to allocate staff within the Secretariat to particular group of people. For example, if anybody calls to

address any issue, there should be a particular person to be called to attend to him. That has been what we wanted to do a long time ago. I was the one that chaired the adhoc committee set up to review the communication system in the Institute about seven years ago. We want to do this because we want our members to be able to tell us that this is the person I told, not that the member will just talk to a switchboard.

**Q: Can you throw more light on the scholarship scheme that ICAN has for students of higher institutions?**

**A:** This is something that has been going on for quite a while and it is not just limited to accounting students. It is in three categories – the diamond, platinum and gold. It is for any student that makes first class in any Nigerian University. That student will be registered as an ICAN student and ICAN will be responsible for the financial requirements until he qualifies. But any student enjoying the scholarship must qualify within a certain period of time. He must sit for the examinations and pass within that period as we assume that a student with first class or second class upper division must be competent enough to pass within that period of time. The scholarship entails their registration, provision for materials that they require to read and study for our examinations. It also entails fee payment for lectures. And this applies also to those that are coming from Polytechnics, not just universities alone. Anybody that makes distinction in his course is qualified for the scholarship.

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... I have to reiterate that ICAN is a brand. Anywhere it goes; people know the ICAN brand and accord it respect.

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**Q: How many of such scholarships do you wish to award this presidential year; is there a limit to the number?**

**A:** There is no limit to the number of scholarships to be awarded. However, the laid down procedure for application and processing must be followed. When a student is qualified and applies, we go back to his institution to clarify issues and ensure that there are no constraints. We then process the application and inform the candidate of success.

**Q: That means the students have to apply, not that the Institute goes to schools.**

**A:** Yes. The candidate has to apply. Like I told you earlier, that is how it is currently done, but what we are trying to do now is go to the schools and we have started by contacting the accounting unions like Nigerian Universities Accounting Students Association (NUASA) and also National Association of Polytechnic Accounting Students (NAPAS).

**Q: Recently, the country adopted the International Financial Reporting Standards (IFRS) as a means of presenting financial reports. It is about a year and half that this started with public quoted companies. How do you assess the scheme so far?**

**A:** This scheme is self explanatory. It is an issue of financial report to the whole world, the level of activities translated into financial reports. By adopting a unified reporting standard, it means the reports are not only locally applicable but universal. This helps in the sense that if you go outside Nigeria, the financial reports prepared in Nigeria will be easily understood since the format is uniform. It is not like what it used to be that if you prepare any financial report, it requires somebody from outside, for example an outsider coming to Nigeria to invest will require

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That's why I said we have to go back to the rule of law and allow it to work no matter whose ox is gored, whether people involved are politicians, religious leaders, important personnel, nobody is above the law. That is the only way the society can move up, otherwise, we will be living in the jungle.

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another person to interpret accounts or reports presented for their purposes. But now, they can compare your accounts; say for example, reports of banks that have prepared reports in Nigeria can be compared with those prepared in China, America or Europe.

**Q: In your acceptance speech during your investiture, you emphasized that the nation is at cross-roads concerning decay in societal values. What do you advise government to do on this?**

**A:** It is obvious even to a blind man to see that there is a lot of difference in how things are now and what they used to be. From any angle that we look at it, every aspect or all segment of the society needs to go back to the old values. We need to go back to the rule of law and that is most important. We need to understand that our systems will work if we abide by them and make positive changes. We need to establish strong institutions. My advice to government is to understand that institutions cannot evolve if they are not allowed to work and they can only work within the rule of law. We should ensure that if anything goes wrong, government goes to the root of the matter and makes sure the person who does something wrong is brought to book.

**Q: The security situation in the country has got to the level nobody envisaged about ten years ago. We couldn't imagine that some people will come out and call themselves suicide bombers, kidnappers and so on. What in your view should be done to abate this issue that is fast getting out of hand?**

**A:** Yes, as you said, ten years ago, we never envisaged there

would be something like this. It is very true. Even let's go further a bit. About twenty years ago, you could travel from Lagos to Ibadan, at any time of the day, even at night. Ten years ago, you could do that anywhere in the northern part of Nigeria too. But now things are totally different. It goes back to the same issue I was saying earlier on. It is the culture of impunity. If somebody does wrong, no matter whom he is, if he's brought to book, somebody will take a lesson from that. But if something goes wrong and nobody bothers to find out who is responsible for that particular thing that goes wrong, the next person will want to do that tomorrow since he knows nothing would happen to him. That's why I said we have to go back to the rule of law and allow it to work no matter whose ox is



gored, whether people involved are politicians, religious leaders, important personnel, nobody is above the law. That is the only way the society can move up, otherwise, we will be living in the jungle.

**Q: Recently, the Central Bank of Nigeria (CBN) came out to say that cashless Nigeria has been extended to some other urban cities. The informal sector is largely in charge of commerce in Nigeria. What do you think of this policy, bearing in mind the fact that a lot of cash in the system are not in the banks. To what extent do you think the policy will help in curbing money laundering and other financial crimes?**

**A:** Well, I think we need to first go back to the reason why the policy was enunciated. By definition, cashless means ability to transact business without using physical money. That means you can do whatever you want to do electronically or through another method. As you said, a lot of physical cash is outside the banking system and the CBN is aware of and it is what it is trying to reduce by taking such measures. Like you said, we have the culture that believes in dealing with physical cash and that is what the policy is trying to change. But changing a culture that you are used to, good or bad, takes some days. It takes a lot of persuasion and a lot of publicity but when persuasion fails, it takes force but force is for a difficult society. The cashless policy that we have now is working. It stipulates the amount of cash you can take at a time. It helps a lot. It is controlling money laundering. If someone gives you a lot of money and you take it to the bank, the bank has to ask you where the money comes from. But that is just one element of cashless policy.

The policy has other elements which include that in which CBN ensures that banks do what they call KYC. It means Know Your Customer. In most cases those days, you people open account with fictitious names and particulars but that has changed. If you want to open an account, the bank is duty bound to go and check that the address you give is correct. That is one of the elements of cashless policy. One important thing is setting up a policy another thing is implementing it, who is going to be affected by it, to what extent are they going to be affected and what measure is put in place to remedy the effects that are negative.

**Q: But critics say many times when you want to use the Automatic Teller Machine (ATM) and Point of Sale (POS), they don't work and you cannot pay for your purchases. In this situation people are still not sure whether they can still carry out their transactions without cash.**

**A:** Two things are involved here. First and foremost, it is not the fault in the policy per se because the equipment with which you want to carry out the policy is not working. It is just for us to ensure that the equipment we are using work. Secondly, it also now brings to fore the need for us as a nation to take whatever steps necessary for us to improve on our methods to make sure our policies work. Even if you want to use cash to transact your business and you get to the ATM and it doesn't work, what do you do? So, it is not the fault of the policy. I don't think you can remember when last you went to your bank to collect cash. As I am here now, I can transfer millions of naira from my system. All you need to do is to download the software for that purpose from your bank and once you click on it, you can transfer money. So, the policy is working.



**Q: Let's take you back a bit to student affairs. There is Students Special Project (SSP) that ICAN is currently running. To what extent has this scheme impacted the membership of the Institute?**

**A:** You mean the Special Students Project (SSP) of the Council. Hitherto, the Council perceived that there was shortage of Chartered Accountants in certain parts of the country and realised that they must do something about that. It is not only for ICAN to grow that is of paramount importance to Council but also for ICAN to continue to survive in those particular areas because of competition. So, that's why ICAN Council decided to establish the SSP in those areas which allows ICAN to provide certain things to

the respective students in those areas for them to be able to register and become student members, attend lectures and eventually sit for examinations, passed and become members of ICAN. The project involves provision of facilities in conjunction with government of those places to provide accommodation, provision of furniture in the place, provision of tuition in those places. There was a time ICAN was taking specialist lecturers across the country and sending them to those places to go and lecture the students in those particular centers to prepare them for ICAN examinations and ensure that syllabus are covered. We have recorded tremendous success in this project, particularly in Kano/Jigawa center. We also recorded success in Cross-Rivers. The success in Cross-Rivers center is so tremendous that it is in two-fold. We have successes at both the professional level and AAT. We also have another center in Yenagoa, Bayelsa state. The success there is also encouraging. Coming back to Kano center, in 2012, a student from that center emerged as the best qualifying student. The project has recorded huge success.

**Q: The Special candidate course was recently discontinued by the ICAN Council and critics have said that instead of being cancelled, should have been converted to the initial form where two week of intensive training is held before a viva that will lead to qualification of a candidate. They argued that such candidates should be made to come to Nigeria for the course instead of the huge cost being incurred by organizing it outside the country. How will you react to this sir?**

**A:** Let me correct you. When we say an initial programme used to be, that we should revert to initial programme rather than special candidate programme, special candidate programme is the two week course followed by viva. Initially when this matter was

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We need to develop our human resources by training and retraining our staff. We need to provide them with the knowledge they require to enhance their capacity to perform the services expected of them

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considered, the Council was of the opinion that eventually, some element of reciprocity would come up. We had an agreement with certain IFAC members and that the agreement would have been positive. That is what is translated to the special candidates programme. And we also found that that programme was misunderstood by some Nigerians that are sitting examinations from those IFAC member bodies. The misunderstanding is that they can actually sit for that particular examinations, finish and come back home to become ICAN members. The Council decided about three years ago to set up an adhoc committee on this, which I chaired. The Committee submitted its report and recommended that the programme be discontinued. Like I said, it was committee that I chaired recommended its immediate discontinuance. But the Council said no, that Nigerians that are sitting examinations of certain bodies should be given national taste if this programme is



going to be discontinued and true to word, we had the last programme, so to speak, in UK and America. Any other Nigerian who wants to sit for ICAN examinations has a clear way of doing that. He has to follow the processes and register, go through the syllabus and sit for the examination or if he qualifies from a foreign accountancy body, he should come back and sit for the papers we used to sit for in those days. If he sits for those papers and passed, he will be inducted.

**Q: For ICAN to attain its goal of being a world-class Institute, it needs a modern, vibrant Secretariat. What are your plans to ensure that the staff of the Institute can favourably compete with their counterparts elsewhere?**

**A:** if you look at my acceptance speech, I mentioned it in the speech. I intend to invigorate and reinforce the capacity of the Secretariat and upscale it to perform the duties expected of a modern Secretariat to serve the members effectively. We can do this in different ways. The Secretariat is made up of three different elements in terms of their capital, human resources and material resources. These are particularly important. We need to develop our human resources by training and retraining our staff. We need to



provide them with the knowledge they require to enhance their capacity to perform the services expected of them. The Council had done a programme last year and we will review the processes involved in terms of the requirement of the Secretariat across board with a particular reference to Information Technology. We have a programme that is being implemented for the improvement of the services that are provided. We are looking at it systematically and God willing, we will soon see changes.

**Q: Let's go personal a bit sir. Becoming the President of ICAN is a great achievement for any chartered accountant, by all standards. What is the driving force that made you strive for this long and hard journey?**

**A:** in fact, it is indeed a very long one. My youngest child is 19 years old now and I came to the Council of ICAN when he was 3. That means I have been on the Council of ICAN for sixteen years now. That child virtually knows nothing about me except that I am an ICAN member. He has no idea of other things I do. When they

read my citation during my investiture and he heard, he said daddy, so you worked in those places they mentioned, I always thought it has always been ICAN. It is a very long process but God knows, when I joined ICAN Council, I just joined and registered as a member, first and foremost to identify with my colleagues as chartered accountants. Secondly and more importantly, I want to be able to provide service to my colleagues and others. In the Council, I have done this to the best of my ability. I have contributed very well to Council affairs to the extent that my colleagues deemed it fit to elect me as 2nd Deputy Vice President about three years ago. That started the process of becoming the President. I hardly see any member of the Council that will enter with the aim of becoming the President of ICAN, because when you start, that is not the issue. But as you go along, like I mentioned in my speech, you will not know you are making history. I thank Allah tremendously for the opportunity he has given me to be elected by my colleagues and generality of ICAN members. I will also continue to pray to God to give me the wisdom to serve this Institute to the best of my knowledge and to guide my steps. It is a challenge and one has to try his best and make a mark. I'm hopeful that by this time next year, Insha Allah, you will be interviewing a different person. But we would have made our mark and moved on. And we thank God for that.

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We have the culture that believes in dealing with physical cash and that is what the policy is trying to change. But changing a culture that you are used to, good or bad, takes some days. It takes a lot of persuasion and a lot of publicity.

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**Q: Some say that serving for just a year is a minus in ICAN Presidential system that before you blink, one year is over and somebody else is in the chair. How do you see to this?**

**A:** I don't understand why it should be a minus because one is in the Presidency for four years and he has a lot of contributions to make. You must also understand that as a Council member, you have a lot of contributions to make because if the President wants to do something, he has to take it to the Council. There are very few things he will do and succeed in doing if they did not come from the Council. These are very limited. It is not that he is not powerful but he has to carry the Council along and those 30 or so people in the Council have a lot of contribution to make. They are all aware of what is happening and make contribution. So, ICAN Presidential system is not a minus, it is a plus and is envied by other institutes in the country. On many occasion we have heard people say “why don't they have this kind of system of getting our officers elected, even at international level”. You are under tutelage, carry everybody along and eventually you become the one that will be

guiding the ship and after a while, you move on. It is commendable especially when you look at the sit tight attitude of some people generally. But when you know you have limited time, you come with full vigour to make your point and move on, rather than sitting down lackadaisically and say I will be here for a number of years. Also, you should know that there is a programme of ICAN. There is a budget and there is also a master plan. You are just part of the team that will do the implementation. It is a laudable system that we have.

**Q: We cannot end this interview without mentioning ICAN and its affiliation with international bodies. What is your area of focus or plan in foreign affairs for ICAN?**

**A:** Well, if you look at the international accountancy bodies across the world, from the highest to the lowest, ICAN is there.



ICAN is a founding member of the International Federation of Accountants, IFAC; ICAN has been on its board, those days by virtue of position it occupies in Africa itself. If you come down to the Association of Accountancy Bodies in West Africa (ABWA), ICAN is a lead member. We virtually carry it on our shoulders and if you look at PAFA itself, ICAN is a member; ICAN virtually runs its constitution. And also by the grace of God in 2011, ICAN became the first President of PAFA. Just like I said before, ICAN is a brand anywhere it goes. It has taken its pride of place internationally. Even locally we have established some faculties that turned out to be Institutes themselves. It is ICAN that also established the Nigerian Accounting Standard Board, ran it for ten years before government took it over and now turned it to Financial Reporting Council. You can see the kind of contributions ICAN has made both nationally and internationally. It is such things that we want to continue and reinforce. We have also sponsored our junior brothers and our junior sisters, so to speak, to international levels. We carried them along, under our tutelage and they are now recognized internationally. We have done quite a lot. We thank God.

**Q: How would you assess your achievements so far in life?**

**A:** I thank God because whatever one achieves in life is by

the grace of God. You do not achieve because you have strength or because you are the most hardworking or because you are the tallest or shortest person. It is God Almighty. But when you begin to say I have done this, I have done that, you are becoming an ingrate. So, you have to thank God for who first of all made you a human being and guides you. He is the one that put me in the position I am now and I will continue to thank him. May He continue to guide me till the end of my days.

**Q: One year comes and goes quickly. After ICAN, what next?**

**A:** By 2014 next year when I hand over, I will rest for a while. But I have so many things I want to do. I have personal projects that I want to pursue and I also want to pay much more attention to my family. Like I told you initially that my 19 year old child knows nothing about me apart from ICAN. So, I need to devote more time to my family. The senior ones have started to develop

“

ICAN Presidential system is not a minus, it is a plus and is envied by other institutes in the country. On many occasion we have heard people say “why don't they have this kind of system of getting our officers elected, even at international level”.

”

their own lives. I need to give more time to my friend- my wife. She has been a wonderful friend of mine. We have been together for almost 40 years now. I pray that God should give us long life to continue. I also want to engage in business and philanthropic projects. I need to assist those that need assistance. Whatever is given to you is given to you by God in trust and you will account for everything. God will ask you that when you see those who need assistance, what did you with the resources he gave you. I also want to serve my community. I want to tell you that 90 per cent of those who came for my investiture from my state, I never knew them personally. They had been hearing about me and all I have done. That's why they said they must be here to honour me.

**Q: Your final words for your members and the Secretariat**

**A:** My advice to the Secretariat staff is that life is not hard. Do to others what you will want them to do to you. Your chair in office is by virtue of God's grace. Don't use it to oppress anybody. Then to our members, we are chartered accountants and that is what God destined us to be. And we should use it as our instrument for the hereafter. God gave us the job to live comfortably and serve him and humanity. So, we should bear in mind that whatever we do would be accounted for before God almighty.

## THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

(Established by the Act of Parliament No. 15 of 1965)

# CALL FOR ARTICLES

(Academic and Professional Researchers)

The Institute of Chartered Accountants of Nigeria (ICAN) is a professional body of accountants established by the Act of Parliament No. 15 of 1965 to, amongst other things, determine the level of knowledge and skills one should possess in order to practice as an Accountant and to raise such standards from time to time.

As part of initiative towards strengthening relationship with its members and tertiary institutions across the country and beyond as well as other professionals who are interested in accountancy research works, the Institute of Chartered Accountants of Nigeria is in the process of publishing an academic research journal titled: ICAN Journal of Accounting, Finance and Business.

## THE PUBLICATION

This research journal was conceived with a view to creating avenue for members of the Institute in academia and others in practice who are interested in research work, the result of which will be published and be added to the compendium of research works that contribute to knowledge development and provide technical information and new developments in the field of accounting, finance, business and other related areas.

The Institute is using this medium to call for articles for publication in the journal from Professors, Deans of Faculties, Heads of Departments, Lecturers, independent academic researchers, students and professionals generally.

## ARTICLE FORMAT

All articles to be submitted for publication in the ICAN Journal of Accounting, Finance and Business should comply with the following format and instructions:

1. Articles must be well researched on contemporary issues in the field of Accounting, Finance, Economics and Business.
2. All articles should be typed on an A4 paper in not more than 25 pages using 12 points font size and Comic Sans fonts type with double line spacing.
3. The title page should include the title and author's contact information.
4. The second page should include the title and an abstract of not more than 300 words to capture the main objective, methodology, findings/contribution to knowledge and recommendation(s) of the article.
5. The text reference should be author/date (year) type (e.g. Ajayi: 2006); the reference list should follow the Harvard Style (surname, first and second names then initials, year, title, publisher and place) and should be arranged in alphabetical order of surnames of the authors. Adjustments are to be appropriately made if the material referred to is journal, magazine or newspaper.
6. Three hard copies and a soft copy saved in Microsoft Word should be sent to the address below:

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### QUESTION 1 - CASE STUDY

#### MISS KOFO

Miss Kofo, a brilliant young unemployed graduate has just won a sum of N1,000,000 in a popular television programme "What wants to be a millionaire." She intends to place this amount with her bank - Multipurpose Microfinance Bank (MFB) Nigeria Limited. The bank has agreed to pay her a fixed interest rate of 10 per cent per annum compounded annually with principal and interest payable at the end of the sixth year.

Alternatively, her old friend - (Mr. Gbajue) has approached her with an interesting investment opportunity. Mr. Gbajue is considering giving up his job with a Lebanese textile dealer and setting up a small business centre in the Cental Business District of Abuja. He would like to borrow the whole N1,000,000 from Miss Kofo and offers to make the repayments in six equal annual instalments at principal and interest. The loan will be legally secured on Mr. Gbajue's inherited land in Lagos which is worth N5,000,000.

Miss Kofo lives in Abuja with her uncle who is a member of the Federal House of Representatives. Her needs are very few as her uncle provides her daily financial requirements. In effect, her liquidity requirements have been satisfied.

#### Required:

- (a) (i) In relation to capital base, state the TWO types of Microfinance Banks presently operating in Nigeria. (1 mark)
- (ii) Name the type of account Miss Kofo would maintain with her prospective banker. (1 mark)
- (b) Calculate how much money Miss Kofo will have in the bank after six years, if she rejects Mr. Gbajue's offer and places her money with the Microfinance bank. (1 mark)
- (c)(i) Compute the annual instalment payable by Mr. Gbajue assuming Miss Kofo gives him the private loan. (3 marks)
- (ii) Prepare a loan amortisation schedule for Mr. Gbajue. (6 marks)
- (Total 12 Marks)

#### SOLUTION

- (a) (i) Unit (N20 million)  
State (N1 billion)
- (ii) Fixed Deposit Account

$$(b) \quad N1,000,000 \times (1.1)^6$$

$$N1,000,000 \times 1.771561 = N1,771,561$$

$$(c)(i) \quad \text{Discounting factor} = \frac{1 - \frac{1}{(1+r)^n}}{r} \quad \text{Where } r = 12\%, n = 6 \text{ years}$$

$$= \frac{1 - \frac{1}{(1+.12)^6}}{.12}$$

$$= \frac{0.493368878}{0.12}$$

$$= 4.111$$

$$\therefore \text{The annual instalment} = \frac{N1,000,000}{4.111}$$

$$= N243,250$$

#### (ii) Amortisation schedule

End of year	1	2	3	4
	Instalment payment	Annual interest	Principal payment	Principal amount owing
	₦	₦	₦	₦
0	-	-	-	1,000,000
1	243,250	120,000	123,250	876,750
2	243,250	105,210	138,040	738,710
3	243,250	88,645	154,605	584,105
4	243,250	70,093	173,157	410,948
5	243,250	49,314	193,936	217,012
6	<u>243,250</u>	<u>26,238</u>	<u>217,012</u>	-
TOTAL	<u>1,459,500</u>	<u>459,500</u>	<u>1,000,000</u>	

Above figures are arrived at as follows:

$$\text{Column 2} = \text{Column 4} \times 0.12$$

$$3 = \text{Column 1} - \text{Column 2}$$

$$4 = \text{Column } 4_{t-1} - \text{Column 3}$$

#### Examiners' Report

The question tests candidates knowledge of mathematics of finance and the application of the techniques of "future value of a lump sum" and "present value of annuities" to practical problems.

Many candidates attempted the question but performance was poor. Candidates' commonest pitfalls were their (i) inability to calculate the annual instalment and (ii) preparation of incorrect table.

Candidates are advised to make use of the Institute's Pathfinder.

## QUESTION 2

Sunny Limited is a medium-size poultry farm with an average annual turnover of N10 million. As part of its expansion programme, the company has decided to install a new milling machine. The machine will have an initial value of N200,000 and economic life span of five years. The disposal value of the machine at the end of the fifth year is expected to be N40,000. The milling machine, when fully installed, is envisaged to generate additional cash profits of N80,000 per annum for five years.

A decision is now to be taken on the method of financing the project. Two methods of financing are being considered:

(a) Purchase the machine for cash, utilising bank loan facility on which the current rate of interest is 10% per annum before tax.

(b) Lease the machine under an agreement which would involve payment of N48,000 at the end of each year for the next five years.

If the machine is purchased, the company will be able to claim capital allowances (25% on reducing balance basis) as follows:

Year	N
1	50,000
2	37,500
3	28,125
4	21,094
5	23,281

The company's weighted average cost of capital (WACC) is 12% after tax. Company tax is 30%.

You are required to advise management on:

- whether or not to acquire the machine; and (5 marks)
  - the more economic method of financing to adopt (11 marks)
- (show your workings) (Total 16 Marks)

## SOLUTION

(a) Computation of Taxable profits and Tax liability

Year	Profits	Capital Allowance	Taxable profits	Tax @ 30%
	₦	₦	₦	₦
1	80,000	50,000	30,000	9,000
2	80,000	37,500	42,500	12,750
3	80,000	28,125	51,875	15,563
4	80,000	21,094	58,906	17,672
5	80,000	23,281	56,719	17,016

Investment Appraisal

Year	Machine	Profits	Tax	Net Cash Flows	Discount Factor @12%	PV
	₦	₦	₦	₦	₦	₦
0	(200,000)	-	-	(200,000)	1	(200,000)

1	-	80,000	-	80,000	0.893	71,440
2	-	80,000	9,000	71,000	0.797	56,587
3	-	80,000	12,750	67,250	0.712	47,882
4	-	80,000	15,563	64,437	0.636	40,982
5	40,000	80,000	17,672	102,328	0.567	58,020
6	-	-	17,016	(17,016)	0.507	(8,627)
				NPV	=	<u>66,284</u>

The machine should be acquired based on positive NPV of N66,284

(b) Financing

(i) Borrow and Buy

End of year	Machine	Tax Savings	Net Cash Flow	Discount Factor @7%	Present Value
	₦	₦	₦	₦	₦
0	(200,000)	-	(200,000)	1.000	(200,000)
1	-	-	-	0.934	-
2	-	15,000	15,000	0.873	13,095
3	-	11,250	11,250	0.816	9,180
4	-	8,438	8,438	0.763	6,438
5	40,000	6,328	46,328	0.713	33,032
6	-	6,984	6,984	0.666	<u>4,651</u>
				NPV	<u>(133,604)</u>

Discount factor = After tax interest rate i.e.  $10\% \times 0.3 = 7\%$

(ii) Lease

Year	Item	Cash Flows	Discount Factor @7%	Present Value
		₦		₦
1-5	Lease Payment	(48,000)	4.099	(196,752)
2-6	Tax Savings	14,000	3.831	<u>55,166</u>
			NPV	<u>141,586</u>

**Decision:** The more economical method of financing is to borrow and buy, based on the lower negative NPV of cost at N133,604 instead of the higher negative cost of N141,586 for leasing.

## EXAMINERS' REPORT

The question tests candidates' knowledge of the principles involved in a typical lease or buy decision.

The level of attempt was average and performance was poor.

Candidates' pitfalls were their inability to identify the difference between investment decision and financing decision, the use of wrong discount rate and the wrong treatment of the tax shield.

Candidates are advised to read widely and also make use of the Institute's "Pathfinders" in their preparations.



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