



The Nigerian **ACCOUNTANT**

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APRIL/JUNE, 2016

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Unlocking the Value of **Audits**



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the technology advantage**



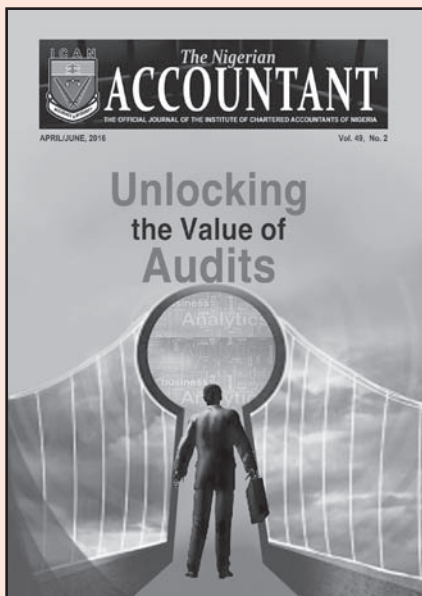
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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

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From The Editor

The trust and confidence of the public in the integrity of business has gone down drastically even though more transparency from companies and organisations are expected in the wake of economic crises and scandals ravaging business.

As a result of this, audit as a profession has an important role to play in the restoration of confidence back to the minds of investors and the public as a whole. Our lead article, ***“Unlocking the Value of Audit”*** tries to discuss the values inherent in audit as an integral part of doing business.

Our second article entitled ***“Environmental Accounting: A Framework for Sustainable Growth and Development”*** delves into symbiotic relationship between human beings and nature. The author posits that in the course of interacting with each other, a lot of environmental degradations were caused by human activities. He maintains that the loop-hole experienced in this direction could be taken care of by environmental accounting.

Against the background of the recent tax reforms and amendments, to achieve a critical analysis of the contentious issues and factor that still prevent the system from attaining optimal performance, our article on ***“Positioning the Nigerian Tax System for Social and Economic Development”*** reviews the Nigerian tax laws, policies and administration. The author insists that if the nation’s tax system is properly positioned, the system can perform optimally.

There’s no gainsaying the fact that the high social cost of business is taking its toll on businesses world over. In his article, ***“Reducing the Social Cost of Doing Business Through Eco-Efficiency”*** the writer states that the society and the business stand to gain a lot from improved efficiency in the use of natural resources with reduction in waste and pollution.

On our health page, we report the symptoms of stress and its warning signals. We implore our readers to take note of these symptoms to avoid being caught unaware.

You will also read about the 2016 Annual Dinner and Awards for deserving members of the Institute and other professionals who have distinguished themselves in their chosen career.

Your comments on the various articles, news and other items published in this edition are welcome. Please write to: corporateaffairs@ican.org.ng or

aowolabi@ican.org.ng

Depression Symptoms and Warning Signs

By MELINDA SMITH, JOANNA SAISAN and JEANNE SEGAL

How to Recognise Depression Symptoms and Get Effective Help

The normal ups and downs of life mean that everyone feels sad or has “the blues” from time to time. But if emptiness and despair have taken hold of your life and won’t go away, you may have depression. Depression makes it tough to function and enjoy life like you once did. Just getting through the day can be overwhelming. But no matter how hopeless you feel, you can get better. Understanding the signs, symptoms, causes, and treatment of depression is the first step to overcoming the problem.

What is Depression?

Sadness or downswings in mood are normal reactions to life’s struggles, setbacks, and disappointments. Many people use the word “depression” to explain these kinds of feelings, but depression is much more than just sadness.

Some people describe depression as “living in a black hole” or having a feeling of impending doom. However, some depressed people don’t feel sad at all — they may feel lifeless, empty, and apathetic, or men in particular may even feel angry, aggressive, and restless.

Whatever the symptoms, depression is different from normal sadness in that it engulfs your day-to-day life, interfering with your ability to work, study, eat, sleep, and have fun. The feelings of helplessness, hopelessness, and worthlessness are intense and unrelenting, with little, if any, relief.

Are You Depressed?

If you identify with several of the following signs and symptoms — especially the first two — and they just won’t go away, you may be suffering from depression.

- You feel hopeless and helpless.
- You’ve lost interest in friends, activities, and things you used to enjoy.
- You feel tired all the time.
- Your sleep and appetite has changed.
- You can’t concentrate or find that previously easy tasks are now difficult.



- You can’t control your negative thoughts, no matter how much you try.
- You are much more irritable, short-tempered, or aggressive than usual.
- You’re consuming more alcohol than normal or engaging in other reckless behaviour.

What are the Signs and Symptoms of Depression?

Depression varies from person to person, but there are some common signs and symptoms. It’s important to remember that these symptoms can be part of life’s normal lows. But the more symptoms you have, the stronger they are, and

the longer they’ve lasted — the more likely it is that you’re dealing with depression. When these symptoms are overwhelming and disabling, that’s when it’s time to seek help.

Signs and Symptoms of Depression include:

- **Feelings of helplessness and hopelessness.** A bleak outlook — nothing will ever get better and there’s nothing you can do to improve your situation.
- **Loss of interest in daily activities.** No interest in former hobbies, pastimes, social activities, or sex. You’ve lost your ability to feel joy and pleasure.
- **Appetite or weight changes.** Significant weight loss or weight gain — a change of more than 5% of body weight in a month.
- **Sleep changes.** Either insomnia, especially waking in the early hours of the morning, or oversleeping (also known as hypersomnia).
- **Anger or irritability.** Feeling agitated, restless, or even violent. Your tolerance level is low, your temper short, and everything and everyone gets on your nerves.
- **Loss of energy.** Feeling fatigued, sluggish, and physically drained. Your whole body may feel heavy, and even small tasks are exhausting or take longer to complete.
- **Self-loathing.** Strong feelings of worthlessness or guilt. You harshly criticise yourself for perceived faults and mistakes.

- **Reckless behaviour.** You engage in escapist behaviour such as substance abuse, compulsive gambling, reckless driving, or dangerous sports.
- **Concentration problems.** Trouble focusing, making decisions, or remembering things.
- **Unexplained aches and pains.** An increase in physical complaints such as headaches, back pain, aching muscles, and stomach pain.

Depression and Suicide Risk

Depression is a major risk factor for suicide. The deep despair and hopelessness that goes along with depression can make suicide feel like the only way to escape the pain. If you have a loved one with depression, take any suicidal talk or behaviour seriously and learn to recognise the warning signs.

Warning Signs of Suicide include:

- Talking about killing or harming one's self.
- Expressing strong feelings of hopelessness or being trapped.
- An unusual preoccupation with death or dying.
- Acting recklessly, as if they have a death wish (e.g. speeding through red lights).
- Calling or visiting people to say goodbye.
- Getting affairs in order (giving away prized possessions, tying up loose ends).
- Saying things like "Everyone would be better off without me" or "I want out".
- A sudden switch from being extremely depressed to acting calm and happy.

The Different Faces of Depression

Depression often looks different in men and women, and in young people and older adults. An awareness of these differences helps ensure that the problem is recognised and treated.

Depression in Men

Depression is a loaded word in our culture. Many associate it, however wrongly, with a sign of weakness and excessive emotion. This is especially true with men. Depressed men are less likely than women to acknowledge feelings of self-loathing and hopelessness. Instead, they tend to complain about fatigue, irritability, sleep problems, and loss of interest in work and hobbies. Other signs and symptoms of depression in men include anger, aggression, violence, reckless behaviour, and substance abuse. Even though depression rates for women are twice as high as those in men, men are a higher suicide risk, especially older men.

Depression in Women

Rates of depression in women are twice as high as they are in men. This is due in part to hormonal factors, particularly when it comes to premenstrual syndrome (PMS), premenstrual dysphoric disorder (PMDD), postpartum depression, and perimenopausal depression. As for signs and symptoms, women are more likely than men to experience pronounced feelings of guilt, sleep excessively, overeat, and gain weight. Women are also more likely to suffer from seasonal affective disorder.

Depression in Teens

While some depressed teens appear sad, others do not. In fact, irritability — rather than depression — is frequently the predominant symptom in depressed adolescents and teens. A depressed teenager may be hostile, grumpy, or easily lose his

or her temper. Unexplained aches and pains are also common symptoms of depression in young people.

Left untreated, teen depression can lead to problems at home and school, drug abuse, self-loathing — even irreversible tragedy such as homicidal violence or suicide. But with help, teenage depression is highly treatable.

Depression in Older Adults

The difficult changes that many older adults face — such as bereavement, loss of independence, and health problems — can lead to depression, especially in those without a strong support system. However, depression is not a normal part of aging. Older adults tend to complain more about the physical rather than the emotional signs and symptoms of depression, and so the problem often goes unrecognised. Depression in older adults is associated with poor health, a high mortality rate, and an increased risk of suicide, so diagnosis and treatment are extremely important.

Postpartum Depression

Many new mothers suffer from some fleeting form of the "baby blues." Postpartum depression, in contrast, is a longer lasting and more serious depression triggered, in part, by hormonal changes associated with having a baby. Postpartum depression usually develops soon after delivery, but any depression that occurs within six months of childbirth may be postpartum depression.

What are the Types of Depression?

Depression comes in many shapes and forms. The different types of depression have unique symptoms, causes, and effects. Knowing what type of depression you have can help you manage your symptoms and get the most effective treatment.

Major Depression

Major depression is characterised by the inability to enjoy life and experience pleasure. The symptoms are constant, ranging from moderate to severe. Left untreated, major depression typically lasts for about six months. Some people experience just a single depressive episode in their lifetime, but more commonly, major depression is a recurring disorder. However, there are many things you can do to support your mood and reduce the risk of recurrence.

Dysthymia (Recurrent, Mild Depression)

Dysthymia is a type of chronic "low-grade" depression. More days than not, you feel mildly or moderately depressed, although you may have brief periods of normal mood. The symptoms of dysthymia are not as strong as the symptoms of major depression, but they last a long time (at least two years). These chronic symptoms make it very difficult to live life to the fullest or to remember better times. Some people also experience major depressive episodes on top of dysthymia, a condition known as "double depression." If you suffer from dysthymia, you may feel like you've always been depressed. Or you may think that your continuous low mood is "just the way you are." However, dysthymia can be treated, even if your symptoms have gone unrecognised or untreated for years.

Bipolar Disorder: When Depression is Just One Side of the Coin

Bipolar disorder, also known as manic depression, is characterised by cycling mood changes. Episodes of depression alternate with manic episodes, which can include impulsive behaviour, hyperactivity, rapid speech, and little to no sleep.

Typically, the switch from one mood extreme to the other is gradual, with each manic or depressive episode lasting for at least several weeks. When depressed, a person with bipolar disorder exhibits the usual symptoms of major depression. However, the treatments for bipolar depression are very different. In fact, antidepressants can make bipolar depression worse.

Seasonal Affective Disorder (SAD): When Winter Brings the Blues

While the onset of winter can cause many of us to experience a drop in mood, some people actually develop seasonal depression, otherwise known as Seasonal Affective Disorder (SAD). SAD can make you feel like a completely different person to who you are in the summer: hopeless, sad, tense, or stressed, with no interest in friends or activities you normally love. While a less common form of the disorder causes depression during the summer months, SAD usually begins in fall or winter when the days become shorter and remains until the brighter days of spring or early summer.

Depression Causes and Risk Factors

Some illnesses have a specific medical cause, making treatment straightforward. If you have Type-1 diabetes, you take insulin. If you have appendicitis, you have surgery. Depression, however, is more complicated. Depression is not just the result of a chemical imbalance in the brain, and it's not simply cured with medication. Experts believe that depression is caused by a combination of biological, psychological, and social factors. In other words, your lifestyle choices, relationships, and coping skills matter just as much — if not more so — than genetics. However, certain risk factors make you more vulnerable to depression.

Causes and Risk Factors for Depression

- Loneliness.
- Lack of social support.
- Recent stressful life experiences.
- Family history of depression.
- Marital or relationship problems.
- Financial strain.
- Early childhood trauma or abuse.
- Alcohol or drug abuse.
- Unemployment or underemployment.
- Health problems or chronic pain.

The Cause of Your Depression Helps Determine the Treatment

Understanding the underlying cause of your depression may help you overcome the problem. For example, if you are depressed because of a dead end job, the best treatment might be finding a more satisfying career, not taking an antidepressant. If you are new to an area and feeling lonely and sad, finding new friends at work or through a hobby will probably give you more of a mood boost than going to therapy. In such cases, the depression is remedied by changing the situation.

The Road to Depression Recovery

Just as the symptoms and causes of depression are different in different people, so are the ways to feel better. What works for one person might not work for another, and no one treatment is appropriate in all cases. If you recognise the signs of depression in yourself or a loved one, take some time to **explore the many treatment options**. In most cases, the best approach involves a combination of social support, lifestyle changes, emotional skills building, and professional help.

Ask for Help and Support

If even the thought of tackling your depression seems overwhelming, don't panic. Feeling helpless and hopeless is a symptom of depression — not the reality of your situation. It does not mean that you're weak or you can't change! The key to **depression recovery** is to start small and ask for help. The simple act of talking to someone face to face about how you feel can be an enormous help. The person you talk to doesn't have to be able to fix you; he or she just needs to be a good listener.

Having a strong support system will speed your recovery. Isolation fuels depression, so reach out to others, even if you feel like being alone or don't want to feel like a burden to others. The truth is that most people will be happy that you chose to confide in them; they'll be flattered that you trust them enough to open up. So, let your family and friends know what you're going through and how they can support you.

Make Healthy Lifestyle Changes

Lifestyle changes are not always easy to make, but they can have a big impact on depression. Lifestyle changes that can be very effective include:

- Cultivating supportive relationships.
- Getting regular exercise and sleep.
- Eating healthfully to naturally boost mood.
- Managing stress.
- Practicing relaxation techniques.
- Challenging negative thought patterns.

Build Emotional Skills

Many people lack the skills needed to manage stress and balance emotions. Building emotional skills can give you the ability to cope and bounce back from adversity, trauma, and loss. In other words, learning how to recognise and express your emotions can make you more resilient.

Seek Professional Help

If support from family and friends, positive lifestyle changes, and emotional skills building aren't enough, seek help from a mental health professional. There are many effective treatments for depression, including therapy, medication, and alternative treatments. Learning about your options will help you decide what measures are most likely to work best for your particular situation and needs.

Are Antidepressants Right for You?

Medication can help relieve the symptoms of depression in some people, but they aren't a cure and they come with drawbacks of their own. Learning the facts about antidepressants and weighing the benefits against the risks can help you make an informed and personal decision about whether medication is right for you.

Effective treatment for depression often includes some form of therapy. Therapy gives you tools to treat depression from a variety of angles. Also, what you learn in therapy gives you skills and insight to prevent depression from coming back.

Some types of therapy teach you practical techniques on how to reframe negative thinking and employ behavioural skills in combating depression. Therapy can also help you work through the root of your depression, helping you understand why you feel a certain way, what your triggers are for depression, and what you can do to stay healthy. ●

** Culled from www.health.com*



ICAN President, Otunba Olufemi Deru (right); Alhaji Ganiu Adebayo, FCA, chairman Ibadan & District; Prof. Olatunde Fawole, Rector The Polytechnic, Ibadan; and Registrar/Chief Executive of ICAN, Mr. Rotimi Omotoso at the commissioning of ICAN Lecture Theatre at The Polytechnic, Ibadan



350-Seating Capacity Lecture Theatre Commissioned at The Polytechnic, Ibadan

A 350-seating capacity lecture theatre donated to The Polytechnic, Ibadan, Oyo State, by the Institute of Chartered Accountants of Nigeria has been commissioned. Speaking at the commissioning and official handing over of the building to the Institution's authority, the 51st ICAN President, Otunba Samuel Olufemi Deru said, "As a driver of positive change and partners in progress with key players in the public and private sectors, the Institute has continued to impact positively on the process of value and wealth creation in the world of commerce and governance."

"ICAN expects creativity and innovations that will provide endless chances for new ideas to emerge and add value to our individual and collective lives from this building," he expatiated. He therefore called on the Polytechnic's authority to ensure good maintenance and judicious use of the structure, so that the aim of donating it will not be defeated.

In his response, the Rector of the Polytechnic, Professor Olatunde Fawole recalled that the foundation of the building was laid few months ago, adding that ICAN has fulfilled its promise of commissioning it in due date.

Expressing the appreciation of the governing board, management, staff and students of the Polytechnic for the unparalleled donation, the Rector assured the ICAN President of good use and proper maintenance of the building.

He disclosed that ICAN was the first professional body that would be making a donation of that magnitude to the Institution in almost five decades of its existence as a Polytechnic. He promised that the long standing relationship between the Institute and the Polytechnic, which formed the basis of choosing it for the project, would be jealously guarded and maintained.

Also, the representative of the Permanent Secretary in the state's Ministry of Education, Mr Kolawole Oyekanmi, described

ICAN gesture as unprecedented. He said it was a giant stride taken to contribute to the growth of education in Oyo State and Nigeria as a whole.

"This kind gesture is indicative that the task of taking education to a greater height, is a collective responsibility of all and sundry. It is onerous task which must not be left in the hands of the government alone," he concluded.

Entrepreneurship is a Vehicle for Employment Generation – Deru

Members of the Institute of Chartered Accountants of Nigeria (ICAN) have been called upon to embrace entrepreneurship as a vehicle for employment generation. The call was made by the 51st President of the Institute, Otunba Olufemi Deru in his keynote address at a one day seminar recently organised by the Institute in Ibadan, with the theme *"The Journey to Financial Freedom."*

According to him, the programme was part of the Institute's entrepreneurship initiative designed to expand the frontiers of the economic empowerment and enlighten, specifically, members of the Institute on entrepreneurship possibilities for financial freedom. "When I assumed office as the 51st ICAN President, one of the programmes that I planned to introduce was entrepreneurship training for members in view of the major challenges facing Nigerians, especially unemployment among the youths. The trend in the job market is gradually moving from seeking white or blue collar jobs to creating jobs through enterprise development."

"The twenty-first century has been tagged the "entrepreneurship age." This is because nations are being shaped by entrepreneurs, men and women who have taken their destinies in their hands by risking their resources in establishing and running their own businesses. Therefore, I am very happy that this dream is coming to reality and of course now more profound when you consider the backdrop of oil price in the international market in relation to the mono-economy of our nation," he expressed.

Speaking further, he pointed out that Small and Medium

Enterprises (SMEs) are globally regarded as the backbone of any economy, adding that the economic progress made by any nation is essentially connected to the effectiveness of its small scale businesses, which in other words are regarded as the engine room.

Accountancy: Where Professionalism and Royalty Meets

His Royal Majesty, Sir Michael Adeniyi Sonariwo, the Erinjugbo II of Remoland and Oba Adesesan Oguntayo, the Ajalorun of Ijebu Ife are not just paramount rulers in Ijebu, they are also chartered accountants and fellows of ICAN. They belong to the rare class of Nigerians who have distinguished themselves first in accountancy before directing their competences to uplift traditional institutions and culture of their people.

Recently the two traditional rulers expressed their proud association with the Institute over the years as members. Oba Sonariwo, the Erinjugbo II of Remoland who spoke at his palace in Ijebu Ode, Ogun State when he played host to the 51st President of the Institute, Otunba Olufemi Deru, FCA who paid him a courtesy visit as part of itineraries for the 10th Western Zonal Districts' Conference held from February 15 to 18, 2016 in Ijebu Ode said he was grateful and proud of the profession, noting that the values and culture of the profession were actually inculcated into him by the Institute thus equipping him to become successful in all his life's endeavours particularly now as a royal father.

He extolled the virtues of the Institute which includes accuracy, integrity and accountability as the models that had guided the accountancy profession in the past 50 years. He noted that whereas the Institute had a very humble beginning with few members in 1965 when the Charter was handed down, it had grown into thousands of disciplined professionals who are contributing immensely to the growth and development of the nation in various spheres.

In appreciation of the visit, which he tagged the first of its kind since he ascended the throne, he thanked the ICAN President for making the visit adding that he was proud of his service to his people because of the



Ajalorun of Ijebu Ife, Oba Adesesan Oguntayo (left); Oba of Ilaro, Oba Kehinde Olugbenle; Head of Service, Lagos State, Mrs. Olabowale Ademola; ICAN President, Otunba Olufemi Deru; Deputy Governor of Ogun State, Chief (Mrs.) Yetunde Onanuga; Vice President of ICAN, Deacon Titus Soetan and Registrar/Chief Executive of ICAN, Mr. Rotimi Omotoso at the Western Zonal Districts' Conference of ICAN held at Ijebu Ode

accountancy in him and assured the President and Council that he would continue to support the Institute in every possible way he could while on the throne.

Similarly, Oba Oguntayo, the Ajalorun of Ijebu Ife attributed his success as an entrepreneur and now in royalty to the Institute, saying that accountancy is the best profession.

He said he was proud and privileged to be among the 250 members who founded the Institute and witnessed the signing of the Charter in 1965.



Chairman of Board of Insolvency and Corporate Re-Engineering Faculty of ICAN, Mr. Tunde Ajayi (left); Sir Ike Nwokolo (Past President of ICAN); ICAN Vice President, Deacon Titus Soetan and ICAN Deputy Registrar (Technical Services), Mr. Abel Asein, during the international conference of the Insolvency Faculty of ICAN in Lagos

Professionals Parley on Insolvency Law

As corporate bodies in Nigeria grapple with the harsh operating environment resulting in vanishing profits and threats of insolvency action by creditors, the need to strengthen the legal framework for restructuring businesses for efficiency has become very important. In view of this, the board of the Insolvency and Re-engineering Faculty of the Institute recently took positive steps to address the issues involved by harnessing the opinions of experts in the field in an international conference.

The conference with the theme “*Insolvency Best Practice: A Case for Reform in Nigeria*,” explored related issues bordering on insolvency and restructuring procedures from Multi-National Companies (MNCs) to Micro, Small and Medium Enterprises (MSMEs).

Declaring the conference open, the 51st president of the Institute, Otunba Olufemi Deru, FCA said there was a dearth of authorities in Nigeria on cross-border insolvencies but that there had been various court pronouncements regarding enforcement of foreign judgments, noting that this was an issue of great concern to the courts especially in cases of registration of foreign judgments in Nigeria or the registration of judgments abroad.

According to Otunba Deru “as the scenario continues to unfold and the desire for secured investments heightens, the services of Chartered Accountants with expertise in insolvency and corporate re-engineering would be highly sought for by discerning investors and resource owners.”

In his own paper titled, “*Insolvency Practice: Challenges and Opportunities in the Emerging Economies*,” Mr. Steven Kargman, from the United States said that emerging economies were currently facing their most serious economic challenges in recent years particularly since the global financial crisis, resulting in slow growth which could lead to acute restructuring of troubled businesses.

According to him, professionals in these economies could make a positive contribution in overcoming shortcomings by introducing best practices for restructuring, strengthening legal frameworks for restructuring (as opposed to the traditional focus on liquidation) and developing new out-of-court restructuring platforms designed to facilitate resolution of difficult restructuring situations.

Another speaker at the occasion, Mr. Ebenezer Koyejo, Managing Partner of K.O.O. Partners in his paper, “*Insolvency for Micro, Small and Medium Enterprises (MEMEs)*” articulated problems of insolvency and proffered some solutions that could help restructure small businesses.

He said, “a major complaint by financial institutions is that the judicial process involved in debt recovery or fraud cases is extremely slow and time consuming as such, they shy away from lending as the chances of recovery is rather slim. Banks have shown preference for

granting credits to companies or business name which in turn must obligatorily be registered under CAMA.”

“It is my suggestion that the law should be amended to provide for the appointment in justifiable circumstances of an administrator whether or not there is a floating charge in existence with all the powers normally conferred upon a receiver and manager under a floating charge,” he said.

Accounting is the Voice of Business — Dana Group MD

Accounting profession has been described as the voice of business all over the world since all businesses revolves around it. The observation was handed down by the Managing Director of Dana Group of Companies in Nigeria, Mr. Hathi Ramani during a courtesy visit to Dana by the 51st President of the Institute, Otunba Olufemi Deru.

According to Ramani, ICAN is a well known professional body that all organisations will like to be associated with, adding that many ICAN members working in his organisation are really doing well and reliable. He expressed optimism that with the way things are going between ICAN and Dana Group, stronger and better relationship are around the corner.

In his own response, the ICAN President, Otunba Olufemi Deru, FCA thanked the Managing Director for employing members of the Institute. He also commended the members for being good ambassadors of the Institute by comporting themselves properly at their offices.

He therefore appealed to the company’s management to assist ICAN members in the company by paying their subscriptions and sponsoring them to conferences and seminars organised by the Institute.



Mrs Mojisola Osiyemi, Past President (left); SWAN Chairperson, Mrs. Titilayo Akibayo; 51st ICAN President, Otunba Olufemi Deru; his wife, Christianah Oni Deru; Mrs. Olutoyin Olakunri, Past President; Chief (Mrs.) Elizabeth Adegite, Past President); and SWAN Vice Chairperson Mrs Folake Onabolu at the Luncheon held in honour of the ICAN President by the Society of Women Accountants of Nigeria (SWAN)

Nigerians in Diaspora Chart the Way for Repositioning of National Economy

Members of the Institute resident in the United Kingdom have charted the way for the repositioning of the nation's economy. Worried by the dwindling fortune of Nigeria, Chartered Accountants in United Kingdom and environs came together during the 3rd UK and Districts Society zonal international conference held at the Hilton London Docklands Riverside Hotel from April 15 – 16, 2016.

The theme of the conference was *"Repositioning the National Economy, the Ways Forward."* The lead paper presentation titled *"Repositioning of Nigerian Economy: Building Capacity of Local Manufacturing Sector"* delivered by Oladimeji Owofemi, FCA, posits that Nigeria was blessed with abundant human and natural resources and as such does not have any business with poverty.

On the way forward, he recommended a shift from Oil to Agriculture, Mining, Taxation, Industry and knowledge, Entrepreneurship, Wealth Creation through investment and good leadership. Using the cocoa industry as a case study, Owofemi explained that after petroleum, cocoa was the country's most important export. According to him, earnings from export were about US \$1.3 billion in 2014.

He however decried the key challenges of the cocoa industry which he highlighted as follows: Low production levels due to low and declining yields; Inadequate extension services; Ageing cocoa trees and ageing farmers; Poor rural infrastructure; High cost of doing business; and Structure of the international market.

In his view, it has become pertinent for government to take actions to save the industry. According to him, it is urgently necessary to review the investment climate and impose good fiscal measures to save the industry. Such measures, in his view, should include the imposition of export levy on raw cocoa beans, Application of tax/duty waivers for processing companies, incentives for export



Newly inducted members and Fellows of the UK District with the ICAN President, Otunba Olufemi Deru and some Council members

of processed cocoa products. Others are: establishment of a cocoa production and value chain development fund, establishment of cocoa development and industrialisation corporation; Skills development through the establishment of partnerships with the World Cocoa Foundation, USAID, and other agencies, encourage local patronage through local cocoa consumption, industrial utilisation of cocoa, among other critical factors.

Other papers presented at the conference include: Good corporate reporting and the Accounting Profession succeeding through change; Treasury Single Account, IPSAS and Public Account Reporting; and the Role of Banks in Repositioning the Nigerian Economy.

Also at the conference, an induction ceremony was held for new members of the Institute in UK as well as the conferment of Fellowship status on deserving members of the UK and District.

During the Induction ceremony, the Registrar/Chief Executive of ICAN Mr. Rotimi Omotoso, delivered a lecture on *"Ethics of the Profession"* to expose the new members to the ethics and code of conduct for members of ICAN.

The 51st President, Otunba Olufemi Deru, who declared the conference open, opined that the state of the nation's economy no doubt deserves critical attention noting that some indices in the economy portends threat and if effective actions were not taken, the future of the economy looks bleak.

He, therefore, advised an urgent diversification of the economy from its over dependence on the oil sector. He also wants the government to initiate reforms in the judicial, social, banking, political, educational and other key sectors of the economy.

Deru implored the newly admitted members of the Institute and Fellows to be above board always, noting that the Institute would not condone any professional misdemeanour on the part of any Chartered Accountant irrespective of how highly or lowly placed in the profession or society.



Participants at the 3rd UK zonal conference

2016 Annual Dinner & Awards: Recognition of Excellence

The 2016 edition of the Annual Dinner and Awards of the Institute held at Oriental Hotel, Victoria Island, Lagos, on Friday April 29, 2016, was with a difference as the event was packaged with a lot of glamour.

As usual, the event was specially designed to honour and recognise individuals and corporate organisations that have distinguished themselves in greater measures by contributing to both the growth of ICAN and Nigeria as a country. The awards were presented to deserving individuals and corporate bodies in three categories of Members, Non-Members and Corporate Organisations.

In his speech, the 51st President of the Institute, Otunba Samuel Olufemi Deru explained that apart from using the annual event to unwind, celebrate the Institute's successes and some achievers, it is also used to discuss issues of professional and national interests.

"It is therefore a historic occasion to recognise and celebrate persons who, through their words, actions and professional demeanour, have demonstrated, overtime, unwavering commitment to the ideals and public interest mandate of the accountancy profession. It is therefore a joyous occasion as we also acknowledge the invaluable contributions of some corporate organisations to our society as part of their social responsibility to the nation," he added.

In his welcome address, the Chairman of Publications and Image Committee (PIC), saddled with the responsibility of organising the event, Mazi Nnamdi Okwuadigbo stressed that the annual dinner and awards was designed for members to interact and rob minds with their colleagues, friends and family members in a relaxed, stress-free and serene atmosphere.

Nonetheless, he emphasised that the Institute's awards were not meant for just anybody, but specially aimed at accomplished personalities who were well screened before the final selection.

"The awardees were carefully and diligently selected by the Annual Dinner and Awards Sub-Committee of the Publications and Image Committee (PIC) of ICAN and were duly approved by



ICAN President, Otunba Olufemi Deru, FCA presenting the ICAN Merit Award to the Immediate Past President of ICAN, Mr. Chidi Onyeukwu Ajaegbu, FCA in the Members' category at the Annual Dinner and Awards

the Council of the Institute. In order to ensure that the awards do not go to undeserving recipients, we involved our members in the nomination by sending nomination forms to them to suggest distinguished persons and institutions that they feel are deserving of the awards. The end product of the exercise is what all of us have gathered here to witness tonight," he expatiated.

In the Members' category, three people who received the awards for their immense contributions to accounting profession and the nation as a whole are: Mr. Chidi Onyeukwu Ajaegbu, FCA (IPP); Mr. Philip Omoregie, FCA; and Sir Chukwuma Hope Nwaubani, FCA.

In the Non-members' category, Prof. John Uzoma Ihendinihu and Chief Michael Ade-Ojo were awarded. They were honoured for their contributions and roles in the development of Nigeria.

In the Corporate Body category, Fidelity Bank Plc was honoured. The bank was recognised for its immense contributions to the economic and financial growth of the nation.



The President presenting the award to Mr. Philip Odaro Omoregie, FCA in the Members' category



Otunba Olufemi Deru presenting the award to Chief (Sir) Chukwuma Hope Nwaubani, FCA in the Members' category

FROM OTHER BODIES

ECL Required for Financial Reporting Frameworks

Expected Credit Loss (ECL) models are now required, or will soon be required, by some financial reporting frameworks, including IFRS 9, *Financial Instruments*, which will come into effect from January 1, 2018. “The adoption and implementation of ECL models will, in many cases, bring significant challenges for auditors, management, those charged with governance (e.g., audit committees), supervisors, and users,” explained the International Auditing and Assurance Standards Board (IAASB) chairman Prof. Arnold Schilder.

“Auditors need to be aware of the changes related to ECL and the implications for audits. Auditors will need to be actively engaged in 2016 and 2017, in particular to understanding how an entity is planning for the adoption and implementation of its ECL models.”

The publication released by IAASB summarises the audit challenges identified with respect to ECL and sets out initial thinking on how these challenges may be addressed under the current International Standards on Auditing (ISA). The publication has been developed by a task force comprised of IAASB members and technical advisors, representatives from the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, bank auditors, and an observer from the US Public Company Accounting Oversight Board.

“Our work to date has benefited from input from different stakeholders from around the world, highlighted Task Force Chair Rich Sharko. The publication issued today is the result of extensive outreach with regulators, expert auditors from different industries, and others to capture the significant issues that arise in dealing with ECL models, as well as how they may be addressed under the current ISA pronouncements.”

“As a result, the publication is particularly relevant for auditors of financial institutions and other entities that have substantial credit risk exposures through holdings of loans and similar financial assets,” noted Task Force Co-Chair Marc Picqueur.

The publication also discusses how the IAASB’s new standard-setting project to revise ISA 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*, will seek to further address these and other challenges that have been noted in respect of auditing accounting estimates, including in relation to audits of financial institutions.

“Accounting estimates are becoming more complex and subjective, and are critical to a user’s understanding of an entity’s performance. The IAASB will consider what revisions are necessary to ISA 540 to promote audit quality in the varied and complex scenarios that arise today, and that are likely to continue to evolve in the future,” noted IAASB Technical Director Kathleen Healy.

PCAOB Announces New Members Joining Its IAG

The US Public Company Accounting Oversight Board (PCAOB) has announced a number of new members joining its Investor

Advisory Group (IAG) for terms through 2018, including the immediate past chair of the International Auditing and Assurance Standards Board (IAASB) Consultative Advisory Group (CAG), Linda de Beer.

The IAG is a forum for the investor community to provide views and advice on matters affecting investors and the work of the PCAOB.

Ms. de Beer was IAASB CAG Chair from 2010 to 2015 and currently serves as a non-executive director on the board of three companies listed on the Johannesburg Stock Exchange. She chairs the audit committees of all three companies, serves as Deputy Chair on one board, and as a member of the remuneration committee and the nomination committee of another board.

Prior to serving as Chair of the CAG, she represented the World Federation of Exchanges (WFE) on the group and still represents the WFE on the International Ethics Standards Board for Accountants’ CAG.

“We congratulate Linda on this prestigious appointment. We view it as a positive step that the PCAOB recognises her contributions to international standard setting, as interaction between the IAASB and PCAOB on relevant auditing and assurance issues are in the public interest,” said current IAASB CAG Chair Matt Waldron.

IAASB Finalises Changes for Engagements to Report on Summary Financial Statements

The International Auditing and Assurance Standards Board (IAASB) has released ISA 810 (Revised), *Engagements to Report on Summary Financial Statements*, which deals with the auditor’s responsibilities relating to an engagement to report on summary financial statements derived from financial statements audited in accordance with International Standards on Auditing (ISAs) by that same auditor.

The limited amendments to ISA 810 (Revised) leverage the additional transparency in the auditor’s report on the audited financial statements resulting from the IAASB’s new and revised Auditor Reporting Standards issued in January 2015, in particular ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, and new ISA 701, *Communicating Key Audit Matters in the Independent Auditor’s Report*.

“The issuance of ISA 810 (Revised) represents the culmination of the IAASB’s work on auditor reporting that began in 2006. Feedback from our stakeholders has helped us finalise our proposals to meet the public interest calls from investors and others to enhance auditor reporting. We already see positive momentum growing around the world to implement these standards,” noted IAASB Chairman Prof. Arnold Schilder.

ISA 810 (Revised) will become effective at the same time as the auditor reporting standards addressing general purpose financial statements — for engagements to report on summary financial statements for periods ending on or after December 15, 2016.

“Through our Auditor Reporting Implementation Working Group, the IAASB and its staff remain committed to promoting awareness of our new and revised auditor reporting standards and facilitating their effective implementation. For example, the IAASB

has recently published an article on our dedicated auditor reporting page that explores common questions asked by audit committee members and finance executives about the new and enhanced auditor's reports," explained IAASB Technical Director Kathleen Healy.

IFAC President Addresses OECD Anti-Bribery Ministerial Meeting

At OECD Anti-Bribery Ministerial Meeting, International Federation of Accountants President Olivia F. Kirtley, highlighted an increasingly complex and interconnected world that requires strong collaboration and commitment from the private, public and regulatory communities to fight bribery and corruption.

Addressing justice ministers and representatives of more than 40 countries at the opening session on *Fighting Foreign Bribery in an Increasingly Complex World: Towards a New Era of Enforcement*, Ms. Kirtley said: "For decades, the global accountancy profession — including auditors, and professional accountants in business and government — have supported the fight against bribery. Transparency, accountability, and serving the public interest motivate our ongoing support for global reporting standards and ethical behaviour. These standards underpin the profession's role in detection of fraud, corruption and bribery and strengthen organisations to assist in prevention."

Ms. Kirtley called for re-energised collaboration and commitment to fighting foreign bribery and a commitment to addressing both the demand and supply side of fraud and corruption across all sectors.

"Transparent, consistent and robust anti-bribery and corruption measures must apply equally across both public and private sectors. Given the vast sums channeled through governments, effective public sector financial management is vital to a global solution. Citizens need both sectors to provide transparent disclosures, and implement effective internal controls that are critical to good governance, and to holding officials accountable," she said.

Separately, Ms. Kirtley participated as a panelist alongside the New Zealand Justice Minister, Ms. Amy Adams, the Director of the UK Serious Fraud Office, Mr. David Green, CB, QC, and Ms. Elena Panfilova, Vice Chair of Transparency International. Moderated by the Slovenian Justice Minister, Mr. Goran Klemencic, the panel discussed *New Frontiers in Detection: Empowering Whistleblowers and Facilitating Voluntary Disclosure*. Ms. Kirtley highlighted the urgent need for greater international collaboration on whistleblower protection laws.

"Realising the full potential of the profession's ethical and public interest foundations such as having accountants go above and beyond their expected duty to consider situations where whistle-blowing might be appropriate depends on consistent, comprehensive protections and robust corporate governance."

"Bringing an end to the notion that 'silence is always safer' requires greater focus on strong governance and compliance structures, environments that are encouraging for self-reporting and protections that apply to everyone working with any organisation or for any profession. We must all seek to empower individuals to do the right thing," she said. ●



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ICAN MEMBERS' BENEFIT

The Institute is into strategic partnership with various service providers to give members additional benefits for fulfilling their membership obligation. Below are some of these benefits:

INSURANCE

Life Assurance scheme of up to N1.5million sum assured is available to the Next of Kin of a deceased member at:

- Mutual Benefits Assurance.
- Goldlink Insurance PLC.
- Capital Express Assurance.
- FBN Life Nigeria Limited.

A special Motor Insurance Package is also available for members at Mutual Benefit Assurance.

CREDIT CARD WITH STANBIC/IBTC BANK

Stanbic IBTC Bank has launched a credit card scheme for members of the Institute. The service provides Fellows and Associates of the Institute a standby credit at no interest. Fellows of ICAN can access up to N400,000 (Four Hundred Thousand Naira) for 55 days while Associates can access up to N120,000 (One Hundred and Twenty Thousand Naira) for the same duration.

Members can access credit from Stanbic IBTC by downloading the forms on the ICAN website and dropping off at any ICAN secretariat where a Stanbic staff will process the request. The card is issued in partnership with Visa international and allows usage both locally and internationally. It can also be used on all payment channels — ATM, Point of Sale and Online. The card will also attract discounts and benefits when used to make membership due payments to ICAN.

ICAN MEMBERS' BENEVOLENT FUND

The Members' Benevolent Fund was set up to assist indigent members settle Children Education, Medical Bills and also supports members with Permanent Disability.

RESEARCH GRANT

As part of its efforts to expand the frontiers of knowledge in accounting, the Institute established an Accounting Research Fund of N500,000 with which it finances PhD research by Members in Accounting, Taxation, Auditing, Finance and related fields.

ICAN EMPLOYMENT BUREAU

The employment bureau assists members seeking employment or change of job.

DISCOUNT AT HOTELS

- **Lagos Airport Hotel**
(20% off accommodation rack rates).

- **Dover Hotel, Lekki Phase 1**
(30% off accommodation rack rates).
- **Bolingo Hotel, Abuja**
(20% off accommodation rack rates).
- **Peninsula Hotel, Lekki**
(35% off accommodation rack rates).
- **Angeles Hotel, Abuja**
(10% on weekdays and 30% on weekends off accommodation rack rates).
- **Excellence Hotel, Ikeja**
(15% off accommodation rack rates).
- **Richton Hotel, Abeokuta**
(30% off accommodation rack rates).
- **Premier Hotel, Ibadan**
(15% off accommodation rack rates).
- **Chida International, Abuja**
(30% off accommodation rack rates).
- **Rockview Hotel, Apapa**
(30% on room reservation, discount on group lunch or dinner for 50 people and above).
- **La Campagne Tropicana**
Membership registration fee of N150,000 to be paid by ICAN family.
- **Membership of Beach Resort** for every ICAN family shall be for a fee of 250,000. Registered members of the beach resort shall enjoy 20% discount on weekends and 25% discount on week days on all their facilities.
- **Ocean Hotels and Suites**
(20% off accommodation rack rates).
- **Protea Hotel, Kuramo**
15% discount accommodation rack rate (Corporate).
20% discount accommodation rack rate with (volume rate).
- **Sheraton Hotel, Lagos** (38% off accommodation rack rates) (Corporate) (exclusive of VAT and service charge).
- **Orchid Hotels, Lekki**
(25% off accommodation rack rates) (exclusive of 15% charges) (30% discount on lunch and dinner).

WHISTLEBLOWERS' FUND

The aim of the Fund, which has an initial take off capital of N50 million, is to protect ICAN members and the Public from any form of reprisals or victimisation when an alarm is raised on financial impropriety by public or private establishments, individuals or groups within the country.

The Fund is also to assist whistle blowers in litigation expenses reasonably incurred and to assist members of the Institute to discharge their professional duties without fear of being victimised.

Members are hereby encouraged to fulfil their membership obligation to the Institute to benefit from these incentives.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

IN THE ACCOUNTANTS' DISCIPLINARY TRIBUNAL
HOLDEN AT VICTORIA ISLAND, LAGOS

CHARGE NO: DT/013350/2013

BETWEEN:

ICAN COMPLAINANT

AND

STEVE OWUOGBA RESPONDENT

JUDGMENT

This is the judgment of this Honourable Tribunal in respect of the two (2) count charge brought against the Respondent. The charges as contained in the charge sheet dated 26th April, 2013 are hereby reproduced below:

1ST COUNT
STATEMENT OF OFFENCE

INFAMOUS CONDUCT IN A PROFESSIONAL RESPECT contrary to Paragraph 1.2.0 (e) of Chapter 1 of the Rules of Professional Conduct and Guide for Members of the Institute and punishable under the said Rules and Section 12 (1) (a) of the Institute of Chartered Accountants of Nigeria Act, Cap. 185, Laws of the Federation of Nigeria, 1990.

PARTICULARS OF OFFENCE

That you, **STEVE OWUOGBA** (M), a Chartered Accountant, on or about 1st February, 2010 acted without integrity when you fraudulently granted loans and credit facilities totalling N84,711,839.79 (Eighty-Four Million, Seven Hundred and Eleven Thousand, Eight Hundred and Thirty-Nine Naira and Seventy-Nine Kobo) to various customers without documentation and also unilaterally approved and granted loans totalling N10,481,105.80 (Ten Million, Four Hundred and Eighty One Thousand, One Hundred and Five Naira and Eighty Kobo) which said loans had remained unpaid because the purported customers cannot be located thereby committing an offence contrary to Paragraph 1.2.0 (e) and Paragraph 1.2.5 of Chapter 1 of the Rules of Professional Conduct and Guide for Members of the Institute and punishable under the said Rules and Section 12 (1) (a) of the Institute of Chartered Accountants of Nigeria Act, Cap 185, Laws of the Federation of Nigeria 1990.

2ND COUNT
STATEMENT OF OFFENCE

INFAMOUS CONDUCT IN A PROFESSIONAL RESPECT contrary to Paragraph 1.2.0 (e) of Chapter 1 of the Rules of Professional Conduct and Guide for Members of the Institute and punishable under the said Rules and Section 12 (1) (a) of the Institute of Chartered Accountants of Nigeria Act, Cap. 185, Laws of the Federation of Nigeria, 1990.

PARTICULARS OF OFFENCE

That you, **STEVE OWUOGBA** (M), a Chartered Accountant, on or about the 1st February 2010 acted without integrity in your act of resignation from GOLDENCHOICE (MICRO FINANCE BANK) LIMITED as, being a Senior Staff, you refused to properly hand over duties when you resigned from the organization thereby committing an offence contrary to Paragraph 1.2.0 (e) of Chapter 1 of the Rules of Professional Conduct and Guide for Members of the Institute and punishable under the said Rules and Section 12 (1) (a) of the Institute of Chartered Accountants of Nigeria Act, Cap 185, Laws of the Federation of Nigeria 1990.

BRIEF FACTS OF THE CASE

A brief background into the facts of this case is necessary to understand and resolve the issues for determination.

The Institute of Chartered Accountants of Nigeria (*the Institute*) received from one Golden Choice Micro Finance Bank Limited (*the Complainant Company*) a letter of complaint dated July 5, 2010 against the Respondent. The Respondent, the erstwhile Managing Director/CEO of the Complainant Company, was alleged to have, amongst other things, fraudulently granted loans totalling N84,711,839.79 (Eighty-Four Million, Seven

Hundred and Eleven Thousand, Eight Hundred and Thirty-Nine Naira and Seventy-Nine Kobo) to various customers without documentation and also unilaterally approved and granted loans totalling N10,481,105.80 (Ten Million, Four Hundred and Eighty-One Thousand, One Hundred and Five Naira and Eighty Kobo). It was alleged that the said loans remained unpaid because the customers could not be located by the Complainant Company. The Respondent was also alleged to have conspired with the customers to defraud the Complainant Company.

The complaint was referred to the Accountants' Investigating Panel (**the Panel**) which looked into the allegations against the Respondent. At the end of its investigations, the Panel by its Concluding Report dated December 13, 2012 referred the Respondent to the Accountants' Disciplinary Tribunal (**the Tribunal**).

A two (2) count charge (earlier read in this judgment) was consequently preferred against the Respondent. He was arraigned on August 14, 2013 and pleaded not liable to both counts. Trial in the suit could not commence on the same day due to Respondent Counsel's objection that certain documents which had earlier been requested to be provided him/Respondent had yet to be made available to them.

Trial commenced on September 26, 2014 with the prosecution calling PW 1, one Mr. Soara Olalekan Popoola and tendering **Exhibit 1A** (Concluding Report of the Investigating Panel including several documents attached) and **Exhibit 1B** (Credit Manual of Golden Choice Micro Finance Bank Limited dated July, 2007). PW 1 could not be cross examined on that date due to Respondent Counsel's observation that Exhibits 1A and 1B, which were several bundles of documents, were not paginated or numbered.

At the sitting of the Tribunal on January 23, 2015, PW 1 was cross-examined by Respondent's Counsel. The Prosecution could not call its second witness (PW 2), the Chairman and representative of the Complainant Company due to his absence at the Tribunal Sitting. On the next adjourned date, February 23, 2015, proceedings in the suit could not continue due to the absence once again of PW2. When on the next adjourned date (April 29, 2015) PW 2 did not show up before this Honourable Tribunal, the Prosecutor prayed the Tribunal to close the case for the Prosecution in order for the Respondent to open his defence. His prayer was granted and the Respondent's Counsel opened his defence immediately by calling the Respondent himself as witness (RW1).

The Respondent in closing his case, tendered **Exhibit R1** (Respondent's Counsel's Letter dated April 4, 2013 addressed to the Registrar/CE of the Institute) and **Exhibit R2** (Respondent's Counsel's Letter dated February 3, 2010 addressed to the Deputy Commissioner of Police, Rivers State Command). The Prosecution thereafter informed the Tribunal that it had no cross-examination for the Respondent. The suit was consequently adjourned for adoption of Final Written Addresses by Counsel on both sides.

The suit came up before this Honourable Tribunal on November 19, 2015 with the Respondent's Counsel adopting his written address dated May 28, 2015 and the Prosecution informing the Tribunal that after "having considered and evaluated the evidence available to the Prosecution...we choose to concede this case to the Respondent and we urge the Honourable Tribunal to do justice in the circumstance." The Tribunal consequently adjourned the suit for judgment.

The Respondent's Counsel has in his Final Written Address raised a sole issue to be considered for proper determination and disposal of this case, to wit: **Whether the Prosecution has**

proved its case against the Respondent to secure a conviction on the alleged offences as required by law?

It is pertinent at this juncture to state that this Honourable Tribunal, although a Court of record, is not vested with the power to convict as alluded to in the Respondent's Counsel's Final Written Address. The Tribunal of this Institute is a domestic Tribunal properly constituted to adjudicate over matters of professional misconduct and infamous conduct in a professional respect involving its members, with its jurisdiction however lacking in and over criminal elements of such misconduct. Only the law Courts of our land are properly and legally vested with such powers of conviction in relation to any such criminal element and crime generally.

In the light of the above and also considering the Prosecution's stance in not filing its Final Written Address, this Tribunal shall therefore proceed to the only issue for determination as canvassed by the Respondent's Counsel: *Whether the Prosecution has proved its case against the Respondent to secure a conviction on the alleged offences as required by law?*

The first of the two count charge against the Respondent primarily alleges that he fraudulently granted loans and credit facilities in the total sum of N84,711,839.79 (Eighty-Four Million, Seven Hundred and Eleven Thousand, Eight Hundred and Thirty-Nine Naira and Seventy Nine Kobo) to various customers without documentation. He was also alleged to have unilaterally approved and granted loans totalling N10,481,105.80 (Ten Million, Four Hundred and Eighty-One Thousand, One Hundred and Five Naira and Eighty Kobo).

It is a well established principle of law that he who alleges must prove and this has been settled by our Courts in a long line of cases. In **Akunne Bosa Mbanefo Vs. Mofunanya Acbu & Another** LER (2014) SC 179/2007, Akaahs, JSC reiterated this position in its simplest expression to wit: **"It is trite that he who asserts must prove."** It is equally instructive to note that this principle is applicable irrespective of the nature of the case at hand, that is, whether the matter is a civil or criminal one. In **Alhaji Safianu Aminu & 2 Others Vs. Isiaka Hassan & 2 Others** LER (2014) SC 44/2002, Mary Peter-Odili, JSC echoed the words of the Supreme Court in **Oyovbaire Vs. Onamurhomu** (1990) 10 NWLR (Part 621) 23 at 34 - 35 to state that **"the general rule in civil cases is that the burden of proof rests upon the party who substantially asserts the affirmative before the evidence is gone into...the burden of proof lies on the person who would fail, assuming no evidence had been adduced on either side. Also in respect of particular facts, the burden rests on the party against whom judgment would be given if no evidence were produced in respect of those facts. Once that party produces the evidence that would satisfy the Court, then the burden shifts on the party against whom judgment would be given if no more evidence were adduced."**

The proceedings of January 23, 2015 where PW 1 (Mr. Soara Olalekan Popoola) was cross-examined are noteworthy. In his reply to Respondent's Counsel's question that "So, it is correct to say that there is no document before this Honourable Tribunal to establish that the Respondent fraudulently gave out a loan of N84 Million and some fraction", PW 1 stated "There is no such document." While under further cross-examination, PW 1 stated and in fact admitted that the documents to show that the Respondent unilaterally granted the alleged loans and credit facilities were neither part of nor contained in Exhibits 1A and 1B.

The Prosecution failed to carefully prove and establish in

particular and clear terms and through documentary evidence that the Respondent granted fraudulent loans.

The Tribunal observed that the Respondent in his testimony stated that he requested the Complainant Company to provide those documents that formed the basis of the allegations but these were never provided him or his Lawyer.

The Respondent, in his own evidence given on April 29, 2015, denied the allegation when he stated that *"I did not emphatically grant any loan unilaterally"*. The Tribunal observed that this part of the Respondent's testimony was not challenged by the Prosecution even when it had the opportunity to controvert same under cross-examination. Rather, the Prosecution decided not to cross-examine the Respondent. This Tribunal is not unmindful of the decision of the Court in **Odulaja Vs. Haddad** (1973) 1 ANLR 191 to the effect that ***"evidence not challenged by the party that had the opportunity to do so should ordinarily be believed and accorded credibility."***

It is clear and without doubt that the Prosecution, upon which rests the burden and duty of proof of the allegations against the Respondent, has failed to discharge this burden. Since the Prosecution failed in this regard, the burden cannot then be said to have shifted to the Respondent. In **Oredola Okeya Trading Co. & Another Vs. Bank of Credit & Commerce Int'l. & Another**, LER (2014) SC 96/2003, the Supreme Court per Muhammad, JSC stated ***"It is pertinent for me, my lords, to reiterate the position of the law that in our adversarial system of litigation, the law, always places the burden of proof in civil matters on the plaintiff/claimant/petitioner/applicant, as the case may be, to satisfy the court by leading concrete, cogent and valid evidence with a view to establishing his claim"***. The Supreme Court per Kekere-Ekun, JSC in **Charles Egbirika Vs. The State** LER (2014) SC.268/2009 held that ***"the duty of the prosecution is to establish its case against the accused person beyond reasonable doubt as enjoined by Section 135 (1) of the Evidence Act 2011 (as amended)...The position of the law is that the legal burden of proving its case against the accused person beyond reasonable doubt rests squarely on the prosecution and never shifts."*** See also the cases of **Esangbedo Vs. The State** (1989) NWLR (Part 113) 57 at 69 – 70; **Woolmington Vs. D.P.P.** (1935) A.C. 462.

This Tribunal is therefore of the opinion that whether from a preponderance of evidence (being the standard of proof required in civil suits) or proof beyond reasonable doubt (as required in criminal trials), the Prosecution has utterly failed to lead concrete, cogent and valid evidence to establish its claims and the culpability of the Respondent. The Prosecuting Counsel indeed acknowledged this fact in the proceedings of November 19, 2015 when he stated *"The Prosecution on its part did not file any Final Written Address. We elected not to file a Final Written Address based on what transpired during proceedings before this Honourable Tribunal in this matter. Having considered and evaluated the evidence available to the Prosecution and also the failure of the witness from the Complainant, Golden Choice Microfinance Bank Limited who we considered a vital witness in respect of the Prosecution's case to give evidence, we choose to concede this case to the Respondent and we urge the Honourable Tribunal to do justice in the circumstance"*.

This Honourable Tribunal in doing justice under the circumstance, therefore, is compelled to place reliance on the decision of the Court in **Charles Egbirika Vs. The State** (supra), where it was held that ***"Where the evidential burden placed on a party in respect of a particular issue is not discharged, the***

issue would be resolved against the party without much ado."

Count 1 is therefore resolved in favour of the Respondent.

The Tribunal shall therefore proceed to the second count in which Respondent was alleged to have *acted without integrity in his act of resignation* from the Complainant Company when he *refused and failed to properly hand over duties*. It is pertinent at this point to reproduce **Paragraph 1.2.0 (e) of Chapter 1** of the Rules of Professional Conduct and Guide for Members of the Institute under which the Respondent was charged. It provides: ***"Professional Behaviour – A Chartered Accountant should comply with relevant laws and regulations and should avoid any action that discredits the profession. A member should conduct himself with courtesy and consideration towards all with whom he comes in contact during the course of performing his work"***.

From the evidence led during the trial of this case, the Prosecution was unable to prove that the Respondent through his resignation from Complainant Company breached any *relevant laws and regulations*. Particularly of importance in this regard was whether the Complainant Company had any standard operating procedure or regulation providing for resignation and proper handover. None was tendered or admitted in evidence by this Tribunal neither was any evidence adduced to prove that the Respondent failed to resign and handover duties properly.

In his testimony, the Respondent stated that after having been threatened by the Chairman of Complainant Company, he resigned and *"handed over to the Head of Human Resources and of course called the Chairman then to let him know that I am going and of course his lines were not available."* It is apposite to also state here that the evidence of the Complainant Company as represented by its Chairman would have probably been important in proving the case of the Prosecution but the Chairman failed to show up before the Tribunal even after receiving several notices inviting him. These notices include letters dated April 16, 2015, November 2, 2015, email communication between the Institute's secretariat dated April 21, 2015 and telephone communication by a member of staff of the secretariat notifying the witness/Chairman of the Complainant Company (Mr. Ben D. Dimkpa).

In view of the foregoing, this Honourable Tribunal is constrained to also agree with the Respondent's Counsel that the Prosecution has failed to show that the Respondent refused or failed to properly handover after resignation. Moreover, the testimony of the Respondent that he resigned and handed over to the Complainant Company's Head of Human Resources remains unchallenged by the Prosecution.

Based on the entirety of testimony adduced by witnesses and the available evidence tendered and admitted, this Honourable Tribunal has come to the conclusion that the Prosecution has equally failed to establish the allegations contained in Count 2.

Accordingly, the Respondent is hereby discharged and acquitted of the charges brought against him.

This shall be the judgment of this Honourable Tribunal and same shall be published in the Institute's Journal.

Dated this 30th day of March, 2016

Otunba Olufemi Deru, FCA
Chairman, Accountants' Disciplinary Tribunal

ENVIRONMENTAL ACCOUNTING:

A Framework for Sustainable Growth and Development

By EUNICE NGOZI OKOROAFOR

The most widely-known definition of sustainable development is that given by the Brundtland Commission Report as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. If this is to be achieved, then environmental assets need to be protected and conserved and the consequences of their use and degradation must be incorporated into decision-making processes at all levels – individuals, corporations, national, and globally. The issue of sustainable management of natural capital is especially acute in many developing countries like Nigeria where natural resources form the principal source of income. This paper presents environmental accounting as a tool for achieving sustainable economic growth and development. It examines the structures upon which environmental accounting framework stands and concludes that it can be a framework upon which Nigeria can build economic and developmental policies in her efforts to achieve sustainable development.

Keywords: Environmental Accounting, Sustainable Development.

INTRODUCTION

Human relationship with the environment has gone through several stages. At the earliest of times, human beings lived in a state of symbiosis with nature. This was followed by a period of increasing mastery over nature up to the industrial age which culminated in the rapid material intensive economic growth pattern of the twentieth century and which has adversely affected the environment in many ways.

Environmental degradations are caused mostly by human

activity. The negative impacts of development are now becoming evident in the increasing degradation of the environment and scarcity of natural resources.

It is generally believed that given a reasonably free market, technology can, to a large extent, be depended upon to find substitutes for most scarce natural material resource inputs. Of course, this is with the exception of energy itself. But, be that as it may, there are no plausible technological substitutes for climatic stability, stratospheric zone, air, water, top soil, vegetable or species diversity (Lehman 1998). Degradation of most of these

is irreversible and their total loss would be catastrophic to the human race, and probably lethal.

Generally, technology can create many things but it cannot create a substitute for the atmosphere or the biosphere. According to Lehman (1998), technological optimism in this regard is simply misguided. For this reason, the protection of the environment has come to be identified as one of the major objectives of development. This brings to the fore, the concept of sustainable development.

Virtually all governments of the world have, at least in principle, made sustainable development the bedrock of their administrations. But, only a handful has actually done anything concrete to bring it into operational effect. One begins to wonder if the rest are paying lip service, or lack an understanding of what is at stake.

The concept of sustainable development addresses the issues of resource depletion and environmental degradation. Every economy, be it developed or developing, depends on the environment as the source of materials and energy. The environment also absorbs the waste products from human and economic activities, in addition to being the habitat for mankind. In effect, the very existence and survival of humans depend on the ability of the environment to provide necessary life support such as fertile soils, clean water, clean air, good climate, healthy ecological systems, aesthetic surroundings, etc, for society and its economy.

Economic growth and development, which are dependent on the reserves of these natural resources, are universally recognised as desirable. However, it is doubtful that future development and continued economic growth will not be jeopardised as a result of what has already been done to the environment in pursuit of growth and development. This is because noticeable negative impacts of development are becoming more evident in the increasing degradation of the environment and depletion of natural resource reserves. This has led to growing concerns over whether environmental constraints will limit development and hence quality of life of future generations.

It has been posited that there are limits to growth. Serious consideration of the reality of 'limits to growth' and the impact on sustainable development makes it imperative to establish a link between this fact and the importance of the inter-relationships between humanity and ecological processes. Results of studies to this end suggest that development should be based on prudent management of available natural resources and environmental capacities. For this reason, discussion of environmentally sound and sustainable socio-economic development has received increased attention from the international community. Another reason is that natural resources are inter-generational equity and as such they should be exploited responsibly since it has been established that the supply of natural capital is not limitless after all.

“The very existence and survival of humans depend on the ability of the environment to provide necessary life support such as fertile soils, clean water, clean air, good climate, healthy ecological systems, aesthetic surroundings, etc, for society and its economy”

OBJECTIVES OF THE PAPER

- ▶ To demonstrate that environmental accounting creates a process that holds economic entities to account.
- ▶ To examine the structures upon which modern environmental accounting stands.
- ▶ To demonstrate that environmental accounting is a useful economic tool in the quest for sustainable development.
- ▶ To demonstrate that Nigeria, being a resource-rich developing nation, urgently needs to adopt environmental accounting to enable it effect a better management of natural resources.

SCOPE OF ENVIRONMENTAL ACCOUNTING

Environmental issues have gradually taken the front burner among contemporary issues confronting man. Countries of the world met in 1998 under United Nations Framework Convention to discuss the menace of climate change that produced the Kyoto Protocol. In September, 2007, the world community held an interactive debate on Climate change at the UN headquarters in New York during which occasion, Nigeria's President Umaru Yar'Adua called on the international community to increase its financial and technological support to African countries to

cope with the challenges of climate change. It should be noted that it has become common knowledge that the African continent contributes least to environmental degradation, yet remains the most vulnerable and most adversely affected by climate change.

Thus, Yar'Adua's position seems to be supported by the Stern Review Report which is also of the view that those who produce green house gas do not face the full consequences of the costs of their actions themselves. Also, the Fourth Assessment Report of the Inter-governmental Panel on Climate Change (IPCC) observed that many of the poorest countries will be

hardest hit by climate change (IMF/World Bank Annual General Meetings, 2007).

In addition, one of the key issues discussed during the World Bank/IMF Annual General Meetings in October 2007 bordered on finding a strong and equitable global framework to address climate change. Another key issue centred on how the private sector, governments, and international financial institutions could share responsibilities in boosting investments that mitigate as well as adapt to climate change. The focus was on possible public-private partnerships that channel resources towards the most efficient carbon reduction and adaptation projects to achieve real impact (IMF/World Bank Annual Daily Meetings, October 2007). Many other world-wide conferences and meetings have taken place subsequently on the same issue. With the foregoing, it becomes clear that there are inter-boundary aspects of environmental problems. In line with that, environmental accounting naturally covers all aspects the environmental phenomena.

Environmental accounting can be used globally to meet

inter-boundary environmental needs such as in regional and multilateral co-operations and treaties to tackle climate change and regulation of carbon emission. Countries also use environmental accounting as a macro-economic policy instrument. Environmental accounting is also used at corporate level where economic entities incorporate the impacts of their activities on the environment in their accounts.

There are two dimensions to corporate environmental accounting and these are:

- i) Environmental financial accounting which focuses on incorporation of environmental liabilities and other environmental costs for reporting to external users.
- ii) Management or Managerial environmental accounting which has to do with the use of data about environmental costs and impact in business decisions and operations.

CONCEPTS AND MEASUREMENT OF SUSTAINABILITY

Sustainable development, according to the Brundtland Commission Report, is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development 1987). The foregoing definition does not necessarily mean the maintenance of the status quo. Although it is generally believed that it is in sync with the economists’ concept of capital and profit, issues of environmental resiliency are embedded in this apparently vague and generalised definition. And this has given rise to various approaches to sustainable development, or sustainability.

There are three broad concepts of sustainability viz; ecological, socio-cultural, and economic approaches. However, that which is of concern in this paper is the economic concept of sustainability.

Ecological sustainability lays emphasis on how to knowledge systems and environmental management practices that provide valuable insight and tools for tackling ecological challenges, preventing biodiversity loss, reducing land degradation, and mitigating the effects of climate change. Socio-cultural sustainability encompasses the social and cultural aspects of sustainability. The cultural dimension of socio-cultural sustainability refers to a situation in which individuals and communities face changes that do not violate their values and in which there is sufficient time to get used to such legitimate changes which support individual livelihoods in a manner that sustains the individual’s capacity to control his or her life (Rannikko, 1999).

Cultural factors also influence lifestyles, individual behaviour, consumption patterns, values related to environmental stewardship, and our interaction with the natural environment. Local and indigenous knowledge systems and environmental management practices provide valuable insight and tools for tackling ecological challenges, preventing biodiversity loss, reducing land degradation, and mitigating the effects of climate change.

According to a report by the Task Team on the post-2015 UN Development Agenda, consideration for the role of culture in sustainable development requires that due attention be paid to processes as well as outcomes (UNESCO Thematic Think Piece, 2012). The report emphasizes that development interventions that are responsive to the cultural context and the particularities

of a place and community, and advance a human-centred approach to development, are most effective, and likely to yield sustainable, inclusive and equitable outcomes. According to the report, “acknowledging and promoting respect for cultural diversity within a human right based approach, moreover, can facilitate intercultural dialogue, prevent conflicts and protect the rights of marginalised groups, within and between nations, thus creating optimal conditions for achieving development goals. Culture, understood this way, makes development more sustainable” (UNESCO Thematic Think Piece, 2012, p.5).

The socio-cultural sustainability underscores the importance of respecting and supporting cultural expressions as these contribute to strengthening the social capital of a community and fosters trust in public institutions. Conversely, cultural factors also influence lifestyles, individual behaviour, consumption patterns, values related to environmental stewardship, and our interaction with the natural environment. The foundation of the economic approach to sustainability is the Hicksian concept of income. Under this concept, a society that consumes its fixed capital without replacement is not sustainable. It has earlier been stated that this does not mean maintaining the status quo. Rather, sustainable development demands compensation for the opportunities forgone by future generations, because today’s economic activities change the level and/or composition of biodiversity in a way that will affect the flow of vital future ecological services, and narrow the options available to unborn generations (Munasinghe 1997).

Sustainability, from an economic perspective, can be strong or weak. However, these two are extremes of a continuum which reflect the degree to which one form of capital can be substituted for another.

Strong sustainability is based on the concept that natural capital is a complement to manufactured capital, and as such, cannot be substituted. Therefore, renewable resources can be exploited only at the natural rate of net growth. Non-renewable resources should be used minimally and only at the rate for which their renewable substitutes are available. Similarly, emissions of wastes should not exceed the capacity of the environment to assimilate them.

Weak sustainability, on the other hand, is based on the premise that the combined value of all assets remains constant. This means that it is possible to substitute one form of capital for another so long as the total value of all assets remains intact. In essence, natural capital can be depleted or the environment degraded so long as there are compensating investments in other types of capital – be it manufactured, human, or other types of natural capital.

It can be adduced from the above that weak or strong, the bottom-line is that the two concepts agree on the need to ensure that the stock of total capital assets is not depleted in pursuit of economic growth and development.

However, one contentious aspect of sustainability is how to measure it. A true measure of sustainability is achieved only if all assets are included in the accounts. Therefore, the inclusion of natural capital as part of a country’s wealth is a very important step towards achieving a true measure of sustainability (Lange 2003).

The underlying basis of measurement for strong sustainability

connotes physical measurement. But even among the proponents of strong sustainability are some who also recognise some degree of substitutability among natural assets. This means that the basis of measurement would be partly physical and partly monetary.

Those in support of weak sustainability have argued that prices can fully measure sustainability even to the limits of substitution (Dasgupta and Maler 2000). Of course, there are skeptics who point out the highly restrictive and unlikely conditions that must be fulfilled if prices were to provide a true measure of sustainability (Hamilton 2000).

However, a science-based evaluation system is now available to represent both the environmental values and the economic values with a common measure (Odum 1996). This unit of evaluation is known as 'Emergy'. It is the measure of the available energy that has already been used up, that is, degraded during transformation, to make a product. It measures both the work of nature and that of humans in generating products and services. According to Odum (1996), by selecting choices that maximise 'Emergy' production and use, policies and judgments can favour those environmental alternatives that maximise real wealth, the economy, and the public benefit. Thus, the whole essence of the concept of sustainability is to protect the environment so that it can continue to perform its three-fold functions to present and future generations maximally.

IMPACT OF SUSTAINABILITY CONCEPT

As pointed out in the preceding section, the whole essence of the concept of sustainability is to protect the environment so that it can continue to perform its three-fold functions to present and future generations maximally.

If this is to be achieved, then the environmental assets need to be protected and conserved. In addition, the consequences of their use and degradation must be incorporated into decision-making processes at all levels – individuals, corporations, national, and globally. This is especially important because the functions and impacts of environmental assets have the tendency to interact in a negative way both locally and across boundaries. As a result, many environmentalists have warned that unchecked economic growth would not be sustainable in the long-run because natural assets in the ecosphere are not infinite. They point out that human activities should be viewed as "part of an open dynamic socio-economic subsystem which is embedded in the global ecosphere" (Munasinghe, 1997).

It is such systemic view that gives better understanding of the negative interaction among the environmental functions and impacts. Put simply, a negative impact on one environmental function will generally result in reduced capabilities of the other functions. For example, overloading the waste absorbing capability (that is, sink function) of the environment will generally reduce the supply capability as well as life support functions. According to them, the rapid growth of the socio-economic subsystem is already overloading some of the capabilities of the ecosystem locally as well as globally (Munasinghe, 1997).

As a result of these 'alarms', the global profile of environmental issues has risen significantly during the past four decades. As far back as 1972, the state of the environment prompted the Stockholm Declaration during the United Nations Conference on Human Environment. A number of proclamations were made on

the need to take actions that would abate the degradation of the environment. In 1982, the world community assembled in Nairobi to commemorate the tenth anniversary of the UN Conference on the Human Environment. The assembly reviewed the measures taken to implement the Declaration and the Action Plan adopted at the conference. Serious concerns were expressed about the state of the environment, and the urgent necessity to intensify efforts, both globally and nationally, to protect and improve it was recognised.

Sadly, the state of the environment did not improve much, if at all. However, the Conference did much to create environmental awareness. The awareness thus created led to various national legislations and policies to protect the environment. Also, non-governmental organisations began to spring up.

The reason for the less than satisfactory results achieved could be attributed to the fact that the right strategic tools have not been applied as the initial reaction to environmental problems was a reactive approach characterised by increased clean-up activities. However, there has been an interesting and important evolution of attitudes over the last two decades. Both environmentalists and policy makers have come to accept a more constructive role for the economic analysis of environmental problems. This shift in perspective is attributable to the following reasons:

- i. Failure to make as much progress on the environmental front as had been hoped.
- ii. The realisation that part of this failure has been the result of relatively ineffective policies (Oates 1992).

Most recently, this attitudinal change towards environmental problems has evolved to encompass more pro-active design of projects and policies that will help anticipate and minimise environmental degradation. To this end, the world is currently exploring an approach that will permit continuing improvements in the present quality of life at a lower intensity of resource use. This will ensure that an undiminished or even enhanced stock of natural resources and other assets are left behind for future generations.

ENVIRONMENTAL ACCOUNTING APPROACH TO SUSTAINABILITY

Accounting is often perceived as a historically-based, drab and reactive discipline. This perception is largely due to a partial understanding of what Accounting actually is. For external reporting purposes, Accounting may necessarily be historical. However, it is at the centre of how an enterprise views, analyses and manages its finances and assets, as accounting systems can provide up-to-the-moment operational data with which to run an enterprise.

One approach to operationalise sustainable development has been the development of Environmental Accounting which incorporates the impact and role of the environment into conventional accounts. Environmental Accounting adds environmental information to the financial information of conventional accounting. It identifies, measures, and communicates the costs of past or future activities to the environment.

Being a system of accounting, Environmental Accounting can help economic entities identify environmentally damaging practices before they turn into major and significant expenses

that could be in the form of costs for pollution control devices, fines for exceeding regulatory limits, clean-up costs, loss of good will, etc.

By way of definition, Environmental Accounting is a system of accounting that identifies and measures the impact of an entity’s operations and activities on the environment. It is the process of “accounting for any costs and benefits that arise from changes to a firm’s products or processes, where the change also involves a change in environmental impacts” (Boyd1998).

THE NEED FOR ENVIRONMENTAL ACCOUNTING

But in order to accurately recognise and include environmental issues into macro-economic policies, environmental accounting has to be incorporated into the National Accounts. The National Accounts is particularly important because it constitutes the primary source of information about the economy and is widely used for analyses and decision-making at the macro-economic level. The decisions and policies thus made form the regulatory framework for both private and public enterprises for sustainable management of environment resources.

The issue of sustainable management of natural capital is especially acute in many developing countries like Nigeria where natural resources form the principal source of income. Experience has shown that an abundance of natural wealth has failed to substantially improve the lives of majority of the citizens as most resource-rich countries record below-average economic growth and development.

Part of the problem results from political pressure to use revenues from the exploitation of natural resources to fund current consumption without setting anything aside to compensate for the loss of natural capital. This induces rent-seeking behaviour which may be especially difficult to resist.

Another reason for the poor performance of resource-rich countries results from the ‘Dutch disease’ where a surge in foreign exchange earnings from mineral exports leads to currency appreciation. The result is that domestically manufactured goods become uncompetitive in world markets, generally discouraging diversification and growth. This problem is worse when there is a weak inter-sectoral linkage in the economy. That is why a country could appear to enjoy high economic growth as it depleted its natural resources, followed by economic collapse when these resources would have been exhausted because the depletion was not accounted for.

All of the above buttress the fact that the use of natural resources for sustainable economic growth requires careful macro-economic management. At first glance, resource-rich economies would appear to have advantage over less-endowed economies because their resources could provide funds for rapid development and poverty reduction. However, over the past 40

Table 1:
Resource Endowment and Economic Growth in Developing Countries

	No. of Countries	Annual per Capital GDP Growth 1960-1990
Resource – Rich		
Large economies	10	1.6
Small economies, of which	55	1.1
Non-mineral exporter	31	1.1
Ore exporter	16	0.8
Oil exporter	8	1.7
Resource – Poor		
Large economies	7	3.5
Small economies	13	2.5
All Countries	85	1.6

Source: Based on (Auty and Mikesell, 1998).

years the economic performance of resource-rich countries has been weak compared to those of resource-poor countries.

Table 1 summarises the result of a study by Auty and Mikesell (1998) which made a comparison of the economic performances of resource-rich against resource-poor developing countries, spanning a thirty-year period (1960 – 1990). The findings show that whereas the highest per capita GDP growth in resource-rich developing countries was 1.6%, the least for resource-poor developing countries was 2.5%.

THE IMPACT OF ENVIRONMENTAL ACCOUNTING ON GDP

Economic growth, as measured by the GDP and presented in the National Accounts, is important in raising the standard of living of the populace. But the truth is that the conventional system of National Accounts does not present a complete picture of the state of the ‘economy’.

The System of National Accounts (SNA) has a number of shortcomings in relation to the treatment of environmental issues. The conventional SNA records only the income from natural resources but not the corresponding depletion of the natural capital and so does not represent welfare accurately. Because the balance sheets do not fully record environmental and natural resources, important changes in their status are neglected. Also, abatement or clean-up costs only serve to inflate the national income as the corresponding damages are not included. Therefore, the GDP does not incorporate the negative effects of economic development such as environmental degradation and loss of natural capital assets.

The GDP and growth rates have been known to fall significantly below conventional figures when environmentally adjusted. The study on Indonesia’s natural resources and their subsequent depreciation by the World Resources Institute sank the GDP to below the conventional level (Repetto *et al*, 1989). Hence,

GDP as currently measured in most countries is an income that cannot be sustained given that environmental damages caused by industrialisation and development are neither accounted for nor incorporated therein. Thus, a country may appear to be enjoying high economic growth when, in fact, it is heading towards economic collapse as a result of depletion of natural capital that is not accounted for.

This led to a revision of SNA (UN *et al*, 1993) to incorporate environmental impact. The revised SNA addresses some of the problems, notably, by expanding the asset boundaries to include a broader range of natural assets such as minerals, natural forests, and capture fisheries. Even with the expanded coverage of the environment by the 1993 SNA, significant gaps still exist. An example such gap is in the valuation of non-marketed environmental services and environmental damage. Several

other revisions carried out subsequently to bridge these gaps have resulted in the System of Integrated Environmental and Economic Accounting (SEEA) 2003 (UN *et al*, 2003).

Norway was the first country to construct environmental accounts in the 1970s to address scarcity of resources. Other countries slowly followed suit with each developing the framework and methodologies to suit their peculiar environmental needs. With time, the World Bank, UN, EU, and other organisations began to make effort to standardise the frameworks and methodologies. From this evolved the SEEA (2003) as we have it today.

A number of countries, some developed, others developing have started operating systems of national accounts that incorporate the effects of economic development on the environment. The result is an environmentally-adjusted GDP (eaGDP), which is a more accurate measure of sustainable development. Nigeria, as

Table 2:
Countries with Environmental Accounting Programs

	Flows Accounts for Pollutants/Materials			Environmental Protection Resource Management	
Industrialised Countries	Assets	Physical	Monetary	Expenditure	Macro Aggregate
Australia	X	X		X	
Canada	X	X		X	
Denmark	X	X		X	
Finland	X	X		X	
France	X	X		X	
Germany	X	X		X	X
Italy	X	X	X	X	
Japan	X	X		X	X
Norway	X	X	X		
Sweden	X	X		X	X
UK	X	X		X	
US	X		X	X	
Developing Countries	X	X	X		
Botswana	X		X	X	
Chile	X	X	X	X	X
Korea	X	X	X	X	X
Mexico		X			
Moldova	X	X	X	X	X
Namibia	X	X	X		
Philippines		X	X	X	
Occasional Studies				X	
Colombia			X		
Costa Rica	X				
EU-15	X	X	X		
Indonesia					
South Africa					

Source: (Lange 2003)

shown by the published financial statements and the National Accounts, is yet to join this league.

A compendium of countries that have begun constructing environmental accounting at the macro-economic level, alongside the methods used, as well as the extent of coverage, was compiled by the World Bank in the 1990s. Between that time and 2003, environmental accounting received acceptance as a useful economic policy tool (Lange, 2003), and has continued to do so even now. **Table 2** identifies the major countries that have constructed employed environmental accounting programs.

The countries in *Table 2* have the most extensive experience with policy use of Environmental Accounting. Other European countries have also constructed environmental accounts but are not included here because of the limited policy analyses of the accounts. Of the developing countries, the Philippines, Botswana, and Namibia are particularly important because policy analyses were built into their environmental accounting design.

ENVIRONMENTAL ACCOUNTING AT MICRO-ECONOMIC LEVEL

There are mounting pressures on industries to engage in environmentally responsible operations. These pressures have resulted in a number of paradigm shifts. Some costs of doing business that were hitherto external to the firm are finding their ways into the financial statements. For example, the cost of keeping or the fine for not keeping regulatory standards regarding pollution are now included in financial statements.

The result is an emerging trend where firms are being held accountable for their operations that may have direct or indirect impact on the environment. Therefore, activities with adverse environmental impacts are becoming more costly to corporate operations, capital budgets, and even share prices.

Environmental Accounting deals with recognising and disclosing a company's environmental costs and liabilities in the financial reports. Environmental risks should not be ignored. They should be seen as part of important factors in running a successful business much the same way as product design, marketing, and sound financial management.

Most conventional accounting techniques and systems do not deal adequately with environmental costs. The existing practice is to lump them as overhead costs. This practice obscures information on such costs. As a result, managers are unaware of such costs. Neither do they have information on them nor any incentive to reduce them (United Nations Division for Sustainable Development, 2003).

Experience from countries where Environmental Accounting is practised has shown that as businesses more fully account for environmental costs and benefits, they will clearly see the advantages of pollution prevention (P2) practices. It is possible to reduce or even avoid environmental costs through pollution-prevention practices such as changes in product design, process re-design, input material substitution and improved operation and maintenance practised. For example, some environmental compliance costs are incurred only when use of a substance or generation of a waste exceeds a defined threshold. Therefore, a company that can reduce the use of such regulated substance or employ more environmentally friendly substitutes, can realise substantial cost savings from design, engineering and operational

decisions. The same is true for generation of waste products in which case the waste may be converted to more useful by-products.

It can then be seen that Environmental Accounting encourages Research and Development programmes which lay the foundation for technological and scientific breakthroughs and growth. It helps organisations to pursue excellence. Organisations are literally forced to focus their attention on the adverse effect of their activities when they have to bear the costs of such adverse impacts. They then begin to see the need to pursue such objectives as zero complaints, zero spills, zero pollution and zero waste (as in gas flaring), and zero accidents.

In a study of 29 companies carried out by "INFORM", a US-based non-profit organisation, between 1985 and 1992, it was established that companies with some type of environmental accounting programmes have on the average, three times as many pollution prevention projects as those without. In addition, the average annual savings per pollution prevention (P2) project in production facilities was \$3.49 per dollar spent. Besides these gains and returns on investments documented for P2 projects, an average of 1.6 million pounds (about 725,745kg) of waste were reduced for each project (EPA, 1995).

Given the above, the potential benefits of environmental accounting to the business community become obvious. Businesses and corporate executives and professionals in developed countries have come to the realisation of such benefits and have begun to place high priority on environmental accounting. For example, all but 2 of the 25 respondents to an informal survey conducted by George Nagle at the end of the Global Environmental Management Initiative (GEMI) conference in 1994, believed that environmental accounting issues would be more important to their companies in the near future (EPA, 1995).

Environmental Accounting at the micro level is subdivided into:

- i. Environmental financial accounting.
- ii. Environmental management accounting.

Environmental financial accounting at the corporate level refers to the estimation and public reporting of environmental liabilities and financially material environmental costs.

Environmental management accounting is concerned with gathering data related to the environment, which are converted through accounting techniques and processes into information useful for managers (Bennett and James, 1998). It can be defined as the "identification, collection, estimation, analysis, internal reporting, and use of materials and energy flow information, environmental cost information, and other cost information for both conventional and environmental decision-making within an organisation" (Sendroiu *et al*, n/a).

The primary aim of environmental management accounting is to better inform and also support decision-making processes that are influenced by environmental factors, especially as they relate to accounting financial management, environmental management, and operational management (Bartolomeo, Bennett, and James, 1998). Some of the specific objectives that this creates can be summarised as:

- Demonstrating the impact of environment-related activities on the income (profit and loss account) and /or

- balance sheet.
- Identifying cost reduction and other improvement opportunities.
- Prioritising environmental actions.
- Guiding product pricing, mix, and development decisions.
- Enhancing customer value.
- Future proofing investment and other decisions with long-term consequences.
- Supporting the sustainability of business.

To achieve the above objectives, environmental accounting applies the following techniques:

- a) Activity-Based Costing/Activity-Based Management.
- b) Total Quality Management/Total Quality Environmental Management.
- c) Business Process Re-Engineering/Cost Reduction.
- d) Cost of Quality Model/Cost of Environmental Quality Model.
- e) Design for Environment/Life-Cycle Design.
- f) Life-Cycle Assessment/Life-Cycle Costing.

However, the focus of this paper is mostly on national environmental accounting because they are used at macro level to formulate policies that are the bases of operation of both enterprises and corporations both nationally and internationally.

THE STRUCTURE OF ENVIRONMENTAL ACCOUNTING

The purpose of Environmental Accounting is the comprehensive measurement of costs and benefits of economic activities and their impacts on the environment. Besides the incorporation of environmental issues into economic analysis, environmental accounting creates a common scale of measurement that facilitates the compilation of economic-environmental aggregates ‘on a highly condensed level’ (Saleh 2000).

There are many different approaches and methodologies to environmental accounting. A critical look at the various approaches indicates that they are more complementary than mutually exclusive (Stahmer 1998). Their existence is generally due to the fact that the environmental needs and priorities of particular countries differ and each tailors its methods and approach to suit them.

The compendium of countries that had environmental accounting programs in place and their methods and the extent of coverage compiled by the World Bank in the 1990s was the first step towards an integration of the various approaches and methods. Working in concert with the United Nations Statistics Office (UNSO), the World Bank came up with the System of Integrated Economic and Environmental Accounting (SEEA). The SEEA is a satellite system of accounts that links environmental issues to the System of National Accounts (SNA). With the endorsement of the Statistical Commission (UN 1991) and confirmation by the United Nations Conference on Environment and Development, the SEEA was recommended in Agenda 21 for establishment in all member states at the earliest date (United National Conference, Resolution 1, annex II para. 8.42). Being so, the environmental accounting structure discussed in this paper is that of SEEA (2003).

The SEEA covers both national accounts, which describe economic activities, and environmental accounts, which includes all monetary and physical flows that describe the interrelationship between the environment and the economy. It comprises of four categories of accounts, summarised below:

1. Physical and Hybrid Flow Accounts

This set of accounts covers data on stocks of natural capital and changes in them. The resources are valued in physical terms. It also shows the flow of production and consumption processes thereby establishing cause-effect interactions within

Table 3:
Summarised Physical Flow Accounts

	Production	Final Consumption	Capital Formation	Rest of the World	Total for Economy	Total for Environment
Supply Products	X			X	X	
Natural Resources						X
Ecosystem Input						X
Residuals	X	X	X	X	X	X
Net Accumulation	X	X	X	X	X	X
Total Supply	XX	XX	XX	XX	XX	XX
Use Products	X	X	X	X	X	X
Natural Resources	X	X		X	X	
Ecosystem Inputs	X	X		X	X	
Residuals	X		X	X	X	X
Total Use	XX	XX	XX	XX	XX	XX

Based on SEEA 2003

the environmental sphere. Below is a summary physical flow account (UN *et al*, 2003).

2. Economic Accounts and Environmental Transactions

This set of accounts identifies expenditure undertaken to alleviate or rectify environmental damage. It also shows the revenue earned by means of fiscal and other policies targeted towards achieving sustainable development. It must be pointed out that the level of expenditure in these accounts do not directly show if this objective is achieved or not. They only give data which can then be used for analysis of the costs and benefits of reducing human impact on the environment.

3. Asset Accounts in Physical and Monetary Terms

The asset accounts are maintained for the three broad categories of natural capital viz: natural resources, land and ecosystems. These accounts use market values of natural resource inputs used in production to attach values or estimate the value of remaining stock of natural capital. This is useful in ascertaining whether there is change in the total natural capital stock and hence if the economy is operating sustainably.

4. Extending SNA Aggregate to Account for Depletion, Defensive Expenditure and Degradation

This category of accounts seeks to extend the conventional SNA accounts to incorporate the expenditures used to offset the damage done to the environment as well as abatement costs. These accounts are very complex both in concept and in practice as well as controversial. However, they are useful in establishing whether the resources are being depleted and if so, if adequate allowances have been made to build other forms of manufactured capital to augment the existing stock.

BENEFITS DERIVABLE FROM ENVIRONMENTAL ACCOUNTING

The major benefits derivable from the adoption of environmental accounting programmes are discussed below:

The 'Polluter – Pays – Principle' advocated by United Nations Environmental Program has been applied with good results in some countries (Tolba 1988). But in many others, like Nigeria, it is still not applied at all. The implication is that the source of environmental damage is often not held accountable for the harm caused. This should not be allowed to continue.

Environmental accounting provides a framework that enables the application of this principle. It provides policy-makers with indicators and descriptive statistics to monitor the interaction between the environment and the economy, as well as the progress towards meeting environmental goals.

Environmental accounting provides database for strategic planning and policy analysis that help to identify more sustainable development paths. It also provides appropriate policy instruments for achieving the identified paths.

One of the reasons given for the environmental risk faced by African developing countries is their heavy reliance on natural capital (World Bank, 1996). The use of natural resources reduces

the stock available for future generations. Intergenerational equity requires that opportunities of future generations, measured by their total national wealth including natural capital, should not decline over time (Hartwick, 1977). Environmental accounting improves our ability to weigh the trade-offs among competing uses of the eco-systems, and their changing capacity to supply critical goods and services for present and future well-being.

Environmental accounting also yields information that corrects pre-existing inaccuracy. One of the suggestions featured as a long-term agenda for environmental sustainability in a report on Sub-Saharan Africa (World Bank 1995b) is that prices of natural resources should be adjusted to reflect their real costs. Conventionally, the cost of an input is equivalent to its supply cost. However, environmental accounting provides the expected cost of environmental and workforce hazards which is added to the supply cost of the input to get the real cost of that input.

Poverty and high population growth, common features of developing countries, often induce land degradation and deforestation. These, in turn, lead to growing food insecurity and loss of biodiversity. The severity of these mutually reinforcing constraints often forces individuals to continue to rely on their own unskilled labour and on short-term exploitation of natural resources as the only way to survive. The principal concern of sustainability and of environmental accounting is the impact of our ill-informed social choices on intergenerational equity. The use

“Environmental accounting is a veritable economic and development tool as it provides the basis for various policies, such as fiscal policies, towards the achievement of sustainable development”

of natural resources for sustainable economic growth requires careful macro-economic management. Environmental accounting provides a way to measure total wealth, inclusive of natural resources, and to monitor changes in this indicator of sustainability as we alter some ecosystems to satisfy present needs.

Environmental accounting can provide basis for strong inter-sectoral linkages in the economy which is important in strategic planning and decision-taking. The management of specific resources and the

measurement of their economy-wide net benefit, which are readily supplied by environmental accounting data, can identify policies that have contributed to sustainable development and those that have not.

Thus, environmental accounting is a veritable economic and development tool as it provides the basis for various policies, such as fiscal policies, towards the achievement of sustainable development.

The long-term profitability of a firm depends on three major factors – quality of the product or service, the demand for the product or service, and its ability to produce efficiently. Firms that consistently produce efficiently create a sound competitive advantage for their enterprises. Efficiency in production means maximising output for a given level of input or minimising input for a given level of output.

A critical element of efficient production is the accurate and consistent measurement of inputs and outputs. This is because

measurement of variables enhances their efficient management. Without accurate cost information, there cannot be an adequate assessment of the profitability of a product, a department, or a firm; and so it becomes difficult to know what changes to make in order to improve profitability in today's highly competitive business climate.

Environmental cost accounting deals with identification and allocation of environment costs to material flows or other physical aspects of a firm's operation. Ideally, a firm should make effort to identify their relevant environmental costs and use the additional information to guide business decisions. However, most firms operate without recognising the magnitude of these costs. This leads to poorly informed decisions. Correcting this information gap is the primary purpose of environmental accounting. To the extent that environmental costs exist in almost every phase of a firm's operations, environmental accounting can support improved decision-making in many different applications throughout the organisation. In most cases, different products and services pass through different processes. Each process tends to have different environmental cost. When environmental costs are not adequately allocated, cross-subsidisation occurs between products and services. But environmental accounting data can provide managers and decision-makers with information to better understand the impact of their decisions. This information can then be used strategically to drive improved environmental impact. In the long-term, firms that properly account for the true environmental costs of their operations are in a superior position to meet future competitive challenges.

Environmental costs are impacts that result from activities that affect environmental quality. Even though these costs can constitute a significant component of a firm's overall cost structure, they are often either not tracked or are hidden in overhead accounts.

Quantifying the relative environmental costs of different processes and opportunities provides the information necessary for prioritising projects, allocating resources, and determining a firm's environmental strategic direction.

CONCLUSION

The seriousness of environmental issues can be seen by their increasing importance in policy discussions and even political elections in most countries of the world, especially the developed economies. Presently, environmental issues in Nigeria are characterised by reactionary decision-making, rancour, and confusion. There is conflict between those intent on protecting the environment and those intent on further economic development and exploitation of environmental resources. In addition, there are those seeking compensation for the degradation of their immediate environment and those absolving themselves of any blame with respect to the state of the environment in which they operate. The crises in the Niger Delta are environmental issues. So also are the various erosion sites that have continued to increase in number and rendering many homeless and isolated. All these conflicts and confusion can be taken care of in the future starting from now.

The *Forum for the Future* (2003) opines that development will not be sustainable if economic, social and environmental goals are not progressed simultaneously. It, therefore, asserts

that a conscious effort has to be made to identify, and avoid, the damaging trade-offs where, for example, a decision that is good economically is not beneficial environmentally or socially. It believes that the 'at the same time' (AST) test is important in helping to decide whether a decision contributes positively to sustainable development. Tools for carrying out AST test are complementary to existing quality and risk management processes and can provide a useful framework to bring disparate elements of these processes together. These tools can be used to help any person or organisation think through any decision, large or small, in a sustainable development context. The implication of the AST is that "if the decision was taken by considering the economic, social and environmental consequences (now and in the future) **at the same time**, then it may well contribute to sustainable development" (Accounting for Sustainability, 2003).

According to a report by SIGMA Project on sustainability, moving from traditional accounting to sustainability accounting requires adjustment and extension to the primary financial statements in the following ways:

- **Restatement of the profit or loss account** to show costs and benefits relating to economic, social and environmental performance (internal sustainability accounting).
- **Extension of the profit and loss account** to encompass the external costs and benefits to the environment, society and the economy, which are not traditionally taken into account (external sustainability accounting).
- **Extension of the balance sheet** to take account of the full range of assets (including intangible assets such as brands, human capital or reputation as they relate to sustainability); and 'shadow' liabilities (including liabilities relating to sustainability risks) of the organisation (The Sigma Project, 2003 pp. 11 & 12).

RECOMMENDATIONS

There is need for a holistic view of the environmental situation in Nigeria followed by the formulation of macro-economic policies and application of appropriate economic strategies to tackle the menace of environmental degradation even while pursuing economic growth. Environmental accounting is a veritable economic and development tool that provides the basis for various policies, such as fiscal and other regulatory policies, towards the achievement of sustainable development.

Appropriate laws and policies based on environmental accounting framework have greatly enhanced the abilities of those countries that have adopted this economic tool towards achieving sustainable development. A resource-rich country like Nigeria certainly will benefit in no small measure from this pro-active strategic economic tool in pursuit of sustainable development.

To achieve this, there is real need for legislation that will allow the incorporation of environmental accounting into our System of National Accounts as well as other government accounts so that we can keep track of the stock of our national wealth for better management. The reason is that you cannot manage what you don't know.

The Ministry of Niger Delta, Ministries of Environment, Agriculture, Water Resources, and many others will stand on

a good stead to achieve success if they avail themselves of the insight that environmental accounting can provide.

The National Accounting Standards Board (NASB) should be mandated to work towards fashioning out and issuing an Accounting Standard suitable for use for environmental purposes. There should be an environmental-specific Generally Accepted Accounting Principles (GAAP).

Maintaining environmental accounting will facilitate better management of our natural resources. Building national wealth from natural capital entails transforming natural resources into other forms of wealth. This is especially true of non-renewable resources like minerals which will eventually be depleted. It is also important in the management of renewable resources, which will not be depleted if managed sustainably.

Successfully transforming natural capital into other forms of wealth entails the following steps:

- i. Managing natural resources to maximise the generation of resource rent.
- ii. Ensuring that resource rent is recovered by an agent capable of reinvesting it.
- iii. Using such resource rents for productive investment.

Given the above, and the fact that the issue of financing the Ministry of Niger Delta, then newly-created, came up on the floor of the House of Assembly in 2009, it is strongly recommended that this ministry and all other such ministries be vested with powers to perform the above-listed functions. This will take care of funding by budgetary allocation to such ministries and agencies. This requires very strong political will and commitment. The fall-out will be an equally strong and urgent need to pay more attention to other sectors of the economy so as to develop them to levels where they can generate meaningful revenue for sustainable development. This way the whole economy becomes diversified.

There should be legislation and deliberate policies to encourage corporations to engage in environmentally friendly and responsible operations to minimise the extent of degradation of our environment. For example, if the cost of flaring gas is higher than the cost of converting same to usable forms of fuel/energy, it becomes unprofitable for the concerned firms to flare gas. In like manner, firms may begin to seriously consider recycling of non-degradable materials if they are held responsible for disposing them properly and it is more costly for them to dispose of them.

Stiff penalties and fines for not adhering to regulatory standards regarding environmental pollution should be put in place and adequately enforced. The result will be sustainable economic development in a cleaner and healthier environment for us all.

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Positioning the Nigerian Tax System for Social and Economic Development

By **ANYAFULU LAWRENCE**

This paper reviews the Nigerian Tax System, including the Nigerian tax laws, policies, and administration, against the background of recent tax reforms and amendments, to achieve a critical analysis of the contentious issues and factors that still prevent the system from attaining optimal performance. This is based on the belief that the stage of development of the Nigerian tax system is such that it is still far from meeting the challenges of Nigeria's social, industrial, and economic requirements. The work reveals the persistence of lack of accountability and transparency in government management of resources, absence of clear-cut tax policies to give guide and direction to tax administration, absence of tax legislation and amendments to tax the wealth of the rich in our society and boost small scale industries, lack of coordination and synergy in tax collection and administration at the federal and state levels, lack of education of tax payers on benefits and need for tax compliance, select application of tax laws, non-exploitation of the country's tax potentials, and levying of multiple taxes such as Education Tax, Information Technology Tax, Local Content Development Levy, taxes and rates at the state and local government levels, and high tax rates. The paper concludes that the Nigerian tax system needs to be restructured and positioned for effectiveness to provide resources, incentives, and direction for Nigeria's social and economic development. Finally, the paper recommends establishment of appropriate tax policies based on the country's industrial policy and long term efficient and equitable collection of taxes. It proposes a review of the Nigerian tax policy for purposes of expanding the Nigerian tax base, amendment and enactment of appropriate tax laws to correct observed loopholes and to boost industrialisation, and ways of exploiting the tax potentials of Nigeria and of instituting optimal tax systems.

Key words: Taxation, Nigerian Tax System, Tax Reform, Economic Development.

INTRODUCTION

Taxation can be defined as a compulsory levy by the government of any nation on the incomes or wealth, goods or services of individuals or corporate entities, within the national jurisdiction, for the purpose of generating government revenue, and for achieving economic and social objectives. The Oxford Dictionary of Accounting (2005), simply defines it as a levy on individuals or corporate bodies by central or local government for the purpose of financing the expenditure of that government and as means of implementing its fiscal policy. The same dictionary defines fiscal policy as the use of government

spending and taxation to influence macroeconomic conditions. Todaro, *et al* (2007), recognise two purposes of taxation in developing countries to include provision of concessions and fiscal incentives as means of stimulating private enterprise, and mobilisation of resources to finance public expenditures.

The history of taxation in any nation is as old as the political history of such nation. It has been employed by various governments as fiscal policy tool to achieve economic and social objectives, such as increasing government revenue and provision of social and economic facilities, redistribution of income from the rich to the poor, redirection of savings and investment,

boosting of industrialisation, export promotion, control of inflation or deflation, control of wasteful or harmful spending, protection of local industrial activities, and other social and economic objectives. The nature of taxation in any country makes up the tax system of such country. The Nigerian tax system is made up of tax laws, tax policies, and tax administration. The tax laws and policies are formulated by the legislative and executive arms of the government, respectively, while tax administration, involving the interpretation and application of the laws and policies, is carried out by relevant government agencies, such as Federal Inland Revenue Service at the federal level, State Internal Revenue Services at the state level, Revenue Committees at the local government level, and the Joint Tax Board. The challenge before the government has always been how to balance the twin objectives of using the Nigerian tax system to boost investment and industrial activities, and at the same time, increase revenue generation for the government and boost social development.

Todaro, *et al* (2007) also are of the view that the mobilisation of resources for public expenditure is more important as a purpose of taxation than provision of tax concessions and incentives for industrialisation. This position can only stand the test of time in the long run, and not in the short run, as most developing countries need to develop their tax base by boosting industrialisation. However, the regular feature in Nigeria has been that government tax agencies have focused efforts mainly on increasing revenue for the government at the expense of boosting industrial activities. It is true that the government needs more funds to provide infrastructure for economic development, but this finance, which partly comes from taxes, can only be generated from the profits of increased number of vibrant and well-established firms.

As such, it makes better economic sense for the government, as a matter of priority, to put more efforts in the direction of providing and implementing investor-friendly tax environment through tax incentives and reduction of tax burdens, to boost investment and industrial activities, before reaping the benefits of industrial growth and increased profits. Is it not wise to bake or cook an edible item before one can find the food to eat? Also, one can easily call to question, from observations in tax administration and practices, the revenue-generation effectiveness of the Nigerian tax system.

Nigeria, in recent years, has witnessed problems of select application of tax laws, levying of multiple taxes, misapplication of tax laws, and contentious provisions in the tax laws, such that manufacturing and tax paying groups have at one time or the other voiced their concern about the likely negative consequences of the observed lapses on boosting industrialisation and government revenue. Also, it is contradictory to have various tax incentives and concessions provided in our tax laws, while no concrete efforts are made to implement them. This work intends to come up with how the Nigerian tax system can be restructured and modernised for contributions to industrialisation and for increased revenue generation to the government, thereby enhancing the country's economic and social development. Friedmann (1972) cited in Jhingan (2007) defines development as an innovative process leading to the structural transformation of social system. Kindleberger (1965) cited in the same Jhingan (2007) views economic development as implying more

production output and changes in the technical and institutional arrangements by which it is produced and distributed. Todaro, *et al* (2007) see development as a multidimensional process involving major changes in social structures, popular attitudes, and national institutions, as well as the acceleration of economic growth, the reduction of inequality and the eradication of poverty. This work adopts the view by Todaro, which encompasses both economic and social development. As such, this paper reviews the Nigerian tax system by examining the Nigerian tax laws and administration against the background of recent tax reforms and government tax policies, so as to contribute to its effectiveness in boosting investment, industrialisation, revenue generation, and social development.

CHALLENGES FROM THE NIGERIAN TAX SYSTEM

A lot of challenges currently confront the Nigerian tax system. These challenges can be observed by a detailed review of the various tax laws in Nigeria as well as the application of these laws by tax administrators in the country, which is undertaken under each type of taxation as follows.

PERSONAL INCOME TAXATION

The Personal Income Tax Act taxes the incomes of employees, all self-employed people and individuals. The problem has been that this tax, so far, has been applied on employees in the formal sector on the basis of "Pay As You Earn" system, and sparingly applied on self-employed people who earn more than the employees. This has created a lot of inequity in the application of the tax laws, and has reduced the base for increased revenue to government.

There has been the problem of the informal sector not properly covered in the administration of the tax. These include the activities of most self-employed people as well as the activities of people in the rural areas. There has been also the problem of employers of labour not registering their workers for the "Pay As You Earn" system and thereby remitting no tax to relevant tax authorities. Apart from the assessment and tax payment problems, there has been the problem of reliefs and allowances granted to tax payers to reduce the burden of taxation and encourage compliance, not being in tune with realities. The tax burden has become unbearable for those who actually pay Personal Income Tax, and a fear for potential payers, hence spirited efforts are being made to evade and avoid such tax. This has been the reason for efforts by the government to increase the amounts of these reliefs every year by amending the Personal Income Tax Act, and yet the amounts which were provided fell short of economic realities.

Again, the Personal Income Tax system has not been effective particularly in the informal sector, because of lack of tax education by tax authorities and inadequate monitoring of activities of that sector. There is a limit to which the formal sector can be taxed, because of the existence of the organised labour, and government could not raise much revenue from this system of taxation. Also, a situation where the Joint Tax Board has been responsible for administering the Personal Income Tax law and the States responsible for collecting the tax, did not match fiscal responsibilities with fiscal jurisdiction. There has been a wide gap between the government and the people in transparent

management of resources and accountability, and between the tax administrators and tax payers, in communicating and explaining tax matters. This has been made more difficult because the agency in charge of administration has been different from the agency in charge of implementation. All these factors contribute to the low revenue yield from the tax system. The above issues have led to several amendments of the Personal Income Tax laws in the past starting from ITMA of 1961 which was amended and later replaced by the Personal Income Tax Act of 1993 due to variations in application by the states. Personal reliefs and allowances to tax payers were progressively increased in yearly amendments of the Act. The 1998 and 2011 amendments recorded major changes in the reliefs and allowances and other provisions of Personal Income Tax Act. In 2011, personal reliefs were consolidated into one, giving rise to consolidated relief allowance of N200,000, plus 20% of gross income, in addition to tax exempt deductions granted with regard to payments for National Health Insurance Scheme, National Housing Fund, Pension Scheme, Gratuities, and Life Assurance Policy. Penalties were introduced to curtail various offences ranging from failure to remit "PAYE" tax deducted at source, to failure to register employees and file tax returns. Penalty for non-complying employers was increased from N25,000 in 2002 amendment to N500,000 in the 2011 amendment.

The 2011 amendments contain the provision that an employer who fails to deduct, or having deducted, fails to remit shall pay a penalty of an amount of 10 percent of the tax not deducted or remitted, in addition to the amount of tax not deducted or remitted plus interest at the prevailing monetary policy rate of the Central Bank of Nigeria. The relevant tax authority has also been authorised in the 2011 amending act to issue warrant to distrain defaulting tax payers of their properties by applying through a high court, and to sell such goods within 14 day if the tax is not paid. These measures have been introduced to deter tax evasion, encourage compliance, and increase government revenue from Personal Income Tax. Yet these amendments have not been backed up with the education of the tax payers to keep them well informed and convinced on the need to pay tax. As such, the problem of increasing the rate of compliance with regard to Personal Income Tax laws has persisted.

COMPANIES INCOME TAXATION

In the period before 1992, Companies Income Tax rates were on the increase, which affected savings and investment. The period after 1992 witnessed measures by government to reduce Companies Income Tax rates and attract investment. Government took measures year after year to effect this. The rate of Companies Income Tax was reduced from 45 percent in 1970 to 40 percent in 1987, and to 35 percent in 1992, and further to 30 percent in 1996, till date. There has been also 20 percent concessionary rate from 1996 for companies engaged in agricultural and other activities, with turnover of not more than N1million. Rates for granting of Capital Allowances were continually adjusted to be in tune with economic realities.

In addition, the government scrapped the Excess Profit Tax in 1991 as well as the Capital Transfer Tax in 1996. However, the imposition of minimum tax on companies that incur loss or little profit in any year of assessment has been counterproductive. The

computation of the minimum tax on assets and capital, amounts to paying tax out of capital, and not out of profits, and has been counterproductive. The introduction of the Education Tax at 2 percent on assessable profit of companies in 1993 effectively increased the rate of Companies Income Tax, though the tax is computed separately and on a different basis. This tax has been part of the multiple taxes being frowned at by investors, because it has increased their burden and has been a disincentive to investment efforts.

PETROLEUM PROFIT TAXATION

The Petroleum Profit Taxation was introduced in Nigeria as early as 1959 under the Petroleum Profit Tax Act of 1959 (No.15) for taxation of oil companies engaged in upstream operations. Since its introduction, this act has been severally amended to keep it in tune with Nigerian government requirement of raising sufficient revenue for the government. It was first amended in 1967, then in 1970 and 1973, and subsequently in 1979. It relates to rents, royalties, margins and profit-sharing elements from oil mining, prospecting, and exploration leases. It covers oil and gas exploration and is complemented by two contractual agreements in operation, the Joint Operating Agreement and the production sharing contracts, between international oil companies and the Nigerian National Petroleum Company. The two contractual agreements have been operating outside the tax legislation. Whereas the Joint Operating Agreement imposes some operating and capital expenditures on the Federal Government, the production sharing contracts transfer funding responsibility and risks to the oil companies.

The Joint Operating Agreement, set out under Memorandum of Understanding, was first introduced in 1986 to provide necessary incentives to oil companies arising from oil shocks in the international market. These two agreements, the JOA and PSC, have been creating problems for the tax authorities, due to lack of coordination between the Department of Petroleum Resources in charge of monitoring and tax authorities. Though the rate of Petroleum Profit Tax is 85 percent, the effective rate usually falls between 70 to 80 percent, due to deduction of Memorandum of Understanding (MOU) credit. The computation of the tax is based on two formulas, the usual Petroleum Profit Tax and royalties, and the one with adjustment for MOU credit, referred to as revised government tax, where the tax payer is expected to choose the lower of the two. The revised tax guarantees an after tax margin based on oil level, or operating and capital expenditure. The MOU has not been integrated yet into the tax legislation, which makes the administration of the tax difficult. Again, the Nigeria's rate of 85 percent has been adjudged as one of the highest in the world.

The government has introduced incentives in the taxation of gas exploitation, gas development, and gas utilisation activities. Whereas gas exploitation and development activities are taxed under the Petroleum Profit Tax Act, gas utilisation activities are taxed under the provision of Companies Income Tax Act. The incentives for the upstream activities range from tax holidays, deduction of operating and capital expenditures, capital and investment allowances, to exemption from import duty and VAT. The downstream operators equally enjoy similar incentives and are taxed under the provisions of Companies Income Tax Act. However, the limitation of Capital Allowance counters the

incentive of granting accelerated Capital Allowance and serves as disincentive to investment efforts.

CAPITAL GAINS TAXATION

The Capital Gains Tax Act was first introduced in 1967 to guide the taxation of capital gains earned by both individuals and companies in Nigeria. The tax was initially levied only on individuals residing in the Federal Capital Territory and on all companies operating in Nigeria. In subsequent amendments, the government extended the tax to cover chargeable assets disposed by any individual living in Nigeria. The Federal Inland Revenue Service collects from companies on behalf of the Federal government while the State Internal Revenue Service collects from individuals on behalf of each state government. This tax has been inconsequential in the revenue generation of the government, due to a number of problems such as clumsy process of determining taxable gain, scarcity of records and disclosures, and complex provisions of the act.

VALUE ADDED TAX

Value Added Tax was introduced in Nigeria in 1994 to replace the Sales Tax. The taxation is being guided by the VAT Act No. 102 of 1993 as amended to date, and levied originally on 17 categories of goods and 24 categories of services. VAT has been designed to resolve the problems associated with the former Sales Tax system, such as narrow tax base, cascading and increased rate of evasion. VAT has been excluded from Federal jurisdiction by the 1999 constitution, though it is enforced by Federal legislation. It is a consumption tax levied at the rate of 5 percent on cost price of taxable persons, who are expected to add this amount to the price they will charge their customers, for collection and further remittance to relevant tax authorities on monthly basis. It adopts input-output tax mechanism, and is a multi-stage tax. According to the VAT Act, a VAT-able person is an existing manufacturer, distributor, importer, or supplier of goods and services.

The tax liability of Vatable person is the difference between VAT on output and VAT on inputs. Since its introduction, some items have been exempted from the tax, such as basic food items, medical and pharmaceutical products, books, newspapers and magazines, educational materials, baby products, commercial vehicles and spare parts, agricultural equipment, veterinary medicine equipment, medical and health services, services by community and mortgage banks, postal services, public telephone and telegram services, and so on. The credit method of collecting the tax is expected to take away any cascading effect. It has become a major source of revenue to the three tiers of government in Nigeria, and 15 out of the 42 sections of the act have been amended since its introduction. Revenue from the tax is being shared in the ratio of 15:50:35 among the federal, states, and local governments respectively in Nigeria. It is then shared among the states based on 30 percent for the state of origin, 30 percent for consumption/destination, and 40 percent for equality of states. The problem with administering the tax has been lack of invoicing and record keeping by businesses, and the existence of informal activities not covered by the tax system.

The introduction of the tax has led severally to inflation, due to the multi-stage nature of the tax. The contribution of VAT in reducing Nigeria's dependence on oil revenue has not been

much with a contribution that is still at single digit percentage. This is despite the efforts by the government to ensure VAT's effectiveness at the initial stage, by certain amendments in the existing tax structure to reduce general tax burden and encourage compliance. These include increased tax allowances and reduced tax rates, monetisation and taxation of fringe benefits under Personal Income Tax; deduction of R&D expenditure from gross earnings of companies, extensions of tax-free status to companies in the rural areas, granting of incentives based on infrastructure at the rural areas, and reduction of companies tax rate to 30 percent, under Companies Income Tax; and payment of Petroleum Profit Tax in dollars.

CUSTOMS DUTIES

Customs duties constitute the oldest form of taxation in Nigeria, having been first introduced in southern Nigeria due to trading activities in the area in 1960. They come mainly in the form of import duties and are charged as a percentage of the value of imports, or as a fixed amount contingent on quantity. Import duties are the highest yielding indirect or expenditure tax in Nigeria. The levying of custom duties is guided by the provisions of Customs and Excise management Act of 1958 as amended to date. At the early stages, customs duties were as high as 300 percent, but currently, the rates range between 2 to 75 percent. The tax is administered by the Nigerian Customs Service (NCS). In administering the tax, old tariffs structure are still being used, which run contrary to expected use of effective Customs and Excise tariffs. Several amendments have been made to existing tariffs. According to the Study Group on Tax reforms in Nigeria (2003), nearly 1500 tariffs lines have been amended in two years. This runs contrary to adoption of multi-year tariff regime, which ensures stability in the system. The contributions of this as source of tax revenue to total federally collected revenue have been on the decrease, failing from about 11 percent of total revenue in 2002 to 0.097 percent in 2003, and from that to 0.082 percent in 2004, and to 0.077 percent in 2005. It was about 0.055 percent of total federally collected revenue in 2006.

EXCISE DUTIES

Excise duties are an ad valorem tax on goods manufactured in Nigeria. It was introduced in Nigeria in 1962 and enforced by the Customs and Excise Act of 1962 as severally amended to date. The tax is administered by the Nigerian Customs Service (NCS). The duties have been abolished on most manufactured goods since 2001, except on some products still considered harmful, such as cigarette, spirits, alcohol, and bleach creams.

STAMP DUTIES

Stamp Duties are taxes on transactions that usually result to conveyance documents concerning bills of exchange, land transfers, promissory notes, debentures, bonds, covenants and warrants. It is backed up by stamp duty Act of 1958, codified as laws of the Federation of Nigeria cap 411. The tax is usually executed by the commissioner for Stamp Duties. They are made up of fixed duties and ad valorem duties. Fixed duties are fixed charges on documents being stamped irrespective of the value of the instrument such as payment receipt, bank notes, cheque leafs, guarantor forms, and proxy forms. Ad valorem duties vary

in accordance with the value of the instrument. The ad valorem tax is charged as a percentage of the value of the transaction. In such a situation, the commissioner or adjudicator needs to know the amount involved in the transaction. Currently in Nigeria, Stamp Duties have been extended to such relevant transactions undertaken by individuals, and such taxes are collected by the state governments, while such duties paid by companies are collected by the Federal Inland Revenue Service for the federal government. Exemptions include share transfer, shipping agreements, and documents from ministries and parastatals. The problem facing collection of the tax has to do with having clear demarcation between individual transactions and corporate transactions, with Federal agents trespassing to collect such duties from individuals.

REVIEW OF TAX REFORMS IN NIGERIA

The reform of the Nigerian tax system started as early as 1978. In 1978, a tax force on Tax Administration headed by Alhaji Shehu Musa was set up by the government. The tax force report focused on the following:

- Introduction of the Withholding Tax (WHT) regime.
- Imposition of 10 percent levy on banks' excess profits.
- Imposition of 21/22 percent Turnover Tax on building and construction companies.

The outcome of the report was the introduction of withholding tax on such payments as contract fees, professional fees, dividends, rents, interest, royalties, and payment for technical services, management services and contract supplies. The outcome of the report also led to the introduction of tax on excess profits of banks, as well as the increase of Companies Income Tax rate to 50 percent. The Excess Profit Tax has since been abolished as well as the Turnover Tax. In 1992, the government established two study groups on tax reforms, one was the study group on Nigerian Tax System and Administration headed by Professor Emmanuel Edozien. The other was the study group on indirect taxation headed by Dr. Sylvester Ugoh. The study group on Tax Administration recommendation was as follows:

- The establishment of Federal Inland Revenue Service (FIRS) as the operational arms of Federal Board of Inland Revenue (FBIR).
- Setting up of revenue services at the state and local government levels.

The study group on indirect taxation recommended a policy shift from direct taxation to indirect/consumption tax, leading to the evolution of VAT. The recommendations of these study groups have all been integrated into our tax systems. Then came the setting up of 2003 study group on tax reforms in Nigeria. The group reviewed the 39 taxes, levies and fees collectible by the federal, state and local governments in Nigeria as listed in the Taxes and Levies (Approved List of Collection) Act No.21 of 1998, and came up with recommendations to the federal government, some of which include:

- Nigeria to have a 24 clause national tax policy.
- Compilation of registers of individuals and corporate tax payers and issuance of smart tax identity cards for all tax payers.
- Raising of the threshold of personal Income Tax up to N200,000.

- Consolidation of personal Income Tax free allowances to a single bulk of 40% of assessable income and the highest income rate to be 20%.
- Limitation of special tax incentives such as tax holidays and import duty reliefs to only industries located in the rural areas, fully export oriented industries, solid minerals production companies, and oil and gas operations.
- A company to make profit before being exposed to companies Income Tax in any assessment year.
- Reduction of companies Income Tax rate to 20% from the current 30 percent.
- Companies with less than N50,000 turnover to henceforth pay its companies Income Tax to state where it operates at 2% of turnover or 20% of profits which ever is lower.
- Speedy constitutional amendments to confirm the legality of Value Added Tax (VAT) which should be shared among states after 3 percent had been deducted as part of its administration costs nationwide.
- Local governments to charge tenement rate and capitation rates and other clear-cut user charges for services directly beneficial to the citizens only.
- Sec. 17 of CITA, which empowers the tax authorities to treat the undistributed profits of a Nigerian company controlled by more than five persons as distributed and taxable, to be repealed on the basis that it is impracticable for the tax authorities to compel such companies to declare dividends against their wishes.
- Taxes should no longer be withheld at source from dividend, interest, rent or royalties income, of companies exempted from Companies Income Tax.
- The Investment Tax Credit of 15 percent on expenditure incurred by companies to replace plant or machinery should be amended to become a 15% investment tax allowance to safeguard state revenue. The study group recommended adoption of a simple tax system with two taxes, Income Tax and expenditure tax. The aim of the group was for Nigeria to have a tax system with a low tax burden.

The group also recommended a tax environment where a taxpayer is registered as "king" and a tax system with a human face as a strategic option. The submission of report of the study group led the government to set up a working group in 2004 to critically evaluate their recommendations and propose prioritised set of strategies which implementation would give effects to the reform of the Nigerian tax system. The working group set up by the government agreed with the study group on the need to redesign and manage the Nigerian Tax System to have sustainable economic growth, but disagreed with the study group on the recommendation of replacement of the existing tax systems with a broad based Income Tax and expenditure taxes. It also disagreed with study group on the recommendation that small companies should pay their taxes to states, because the Nigerian constitution currently do not permit such delegation.

The working group also recommended:

- That the rate of companies Income Tax should be reduced to 20 percent.
- That the assessment rules on commencement and cessation of business should be abolished.
- That the preceding year basis should be changed to current

year basis, holding that such could lead to significant increase in revenue to the government.

The two groups addressed macro and micro issues in tax policy and administration, which were the drafting of a National Tax Policy, Taxation and Federalism, Tax incentives, and Tax Administration. The recommendations of the study and working groups, and the contributions of various stakeholders in the Nigeria tax system, led to the enactment of the following tax amendment Acts aimed at addressing some of the problems inherent in our tax systems:

- FIRS Establishment Act of 2007 which now provides a solid base and autonomy for pursuing improved tax administration in Nigeria.
- VAT amendment Act of 2007.
- Companies Income Tax Amendment Act of 2007.
- Personal Income Tax Amendment Act of 2011.
- Petroleum Profit Tax Amendment Act of 2007.

The amendments took care of some of the issues highlighted as contentious and problematic in our tax systems, and still left other issues unattended to. The issues not yet taken care of and not yet resolved include the existence of inequality in the application of personal Income Tax among employees and self-employed individuals, the issue of allowances and reliefs granted to personal Income Tax payers not being in tune with economic realities, reduction of companies Income Tax rate from 30% to 20%, the repealing of the minimum tax provision under Companies Income Tax and repealing of Sec. 17 of CITA on taxation of undistributed profits of small companies, repealing of the provision for levying withholding tax on investment incomes of companies exempted from Companies Income Tax, and the existence of multiple and duplicating tax structures.

The implication has been that some of the problems facing the Nigerian tax system will persist for some years to come, without the government resolving major impediments to industrialisation, and increasing government revenue from tax sources.

REALIGNING THE NIGERIAN TAX SYSTEM FOR DEVELOPMENT

The forces that operate to shape the Nigerian tax system, which include the tax laws, tax policies, and tax administration need to be overhauled and restructured to position them for effectiveness in giving economic direction and in providing a conducive and attractive environment for investment and productive activities, and for generating sufficient revenue for execution of government activities, especially provision of infrastructural and social facilities.

In view of the existing loopholes and challenges in the Nigerian tax system, the relevant question is what measures could be adopted to increase the effectiveness and productivity of the system, and for realignments to make the system meet up with international best practices, and with the needs for social and economic development? These measures are addressed as follows.

ESTABLISHMENT OF APPROPRIATE TAX POLICIES

Rosen (1999) states that institutional and political setting do have effect on the way a tax policy is made. In line with political

realities, any government is expected to formulate appropriate national tax policy, based on that country's industrial policy and on long-term efficient and equitable collection of taxes to mobilise domestic resources for development. The Nigerian national tax policy should be based on the country's industrial policy and should be formulated to promote industrialisation, with the elimination of multiple taxes coming from the state and local governments, employment of competitive tax rates to attract foreign investments when compared with rates from other countries, and reduction of inequality of incomes by taxing more the wealth and incomes of the rich, and channelling of tax revenues to provision of more social amenities.

Long-term generous tax measures and incentives of five to ten years duration are needed to boost investment and industrialisation to create good profit and tax base. It should be based on harmonisation of efforts based on few taxes among the three tiers of government, and on employment of information technology systems in tax collection to reduce costs of tax administration and increase efficiency of collection.

ENACTMENT OF APPROPRIATE TAX LEGISLATIONS

Appropriate legislations and amendments are needed to correct observed loopholes in the Nigerian tax laws, in order to accommodate the needs for equity, reduction of poverty, attraction of investment, and boosting of industrialisation. The need to widen the personal Income Tax net to include more rich people in our society, and to tax their wealth, in order to eliminate income inequality and possibly reduce poverty through redistribution of those income, calls for tax legislation that can track the wealth and incomes of the rich in our society.

Also to eliminate the minimum tax provisions, which are based on capital and assets, and the taxation of undistributed profits of small companies in Nigeria, as well as other contentious issues, appropriate amendments to the companies Income Tax Act need to be made. The rest of the tax laws require new legislations, amendments, and repealing, to take care of contentious issues already highlighted and observed by tax-paying groups in Nigeria.

EXPLOITING THE TAX POTENTIALS OF NIGERIA

Nigeria needs to exploit more of its tax potentials, especially tapping from the high degree of inequality in the distribution of incomes, and boosting the industrial structure and other important economic activities for future exploitation. The high degree of inequality in the distribution of incomes in Nigeria, as seen by the wide gap between the rich and the poor, begs for taxation to reduce such inequality. The existing industrial structure should be well-exploited by effective concentration on few taxes and elimination of multiple taxes such as Information Technology Tax, Education Tax, Nigerian Content Development Levy. New industries should be encouraged to grow and mature by means of tax incentives and tax holidays, especially within the bracket of small and medium enterprises and new foreign investments. This falls in line with the conclusion of Jhingan (2007) that taxation should not only aim to raise revenue for the government, but act as incentive to boost savings and investment.

The informal sector, which includes self-employed individuals, artisans, and farmers, needs to be covered by the Nigerian tax system. Every income earner should pay according to the income

received. This is in line with the economist's notion of horizontal equity: people in equal positions should be treated equally, with wealth, income or expenditure as measure of equality. Record keeping of sources of income and categories of expenses should be encouraged by Tax Authorities, with tax computations based, as much as possible, on accounting records and audited accounts.

Nigeria has high population and varied economic activities, and the pooling together of taxes from various sources and persons, leaves the government with huge financial resources for channelling, according to priorities, to more demanding areas of our economy. The levying of more indirect taxes, which are easier and more economical to collect, especially taxes on luxurious items and non-essential services, is important to widen the Nigerian tax base.

INSTITUTING OF OPTIMAL TAX SYSTEMS

An optimal tax system can be described as one, which based on effective tax laws, policies and structures, minimises costs of tax administration and collection, maximises equity and fairness of tax payments and burdens, and optimises the revenue collected from tax sources. In this direction, Rosen (1999) argues that optimal taxation depends on a trade-off between efficiency and fairness, whereas Todaro, *et al* (2007) considers optimal tax system as being more important than optimal taxes. It is anchored on enabling tax laws and policies, information technology, and based on the efficiency and integrity of the tax authorities. This enhances the speed and efficiency of tax collection, and minimises costs of tax administration and compliance, while increasing tax revenue to the government. To evolve this type of system requires thoroughly honest, dedicated, and competent personnel to man the tax administration, an independent and self-regulating tax administration. It also requires the political will to implement necessary changes in tax laws and policies, and to impose taxes on the wealth and incomes of the rich and the privileged classes in the society.

The government will equally have to be transparent and accountable in handling public revenue, especially from tax sources, in order to encourage voluntary compliance in payment of taxes. Education of tax payers on reasons for taxation and the benefits, and methods of compliance and payments, will equally lead to effective tax systems and high revenue generation. The use of electronic systems via on-line computer facilities is very much needed for filing of tax returns, assessments, and payments.

CONCLUSION

Nigeria has made some bold steps in providing autonomy and solid foundation for improved tax administration through the FIRS Establishment Act of 2007, and some amendments of the various tax laws, especially the Personal Income Tax Amending Act of 2011, which consolidated the personal reliefs and allowances of a tax payer to a reasonable sum in tune with economic realities. However, there have been a lot of inactions on the side of the government with far reaching consequences. The government has not done much to expand the Nigerian tax base in terms of increasing the rate of industrialisation and the productive capacity using taxation as a tool and as means. The continued prevalence of multiple taxes such as Education Tax, information technology levy, Nigerian Content Development levy,

and rates/levies from States and Local Governments render the Nigerian investment climate uncompetitive and unattractive. Few new investments are coming up and existing ones are finding it difficult to survive. The resulting effects have been low level of investment, production, income, and revenue to the government.

Also, many rich Nigerians are outside the tax net and a lot need to be done to redistribute income from the rich to the poor by providing more social amenities and infrastructure so as to increase the country's standard of living and drastically reduce poverty. The facilitation of revenue generation through use of information technology and elimination of bottlenecks and corruption need to be tackled more to increase tax revenue. The failure of government in the transparent use of tax revenues to provide sufficient infrastructural facilities and boost tax compliance leaves much to be desired. As such, Nigeria needs a tax system that is well structured and positioned to provide direction, incentives, and resources for social and economic development.

RECOMMENDATIONS

In view of the above conclusion, the following recommendations are put forward to the government and policy makers on how to position the Nigerian Tax System to meet up with challenges of the country's social and economic development:

- A review of the Nigerian Tax Policy for purposes of introducing short-term strategy of expanding the Nigerian tax base by increasing the rate of industrialisation in the country, employing taxation as a tool and as means. The period of the strategy should be for at least 5 years for incubation of small and medium enterprises both locally and from outside the country in strategic sectors of the economy. This measure will precede efforts for revenue generation in the long-run.

- The pegging of the Nigerian Companies Income Tax rate at a very competitive rate of not more than 20 per cent, which will compare favourably well with what obtains in other parts of the world, is needed to attract increased inflow of investments into the country and confer comparative advantage on existing operations in the country.

- A review of the Nigerian tax laws, especially the Companies Income Tax Act for purposes of eliminating existing taxes other than the Companies Income Tax, elimination of the minimum tax provision, and shielding of companies from further rates and levies by States and Local Governments or allowing of those rates and levies as tax deductible expenses.

- Elimination of other controversial provisions in the Companies Income Tax Act, such as taxation of profits not distributed by small companies, and levying of withholding tax on investment incomes of companies exempted from Companies Income Tax.

- Expanding the Nigerian tax base by bringing the rich into the tax net and taxing not only their incomes but their wealth, especially those that exhibit affluence. This will enable the government to redistribute income from the rich to the poor by providing more social amenities, and reduce inequality and poverty in the country. This may warrant introduction of new tax laws.

- There should be harmonisation of tax efforts between the Federal and State governments, especially in Personal Income

Tax administration and collection, and other taxes collectible at both levels. The use of information technology for on-line tax assessment and payments, and the education of tax payers at the grass roots on the benefits of paying taxes, are needed for increase in revenue generation.

— Transparent use of tax revenues to provide social and economic infrastructures is desired for a conducive environment aimed at increasing individual and firm productivity and income, and to encourage increased tax compliance.

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Articles from other disciplines e.g. **Health/Medicine; Agriculture; Engineering; Education; Religion; Fashion; Construction; Oil and Gas;** etc, are welcome.

Opinion articles would also be accommodated.

2. All articles should be typed on standard A4 paper and must not exceed twenty pages in 12-point Time Roman font and double spacing.

3. The title page should include the title and author's contact information (no other page should include author's information).

4. The second page should include the title and an abstract of not more than 150 words.

5. The research paper must be properly referenced. The American Psychological Association style should be used in the following format:

a) In-text referencing: Author's name and year of work e.g. **Lucey (1997)** or **(Lucey, 1997)** at the end of sentence. Page numbers must be included for direct quotations e.g. **(Lucey, 1997, p.8)**.

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Baker, F.M. & May, A.J. (2007), *Survey Research in Accounting*. Unpublished manuscript retrieved January, 2008 from <http://www.maybaker.org/journals/webref.html>.

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Reducing the Social Cost of Business Through Eco-Efficiency

By **OKERE CHIMAOBI**

The society and the business stand to gain a lot from improved efficiency in the use of natural resources, with reduction in waste and pollution. The World Business Council for Sustainable Development (WBCSD) came up with the concept of eco-efficiency in 1992, in which year it was also endorsed by the Earth summit as part of the implementation strategies. Two decades after, the concept and its message remain alien in some parts of the globe.

THE STATE OF AFFAIRS

In developing economies like Nigeria, the social cost of doing business is high. Noise pollution, air pollution, deforestation, high level environmental degradation has become part of the daily life. From the extractive industry to the constructive industry, even in manufacturing, little or no attention is paid to the ecological impact of business: production processes are okay, so long as they cost less; the whole town can go deaf while the factory is running, provided the noisy plant is the cheapest the process owner could find in the market; the whole village can cave-in, while the miner burrows deep underneath searching for gold & diamonds, who cares; the natural habitat can go into extinction, farm lands can wither away, who cares, so long as the oil explorer has his vessels loaded on the high sea, sailing home; soil nutrients can leach-away or wash down to abyss, who cares, so long as there is timber in the saw mill; let the ground grow stiff with polythene and plastic, who cares, so long as the manufacturer feels good using these non-degradable materials in product packaging.

Who cares about innovation? Who cares about research and development? Who cares about social cost – the cost the society bears for playing host to the business and its activities. Who cares to know where the fumes from the plants rest? Flare gas and pay penalty; how much of the penalty can be saved, at the highest

interest rate possible, to counteract the ecological impacts of gas flaring? Who cares?

Against this backdrop, every well-meaning corporate citizen should care about the social costs of doing business, and think towards eco-efficiency. But then, what is eco-efficiency?

WBCSD defined eco-efficiency as a management strategy of “doing more with less”: creating more goods and services using fewer resources and creating less waste and pollution. Eco-efficiency is about businesses reducing the environmental impact of production. It is about reducing resource intensity throughout the product life cycle.

Eco-efficiency pursues three core objectives, namely:

- Increasing product/service value.
- Optimising the use of resources.
- Reducing environmental impact.

INCREASING PRODUCT & SERVICE VALUE

The real value of a commodity is seen in its effectiveness in meeting the necessitating need. Also, the more needs a commodity serves, the more valuable it becomes; the less the number of complimentary products required, and the less the pressure on the resource base. Durability also adds value to products and reduces the frequency at which such commodities are replaced. Thus, with increase in product/service value, more needs would be met with fewer resources.

OPTIMISING THE USE OF RESOURCES

This calls for reduction in waste. Much more than industrial waste, the losses in natural resources created in the production/extraction process, sometimes outweighs the would-be benefits: the number of young trees damaged in felling a single tree for timber; loss of aquatic lives and natural vegetation, loss of

farmlands and crops, just to produce crude oil; the equation does not balance. Destroying other natural resources to create value from a single resource is a step in the wrong direction: a step towards poverty, hunger and economic strait-jacket.

Optimality in the use of natural resources entails making the best out of the value potentials of the various resources found within the eco-system, thus creating more goods and services, and creating more value for both business and society, with minimal level of waste.

REDUCING ENVIRONMENTAL IMPACT

The environmental impact of business, on the society, is a major denominator of the social cost of business. The scare which production activities of the business leaves on the physical environment degenerates into wounds that threaten environmental sustainability and the safety of the society. For example, a road construction project cutting across some local communities in Abia & Akwa Ibom States (Nigeria), less than 30% complete, in one of the communities (Obohia – Ndoki – Abia State) the contractor has created 3 borrow pits, each measuring about 100 feet in depth and 120 feet in diameter, all located within a radius of 3 kilometers. How many of these holes would be dug across these communities by the time this project is completed? Building access roads for development and at the same time creating access routes for erosion and land slide; the latter may come faster than the former; should both come simultaneously, the latter would cripple the former. In the same vein, oil producing communities suffer high soil acidity from oil spillage and threat of acid rain from continued gas flaring; widespread deforestation is chasing wildlife into extinction and bringing desertification closer. Environmental sustainability must not be sacrificed on the altar of reckless profiteering.

Reducing the environmental impact of business translates into increased resource productivity, and more value creation with an assurance of environmental sustainability. Eco-efficiency, through these three objectives, seeks to ensure sustainability in wealth creation and economic development.

Eco-efficiency places greater emphasis on:

- Reduction in resource intensity of goods & services.
- Reduction in toxic emissions.
- Improved recyclability.
- Maximum use of renewable resources.
- Durability of products.
- Increased service intensity of products.

MOVING FORWARD

In entrenching eco-efficiency, two issues must be given pride of place in strategic business planning:

- Technological innovation.
- The transformative role of business.

Technological innovation: Employing state-of-the-arts technology in production reduces waste and increases productivity. This is true in all industrial processes across the various industrial divides: from tree felling and fishing, to mining and exploration; from construction and manufacturing, to trade and services. It is therefore imperative to embrace technological innovation so as to create businesses and business processes that make for sustainable development.

The transformative role of business: In the face of poor governance, weak legislations and inefficient regulations bedeviling the developing economies, there is heavy reliance on businesses as the major drivers of economic and social transformation. For this transformative role to be delivered effectively, extreme profiteering instincts must be diluted with improved environmental performance; ecological impacts of business must be kept low. This transformative role calls for voluntary compliance with international best practices even where government regulation is weak or absent. Product designing and the production process should be able to “design-out” waste, reduce inefficiency and adapt to new products that are eco-friendly and service-compact. Hence, there should be as much investment (even more) in research and development as in customer relationship management and advertisement.

Technological innovations powered by research and development will speed-up the transformative role of business. Improved production processes will reduce the rate of toxic emissions; reduce waste; increase productivity; reduce environmental impact and ultimately reduce society’s losses occasioned by business activities. Then eco-efficiency would be in place; society and the physical environment will be safe.

No doubt, eco-efficiency has financial implications on the part of the business, but these financial commitments are a far cry compared to the long term benefits accruable not only to the society, but also to the businesses themselves.

BUSINESS BENEFITS OF ECO-EFFICIENCY

1. **COST SAVINGS:** Reduction in resource intensity of products and services results in cost savings, for the business.
2. **RISK MANAGEMENT:** By designing-out toxic waste from the production process, the business frees itself from potential liabilities arising from environmental pollution.
3. **INCREASED REVENUE:** By creating new products that are eco-friendly, the business creates for itself more markets and more revenue.
4. **ENVIRONMENTAL PERFORMANCE:** Reducing environmental impact, promoting recycling and re-use of waste has the potential of improving environmental performance. This in itself can create competitive advantage for the business.
5. **REPUTATION MANAGEMENT:** Communicating these efforts to stakeholders would help bolster corporate image, while promoting good environmental stewardship.

CONCLUSION

Towards reducing the social costs of business, eco-efficiency preaches increased resource productivity: harnessing the natural resource base to produce more goods and services with minimal waste, without destroying the golden goose that lays the golden eggs.

Social costs accumulated over-time translates into business costs and liabilities which impinge on business profitability. The right way to promote sustainable business profitability is by reducing the social costs of business. The way out is ECO-EFFICIENCY!!! ●

★ Okere Chimaobi is a member of the Institute.

Unlocking the Value of Audits

By **TOLA ADEYEMI**

The financial statement audit has long delivered compliance and confidence, and it will continue to do so. But in today's business environment this may not be enough as two factors are driving the need for a transformative change.

One driver of change is rising expectations; stakeholders are demanding more transparency from companies in the wake of the economic crises and scandals of the past few years. The Public's trust in the integrity of business is at a low point and the audit profession can and must play an important role in the restoration of confidence.

The other driver of change is advances in technology. Organisations and investors now have access to a breadth and depth of information that would have been unthinkable a decade ago. The most enlightened of companies are making use of that information to give them a competitive edge.

While auditors have always relied on their analysis of available data and information to assess the accuracy of the financial statements and aid them in reaching an audit opinion, they by and large use methods like sampling to do so today. Auditors should be equipped to leverage more of the available information to further enhance the quality of the financial statements audit and deliver additional insight and perspective.

Data analytics is the science of examining, inspecting, cleaning, transforming and modelling data with the goal of highlighting useful information, suggesting conclusions, predicting likely outcomes and supporting decision making. Data analytics opens the possibility of auditors providing independent assurance on areas of corporate activity, hitherto outside the audit purview, that are of great interest to a wide range of stakeholders.

The Nigerian audit profession should go broader and deeper beyond statutory requirements, to realise the value of data that is available.

The Power of Data Analytics

Data analytics is the key to unlocking the rich information that

businesses hold. Data analytics helps the auditor to explore more deeply and widely historical financial information to gain fresh insights into the areas of corporate reporting that audit firms have traditionally focused on. But it also gives auditors the tools to go beyond the current financial statements in three ways: first, to examine critically and independently corporate managers' projections of future business trends that can impact reported financial balances; second, to analyse non-financial data that are often regarded by investors as more significant drivers of value than financial data; third, to examine external data that are often regarded by investors as more significant drivers of value than financial data; fourth, to examine external data that affect the company being audited, such as trends in relevant markets.

The capabilities of data analytics and the value it unlocks for the audit profession are discussed under the following headings:

- The benefits of hindsight;
- The importance of insight; and
- The advantage of foresight.

The Benefits of Hindsight

Audits have traditionally focused on looking back; analysing transactions and other data from past activities. While audits enhance confidence that financial statements comply with standards governing their preparation, they do not release the value of data.

Using data analytics in the audit profession can make the analysis of the past more insightful. Rather than sampling transactions data to test a snapshot of activities, auditors can now analyse all transactions processed, allowing them to identify anomalies and drill down on the items that show the greatest potential of being high risk.

The ability to test a larger and more complete data population provides more extensive audit evidence and enables the identification of outliers and anomalies for further investigation, therefore enhancing the auditor's ability to provide assurance

over the financial statements.

The Importance of Insight

Audit evidence and business insight are two sides of the same data. An audit process driven by data analytics leverages the data obtained by the auditor and turns it into insights for the benefit of audit committees and management. Data analytics would help various industries see their business from a different perspective – whether through benchmarking and peer comparison, use of external and unstructured data.

The value of data does not come from the data itself, but the insights that emerge out of it. These insights provide auditors with a broader business understanding and enable them to ask more meaningful questions during the audit.

The ability to deliver enhanced insights through data analytics also has significant benefits to businesses. Nigeria audit professionals will broaden their business acumen and heighten their understanding of clients’ businesses. Audit quality will be enhanced, and so will the auditors ability to deliver the kind of insights investors – and stakeholders throughout the market –

are demanding.

The **chart** below presents a few examples of areas in which the application of data analytics in the audit could potentially enhance quality and provide valuable insights to auditors and clients on a company’s financial operations.

The Advantage of Foresight

The future can’t be predicted – but having a view of what it is likely to bring can make all the difference. By looking ahead and anticipating scenarios, an audit can play a major role in identifying the future risks facing an organisation and quantifying the impact they could have on performance. It can also help to identify opportunities, giving organisations the foresight to take advantage.

Through predictive analytics, using historical performance trends and giving effect to current market events, auditors are better prepared to assess future performance. Through correlative data (macro and microeconomic indicators) auditors can assess predictive performance and, where appropriate, share sensitivity analysis with management and the audit committee.

Data and Analytics provide professionals the space to focus on every step of the process, from planning to completion. They can bring their judgment to bear on higher risk areas, rather than being held up in the analysing of data. This broader view means that they can identify trends, risks and opportunities. These insights give organisations the information they need to better anticipate possible futures and to plan ahead more effectively.

A significant number of companies in Nigeria are investing heavily in Information Technology and massive data storage capacity due to the increase number of transactions processed by these industries. By effectively interrogating and understanding data, companies can gain greater understanding of the factors affecting their performance – from customer data to environmental influences – and turn this into real advantage. Data analytics is helping businesses to become smarter, more productive, and better at making predictions.

Globally, audit firms are investing heavily in developing proprietary audit software and analytical tools that are enabled to perform data analysis. It is clear that the Nigerian auditor must invest in capacity development and also the right tools and technologies required to match the needs of various stakeholders in the capital market.

Data analytics is not another technology fad but a paradigm shift. It challenges the way financial statement audits are currently approached in Nigeria. The Nigeria audit profession must collectively brace up for the transformative change and the immense possibilities available under data analytics. ●

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	Enhancements to Audit Quality	Insights Provided
Revenue and Accounts Receivable	Identifies discrepancies in price and quantity between invoices, sales orders and shipping documentation	Identifies stock-outs and customer orders outpacing shipped products
Segregation of Duties	Pinpoints areas of increased risk by identifying incompatible duty assignments and specific transactions where such duties occurred	Identifies internal control deficiencies related to users having the ability to perform two or more incompatible duties and specific transactions that could warrant management attention (e.g., process, control or business opportunity improvement)
Purchases and Accounts Payable	Analyzes purchases to identify significant or unusual items (e.g., invoice price discrepancies versus originally purchased products)	Identifies purchase trends and activity with vendors that are either not authorized or where there are concentrations of spending activity
Supply Chain	Identifies risks resulting from the concentration of suppliers in a particular region	Identifies potential issues if suppliers are affected by regional disruptions or highlights country-specific or market concentrations of risk
Supply Cycles	Determines vendor cycles to understand average time between the purchase order and goods receipt to help determine impact on inventory costing, potential valuation concerns and the performance of the business that could signal the need for impairment considerations	Identifies vendors with long lead times that may impact production and operational targets to create risk in the supply chain

“Testing the Validity of Pecking Order Theory in Assets Financing”

EVIDENCE FROM NIGERIAN BANKING INDUSTRY

By MOHAMMED BABA YAHAYA
and YAHAYA ABDULLAHI GEIDAM

The study applied some statistical tools (tables, percentages and histogram) and correlation analysis on total assets, total debt and total equity for 2011 and 2012 to test the validity of pecking order theory on a sample of 10 commercial banks in Nigeria. Findings from the study showed that the banks' assets financing decision is consistent with pecking order theory, because over 80% of the assets finance was from debt capital, meaning that all the banks in the sample preferred debt finance over equity. Finally the findings deviate from static trade-off theory, because, the firms have no specific debt-equity target ratio in their capital structure.

Keywords: Assets financing, debt capital, equity capital pecking order theory.

1. INTRODUCTION

Assets financing decision remains a crucial issue in corporate finance over the years, that was so because wrong financing decision is a threat to corporate performance and overall survival of business organisations. Therefore, it became necessary for finance managers to locate the right source of finance and chose appropriate combination of debt and equity securities that can minimised the firm cost of capital, maximise the value of its operating cash flows and provides a suitable balance between short-term and long-term funding.

Assets financing, according to Butler (2008), “refers to the proportion of long-term debt and equity capital and the particular forms of capital chosen to finance the assets of the firm”.

Decision on how best a firm should finance its assets remained one of the most debated concepts in finance, because managers are expected to choose the appropriate gearing level that will give the highest firm value and maximise shareholders wealth, but taking into consideration the fact that each business is unique, access to sources of finance differs, the business and economic environment differs and each company have different objectives, then optimal assets financing decision becomes more complex.

However, despite the complexities surrounding assets financing decision, the issue according to Strýčková (2015) has been dealt with by various assets financing theories especially static trade-off theory and pecking order theory, although the validity of the theories is not universal as empirically tested by Graham and Leary (2011) because claims of one theory may at

times be in direct conflict with the claims of another.

The issue of assets financing decision in banks according to Gosh and Chatterjee (2015) remains relatively an under-researched area and the vast majority of previous studies on the issue focussed on developed markets, therefore there is need to examine and analyse the issue in emerging markets particularly Nigeria. Therefore, the study contributes to the existence literature, by been the first to analyse assets financing decision in Nigerian banking industry.

Objective(s) of the study: The study intends to investigate adherence to assumptions of pecking order theory by Nigerians banks in relation to assets financing. It intends to analyse the banks' total assets, the elements that makes up the total assets, so as to examine whether the banks' assets financing decision is consistent or closer to the assumptions of pecking order theory. The study therefore, intends to test whether the assumptions of pecking order theory are good approximation of reality or not.

2. LITERATURE REVIEW

Decision on how best a firm should finance its assets remains one of the most complicated financing decision face by corporate managers, because there is no universal theory that spelt out the appropriate combination of different source of funds to finance firms' assets. However, despite absent of universal theory on assets financing, the issue according to Strýčková (2015) has been dealt with by assets financing theories and the most common theories will help to understand firms' financial structure are; static trade-off theory and pecking order theory.

2.1 Static Trade-off Theory

This theory according to ICAN (2014) suggests that firm have an optimal level of gearing and a target debt-equity ratio, therefore in choosing the method of financing for a new investment, the firm will try to maintain or achieve that optimal gearing level. The optimal gearing level for a company is reached at a point where the marginal benefits of taking on additional debt capital equals the marginal costs of taking on the extra debt. In other words, optimal level of gearing is achieved by balancing the benefits from interest payments and costs of issuing debt.

According to the theory, firm with more tax advantage will issue more debt to financed business operation and the cost of financial distress and benefit from tax shield are balanced, while companies which have high cost of financial distress would have less debt in their capital structure.

2.2 Pecking Order Theory

Pecking order theory, according to Graham and Harvey (2001), assumes a different view of gearing and methods of financing new investments, because firms do not have a specific debt target ratio, instead the firms use external financing only when internal funds are insufficient. The theory, according to Myers (1984), suggests that due to information asymmetry between mangers and shareholders external funds are undervalued in relation to the degree of asymmetry, therefore if firms use external funds, they prefer to use debt, convertible securities, and, as a last resort, equity.

Meaning that there is preference and hierarchy in assets financing, where by internal sources of funds are preferred

and external funds are accessed only after internal sources are exhausted. External debt is the preferred external funding source while external equity is used only as a last resort. This means that if a company has an opportunity to invest in a capital project with a positive net present value, it will prefer to fund the project from retained profits. If it is unable to do this, it will look for debt capital to finance the investment. Only if retained profits and debt capital are unavailable the company will consider a new issue of equity.

Empirical literature on pecking order theory provides mixed findings, for instance Strýčková (2015) analysed a sample of small and medium-sized enterprises operating in the manufacturing and processing sectors in Czech Republic, the results of the survey revealed that firms' financing decision is consistent with the pecking order theory.

Graham and Harvey (2001) surveyed 392 Chief Financial Officers in U.S. about the cost of capital, capital budgeting, and capital structure. The outcome of the survey reveals that executives rely on informal rules when choosing their capital structure. The survey further reveals that Firms are concerned about financial flexibility and credit ratings when issuing debt, and earnings per share dilution and recent stock price appreciation when issuing equity. The survey finds some support for the pecking order hypotheses but with little evidence that executives are concerned about asymmetric information and transactions costs. Javed, Cindy and Harry (2006) found support for pecking order theory after investigating the mode of financing for a sample of SMEs in UK and China. Findings from the investigations revealed that managers used personal savings and contribution from family and friends to finance the business at the initial stage before approaching banks and other financial institutions for loan. Hamilton and Fox (1998) found support for pecking order theory, after analysing the financing preferences for small business enterprises in New Zealand, the study discovered that managers used external finance only after internal sources of funds are exhausted. Studies by Stuart, Geoff and Janette (2007) and Javed and Harry (2007) also support pecking order theory

However, contrary to above findings, Jinlan and Miaomiao (2014) find no evidence that companies follow a pecking order theory when they need funds to finance investment projects after examined assets financing decision for a sample of companies in China. Similarly, Lee (2014) explores how various levels of information asymmetry affect the capital structure of listed companies in China and Taiwan. Regression results from the investigation have indicated that the financing decisions of companies do not always appear consistent with the pecking order theory. In a related development, Ya and Daw (2012) examined the mode of assets financing of 4,716 large and medium-sized enterprises in the Chinese electronics industry during the period 2005–2007, the study revealed that only unlisted companies which are unable to access to the securities market acquire bank loans as sources for funds. Moyo (2016) test for the validity of the market timing, pecking order and the dynamic trade-off theories in explaining the financing behaviour of 29 financial services firms listed on the Johannesburg Stock Exchange during the period 2003 to 2012. The outcome of the study is consistent with dynamic trade-off theory and contrary to market timing and pecking order theories. Likewise Imtiaz, Mahmud and Mallik

Table I:
Total Assets, Debt and Equity (2011 and 2012)

S/N	Bank	Assets Nm 2011	Assets Nm 2012	Debts Nm 2011	Debts Nm 2012	Equity Nm 2011	Equity Nm 2012
1	Access	1,629,003	1,745,177	1,436,938	1,503,841	192,065	240,990
2	Diamond	796,232	1,178,104	710,251	1,069,248	85,981	108,856
3	Fidelity	737,894	914,360	591,821	752,905	146,073	161,455
4	First	2,860,169	3,127,208	2,491,590	2,732,675	368,579	394,533
5	GTB	1,608,653	1,734,878	1,378,259	1,451,437	230,393	283,441
6	Skye	914,265	1,073,828	814,159	966,934	100,106	106,894
7	Stanbic	554,507	676,819	472,729	591,168	81,778	85,651
8	Sterling	504,048	580,225	462,990	533,583	41,057	46,642
9	UBA	1,920,435	2,272,923	1,769,495	2,080,456	150,940	192,467
10	Zenith	2,326,695	2,604,504	1,932,427	2,141,548	394,268	462,956

Source: Annual Reports and Accounts (2012)

(2016) examined the significant factors that affect the capital structure of listed pharmaceutical firms in Bangladesh and test the capital structure theories. The empirical analysis finds that the static trade-off theory and the pecking order theory are the most dominant capital structure theories for the pharmaceutical firms of Bangladesh. Zélia and Ana (2015) used LSDVC dynamic estimator as method of estimation to analyse whether the

capital structure decisions of SMEs in Portugal are closer to the assumptions of trade-off theory or pecking order theory , the evidence obtained revealed that most profitable and oldest SME's preferred to use internal fund before accessing debt.

Park (2015) looks at the aggregate corporate financing patterns in South Korea, focusing on changes around crisis, the paper finds that debt issuance exhibits tendency of growing upon

Figure I:
Total Assets, Debt and Equity (2011 and 2012)

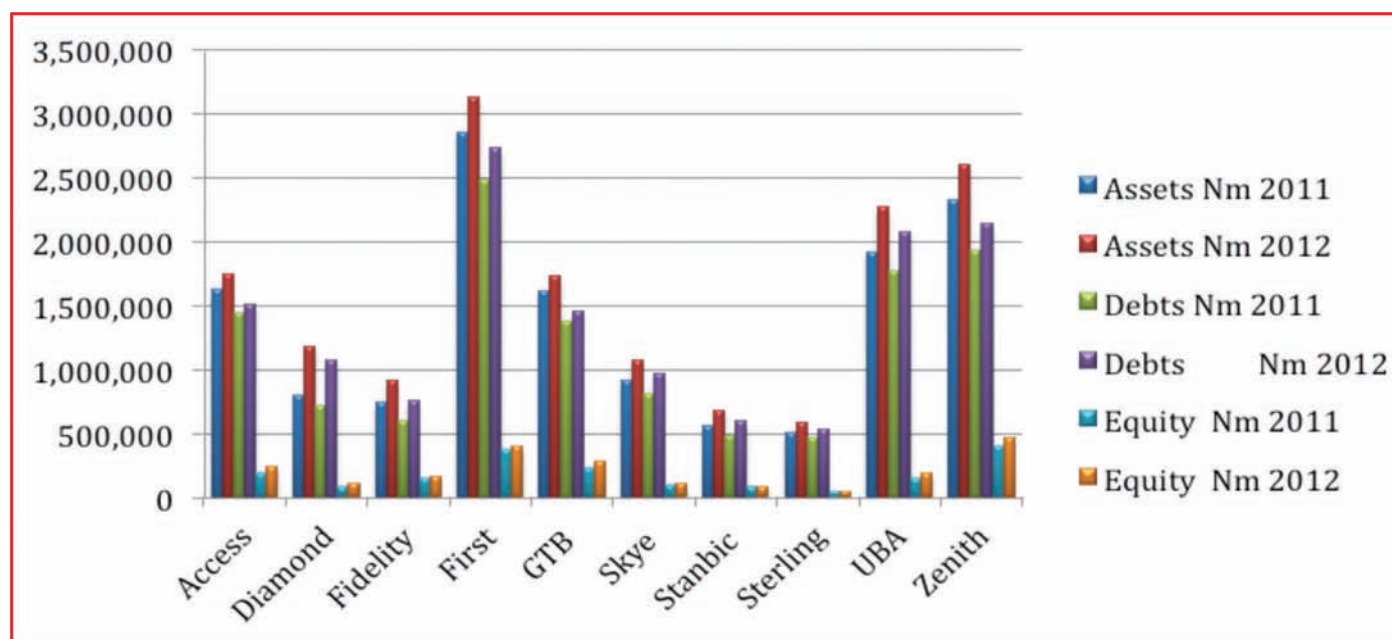
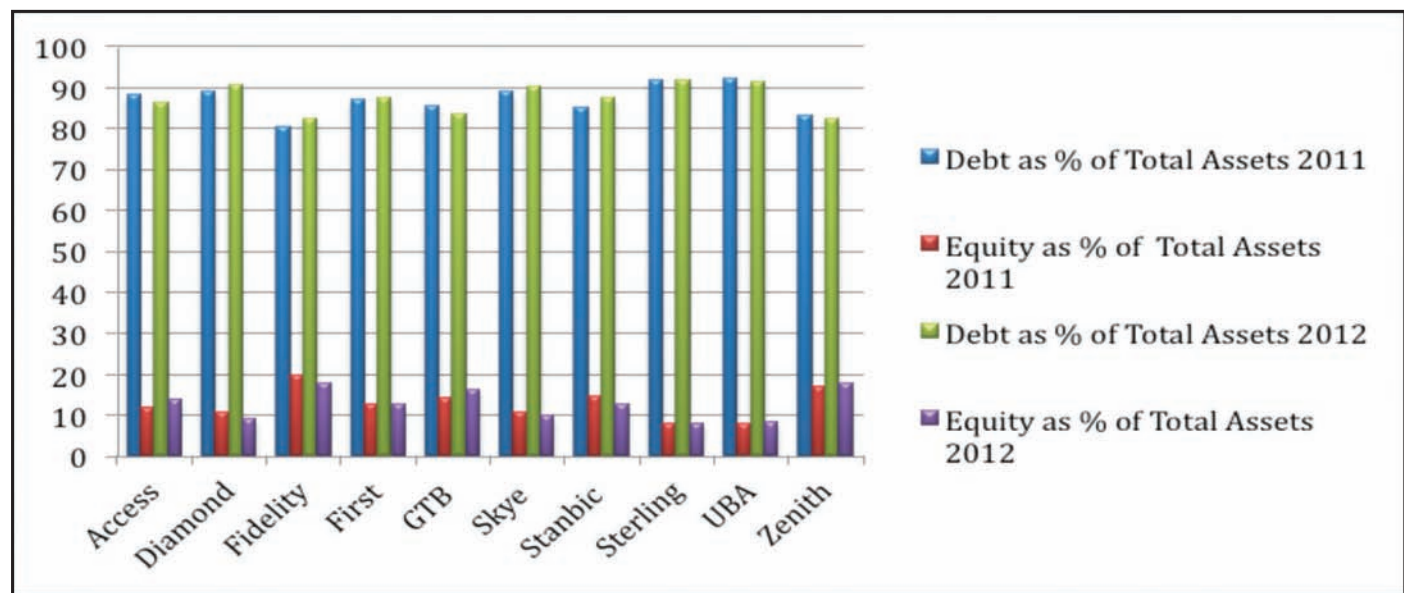


Table II:
Debt and Equity Capital as Percentages of Total Assets

S/N	Bank	Debt as % of Total Assets 2011	Equity as % of Total Assets 2011	Debt as % of Total Assets 2012	Equity as % of Total Assets 2012
1	Access	88.21	11.79	86.17	13.81
2	Diamond	89.2	10.8	90.76	9.24
3	Fidelity	80.2	19.8	82.34	17.66
4	First	87.11	12.89	87.38	12.62
5	GTB	85.68	14.32	83.66	16.34
6	Skye	89.05	10.95	90.05	9.95
7	Stanbic	85.25	14.75	87.35	12.65
8	Sterling	91.85	8.15	91.96	8.04
9	UBA	92.14	7.86	91.53	8.47
10	Zenith	83.05	16.95	82.22	17.78

Source: Computed; Debt capital as a % of Total assets = (Total debt/Total assets*100)
Equity capital as a % of Total assets = (Total equity/Total assets*1)

Figure II:
Debt and Equity Capital as Percentage of Total Assets (2011 and 2012)



economic and financial crises, and the results in general support the implication of the pecking order theory of corporate financing decisions. Finally, Angmor (2016) examines the effect of net profit, firm size, tangibility, firm growth and risk, on leverage of manufacturing and trading companies listed on the Ghana Stock Exchange during the period 2005 to 2014. The results of the study are found to be consistent with the pecking order theory.

3. Data and Methodology

Previous studies on capital structure and assets financing decision like Graham and Harvey (2001) used survey to analyses capital structure of U.S. firms, Lee (2014) used regression analysis to analyse the capital structure of Taiwan and Chinese firms while Zélia and Ana (2015) used LSDVC dynamic estimator. This shows that there is no specific model or method of analysing

firms' capital structure.

This study therefore, applied some statistical tools (tables, percentages and histogram) to analyse the firms' capital structure (elements that makes up the firms' capital). The research also used correlation analysis to test the existence of significant relationship if any, between the firms' gearing (proportion of debt and equity) and the firms' total assets.

The study used secondary documented data on total assets, total debt and total equity, for 2011 and 2012 sourced from 2012 annual reports and accounts of the selected banks.

The final sample for the study consists of ten (10) commercial banks as follows:

- Access Bank
- Diamond Bank
- Fidelity Bank
- First Bank
- GTB Bank
- Skye Bank
- Stanbic Bank
- Sterling Bank
- UBA Bank
- Zenith Bank.

4. Data Description and Analysis

Table 1 and **Figure 1** above showed the absolute value of the firms' total assets, total debt and equity capital. An observation of the table and the figure revealed that the firms' assets were entirely financed by debt and equity capital, and the banks preferred debt capital as the main source of finance as over equity.

Table II and **Figure II** above, outlined the proportion of debt and equity capital as a percentage of total assets, from the table, debt and equity are the elements or components that makes up the banks total assets. The table shows that the assets of the firms are mostly financed by debt capital which constitute for over 80% of the total assets while equity capital accounts for less than 20% of the total assets.

This shows that the banks preferred to finance their assets or investment with debt capital.

In view of fact that the firms preferred debt financing over equity financing, the study conducts correlation analysis between the proportion of debt, proportion of equity and the total assets, to test for the existence of significant relationship if any between the gearing and total assets.

The essence of the correlation analysis, was to determine whether showing preference towards a particular source of finance was influenced by the existence of significant relationship between that particular source and the firms total assets or not.

The result of the correlation analysis from SPSS indicates that there is no significant relationship between the firms' total assets and the proportion of debt or equity in 2011, and the relationship between the variable (total assets, proportion of debt and proportion of equity) in 2012 was not significant. This shows that, the banks' preference for debt financing over equity financing was not influenced by the relationship between debt capital and total assets.

Furthermore, it should be noted that, the objective of this study was not to find out why firms preferred a particular source of financing over another, but rather to analyse the assets financing

decision using the total assets and the elements that makes up the total assets, and to test whether the assets financing decision of the banks is consistent with assumptions of pecking order theory or not

The results of the entire analyses show that all the banks in the sample preferred debt financing over equity financing, because over 80% of the assets finance was from debt capital. This shows that the financing decision of the banks is consistent with pecking order theory, because in the absent of "internal fund" or where the internal fund is not sufficient, firms may resort to external debt as much as they can, and used equity as last resort.

5. Conclusion

The study analyses assets financing decision for a sample of commercial banks in Nigeria using information on total assets and the components that makes up the total assets, with the sole aim of investigating whether the assets financing decision of the banks was consistent with the assumptions of pecking order theory or not. In brief, the study examined whether pecking order theory was an approximation of reality or not.

The analyses carried out indicate that, the assets of the banks were entirely financed by debt and equity capital, however, debt capital accounts for over 80% of the funds that financed the assets, which shows banks preference for debt capital over equity capital. Therefore the mode of assets financing of the sample firms is consistent with pecking order theory, because in the absent of "internal fund" or where the internal fund is not sufficient, firms may resort to external debt as much as they can, and used equity as last resort.

The findings deviate from static trade-off theory, because, the firms have no specific debt-equity target ratio in their financial structure.

However, one of the limitation of the study was that, it doesn't investigate the reason(s) why the banks preferred debt financing over equity, because pecking order theory was based on the assumption that firms preferred debt over equity because of the existence of information asymmetry between managers and shareholders. Therefore, the study couldn't unequivocally state why the banks preferred debt capital over equity capital. Meaning that study couldn't tell whether the banks preference for debt capital over equity was due to information asymmetry or not.

Finally, the study contributes to existence literature of pecking order theory, by been the first to tests the validity of pecking order theory in the Nigerian banking sector.

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Correlation Matrix

		1	2	3	4	5	6
1.	Assets 2011	–					
2.	Assets 2012	.994** .000 10	–				
3.	Proportion of Debt 2011	-.054 .882 10	-.035 .925 10	–			
4.	Proportion of Debt 2012	-.287 .422 10	-.247 .492 10	.914** .000 10	–		
5.	Proportion of Equity 2011	.054 .882 10	.035 .925 10	-1.000** .000 10	-.914** .000 10	–	
6.	Proportion of Equity 2012	.286 .422 10	.247 .492 10	-.915** .000 10	-1.000** .000 10	.915** .000 10	–

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

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Digital Literacy: A Review of Teacher Education in Nigeria

By **ORSHI TERHEMBA EPHRAIM**

Digital (computer) literacy is the new title for 'educated'. Both teachers and students have no option but to acquire a level of computer-literacy to catch up with the growing digital societies. Governments and institutions of higher learning are making all out efforts by providing e-Learning environments to gain some levels of digital literacy of the masses at large and the university-constituents. Both developed and developing states are trying to figure out a required digital literacy curriculum for the training of teachers and the students. The concepts of global-village, globalisation, information or knowledge society, e-Pedagogy, e-Students and e-Courses — all are casting increasing pressures on the academicians, institutions of higher learning and governments to take digital opportunity initiatives (DOI) for digital-literacy of the masses to generate workforce for the e-Government, e-Commerce and e-Learning. Information and communication technologies (ICTs) have become an indispensable part of contemporary world. The school system globally has equally being affected in a number of ways. The school, through teachers must make good use of technology so as to prepare students for the future. This research examines information and communication technologies components of Nigeria teacher education, learning paradigms, barriers in digitising the communities and problems militating against effective integration of ICTs in Nigerian teacher education. Policy recommendations are also offered for ICTs integration in Nigeria teacher education program.

Education empowers people by giving them critical skills and means to create opportunities for sustainable and viable personal and economic growth. One of the most significant changes in educational practice, according to Sandholtz (1997), is the shift from traditional teacher-centered pedagogy to learner-centered pedagogy. Often learner-centered teaching approach, acknowledge students' needs, abilities and learning styles by including the students in decision-making processes, which in turn may motivate and engage students in their learning activities (Weimer, 2013). It is widely believed that the advent of modern technology in education and

the emergence of digital literacy and the resulting electronic learning (here after 'e-learning'), have played a great role in facilitating the vast adoption of learner-centered techniques in educational settings.

According to Allah, N. and Ghulam M.K. (July 2010) in Oliver, R. (2002), the universal demand for 'computer-literacy' emanates from the dominance of ICTs in different aspects of contemporary life and the need to incorporate e-learning platform in Nigeria institution of higher learning. Macleod H (2005), noted that the supporters of 'social inclusion through ICTs', emphasise 'electronic-literacy' as a key to bridge digital-divide. Digital

literacy is deemed necessary for mindful learning in the information society (Aviram, A. and Eshet-Alkalai, Y., 2006).

According to Willis, J. (2001), "General computer literacy (operating system, word processing, spread sheet, database, and telecommunication) is not sufficient to prepare pre-service teachers to use technology in their classroom. What is needed is professional literacy — a basic understanding of how computer and related technology can be used in education, as well as specific novice skills for integrating technology into the curriculum at the grade level and in subject pre-service teachers plans to teach". This quotation underscores the need for quality teacher education program, meant to develop in-serving and trainee teachers' quality ICT training, for successful ICTs integration in instruction. Although ICT is becoming a household term, it has definitions as there are researchers and educators. Information technology is defined as "computers, ancillary equipment, software and firmware, (hardware) and similar procedures, services (including support services) and to a related resources". It is also defined as "any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission or reception of data or information" (FRN 2001). Thus, they can be regarded as the technologies used for accessing, processing, gathering, manipulating, and presenting or communicating information. These could include software, hardware, and even connectivity.

Allah, N. and Ghulam, M.K. (July, 2010) states that, the indispensability of digital literacy is evident from the findings and arguments of researchers around the globe. For example, ICTs (connectivity-tools) have been found helpful in reducing the problems of 'isolation' and 'disempowerment' for the developing countries and marginalised groups. Digital opportunity initiatives (DOI) are powerful tools for 'poverty-alleviation' and 'economic-development' in developing states (Hameed, T., 2007; HEC, 2008), also providing e-learning in distance. Developing countries like Nigeria, South Africa, Ghana, are entering into 'international and national' partnerships to capitalise on global ICT-resources. Furthermore, Mejias, U. (2006) add that, within university environment, e-Learning tools create 'leaner-centric' and 'collaborative-learning environments' where they are empowered to self-control their learning processes.

The expectations of employers, parents and educators from graduates (about digital literacy) are changing. Therefore, most of the higher institutions have started compulsory computer literacy courses. Practicing and trainee teachers need professional development program for successful application of ICTs within the school system. Research findings have indicated that the extent to which teachers integrate ICTs in their teaching and students' learning as a result of e-learning, is related to several factors, among which are the teachers' knowledge and competence. Furthermore, teachers' ability and willingness to integrate ICTs into their teaching will largely be dependent on the professional training and development which they receive. However, Allah, N. and Ghulam, M.K. (July, 2010) in Martin, F. and Dunsworth, Q. (2007) noted that to provide required command over computers, it is important to determine a 'customised digital curriculum and e-Pedagogy' to support the e-learning platform. Unfortunately, Bataineh, R.F. and Abdel-Rahman, A.A. (2006) observed that, very little research has been published about students' perceptions of

their computer literacy in third world countries.

The International Society for Technology in Education (1999) outlined three basic principles of ICTs in teacher education using the AMES white paper. These are that: ICTs should be infused into the entire teacher's education program, ICTs should be introduced in context, and that students should be made to experience innovative technology support learning environment in their teacher education program. In a synthesis of ideas emanating from research findings across the globe, Prof. Adewale, O.A. and Dr. Mudasiru, O.Y. (2005) in Kirschner, P. and Davis, N. (2003) highlighted good practice for both pre-service and in-service program for teacher training in ICTs. These are that:

- (i) Teachers become sufficiently competent to make personal use of ICTs;
- (ii) Competent to make use of ICT as mind stool;
- (iii) Became masters of range of educational paradigms that make use of ICT;
- (iv) Sufficiently competent to make use of ICT as a tool for teaching;
- (v) Master a range of assessment paradigms which make use of ICT; and
- (vi) Understand the policy dimension of the use of ICT for teaching and learning.

These, they observed, were the six benchmark identified as making for good practices for both pre-service and in-service teacher education program. All these are important for developing an e-learning platform. The competencies required by serving and pre-service teachers are further elaborated by the International Society for Technology in Education (ISTE, 2003). The body noted that educational computing and technology is an emerging field, and that the purview of the field covers knowledge and skills about the use of computer and related technologies in delivery, development, prescription, and assessment of instruction, effective use of computers as an aid to problem solving, school and classroom management, educational research, electronic information access and exchange, personal and professional productivity, and computer science education.

Using the aforementioned as theoretical basis, it is opposite to use North Carolina Department of Public Instruction (2002) outline of basic and advanced competencies as the basis of needed competencies for teachers, according to Prof. Adewale, O.A. and Dr. Mudasiru, O.Y. (2005). The department outlined nine basic competencies and five advanced technology competencies. The nine basic competencies are: computer operation skills, setup, maintenance, and troubleshooting, word processing/introductory desktop publishing, spreadsheet/graphing, database, networking, telecommunications; media communications (including image and audio processing), and multi-media integration. Advanced competencies identified are: curriculum, subject specific knowledge, design and management of learning environment resources, child development, learning and diversity; social, legal and ethical issues.

Thus, digital literacy which is a tool for e-learning is not only shifting power bases in the developing countries from elites to masses but is increasingly perceived as a survival skill according to Aviram, A. and Eshet-Alkalai, Y. (2006). However, acquisition of computer-literacy knowledge and skills is neither automatic nor simple. It is rather dependent on a variety of personal (teacher, students, administrators), organisational (higher education

institution) and broader political and social factors (local, national and international) within which e-Learning occurs according to Allah, N. and Ghulam M.K. (July, 2010).

The following analysis and discussion spells out the concept, information and communication technologies components of Nigeria teacher education, e-learning technologies, learning paradigms, barriers in digitising the communities inhabiting modern 'information and knowledge societies' and problems militating against effective integration of ICTS in Nigerian teacher education.

CONCEPTUAL DISCUSSION

Digital Literacy

The definition of computer literacy has evolved overtime as technology improved and society became more dependent on computers. 50 years ago when a computer nearly filled a room, computer literacy means being able to program a computer. Today, when every user holds a computer, computer literacy is defined as an understanding of computer characteristics, capabilities, and applications, as well as an ability to implement this knowledge in the skilful, productive use of computers in a personalised manner.

Information and communication technologies are essential tools in any educational system. They have the potentials of being used to meet the learning needs of individual students, (e-learning technologies and equipment) promote equality of educational opportunities; offer high quality learning materials, increase self-efficacy and independence of learning among students, and improve teachers' professional development. Terms such as computer competency, computer proficiency and computer literacy are used interchangeably (Johnson *et al.*, 2006). According to Ezziane, Z. (2007), with today's technological society, basic computer literacy is emphasised in every institution. Digital literacy is a combination of technical procedural, cognitive and emotional-social skills, for example, using a computer involves procedural skills (file-management), cognitive skills (intuitively reading the visual messages in graphic user interfaces). With the changes in technology, the elements of computer literacy are constantly changing and thus, Nigerian educators must constantly revise the course to include the latest technological trends.

E-Learning

E-Learning is widely researched in the perspectives of 'higher education as well as corporate training and explained as the 'application of electronic technologies' in enhancing and delivering education. According to Beebe, M.A. (2004), ICTs represent computers, networks, software, internet, wireless and mobile technologies to access, analyse, create, distribute, exchange and use facts and figures in a manner that has been unimaginable hitherto. A variety of concepts is interchangeably used to represent e-Learning including: computer-based instruction, computer-assisted instruction, web-based learning, electronic learning, distance education, online instruction, multimedia instruction and networked learning are a few.

In e-Learning the data-networks such as, internet, intranet and extranet are used to deliver course contents and facilitate teachers, students and administrators interaction (Tinio, V.L., 2002). The term networked learning is also used as a synonym for e-Learning. Internet and web-based applications are most

widely used educational technologies in the e-Learning systems. Therefore, teachers, students and education managers are using the web for a variety of purposes. The concept of e-Learning also has non-educational conceptions. Hans-Peter Baumeister (2006) notes that the meaning of e-Learning varies with a change in the context: Political dimension denotes the modernisation of whole education system, but economic view defines e-Learning as a sector of e-Business. In a nutshell, according to Allah, N. and Ghulam, M.K. (July, 2010) in Sife *et al.* (2007), e-Learning begins with a partial or supplementary use of ICTs in classroom then steps into a blended or hybrid use and finally offers online synchronous and asynchronous virtual learning environments serving physically dispersed learners.

Educational Technologies

ICTs refer not only to modern hi-tech computers and networks rather. There are old and new ICTs. Radio, television, telephone, fax, telegram, etc, are now old, while computer-networks, internet, e-mail and mobile learning are new tools (Hameed, T. 2007). At the same time, e-Learning technologies are burgeoning in terms of hardware, software and a variety of applications in education for teachers, students and administrators. Educational technologies come in variety (Sife *et al.*, 2007) however, computers, networking and hypermedias are the core paradigms for different roles of e-Learning (Ezziane, T. 2007).

Computer

Allah, N. and Ghulam, M.K. (July, 2010) opines that the primary tool for e-Learning is the computer, which has travelled a long way since 1960s when UNIVAC in USA and Baby-Computer in UK emerged as the pioneers of a technology, which is now controlling almost every aspect of human life. The transformation from XT (extended-technology) to AT (advanced-technology) or PC (personal computer) in 1980 was the second big innovation making computers 'a personal gadget' for everybody and anybody. A computer is an intelligent machine and a powerhouse for users in terms of its processing capabilities and speed (that is, user command is executed on a click), storage capacity (hard-disk and from floppy to flash and XDrives) and graphic interfaces (that is, graphical-user-interface GUI) to interact with different parts of the machine, like, activating a software, using CD-drive, printing a document or picture, copying a file from hard disk on a 'data-traveller'.

Networking

When computers are wired together for communication and resource-sharing, it is called a digital network. Networking has elevated the role of ICTs and a huge body of research is underway to make connectivity more and more powerful. Networking is evolving from simple networks into complicated forms of internet, intranet and extranet along with web-technologies thereby converting the world into a 'global-village'. Networking eliminates the geographical and physical constraints through a multitude of tools and techniques based on the communication protocol of TCP/IP, onto which internet is anchored. According to Glogoff, S. (2005), a network is a platform (internet, intranets and extranets) decorated with web-based tools of hypermedia and multimedia applications managed through learning and content management systems (LMS, LCMS). Barnes *et al.* (2007) add that, it is therefore evident that Internet is becoming an indispensable

tool for learning and social life.

Curricula for Digital Literacy/e-Learning

The 'curricula' of any country are viewed as a snapshot of the current state of knowledge (Ezer, J. 2006). Therefore, the debate about whether education should be focused on the current job market (instrumental) or intellectual attainment (liberal) is ongoing. It is reported that most of the current computer-training and education is ineffective because it is more technical and less concerned with the contexts and real world problems. Ekstrom *et al.* (2006) observed that due to increased demand for ICT professionals, the universities across the world have responded by developing programs without an existing model for guidance. However, Schou, S.B. (2006) warns that "the gap between what we teach and what we do is widening ... academic programs should acknowledge the widening gap between theory and practice, especially since it has enormous implications for their graduates' ability to find work".

Despite some similarities in the computing curricula, there are clear distinctions of being developed and developing countries. In a comparative study of the computing curricula in India and America according to Allah, N. and Ghulam M.K. (July, 2010), the researcher found that there are similarities in terms of offering fundamental courses in IT, system development, basics of operating systems, hardware architecture, web technologies and programming fundamentals. However, Ezer, J. (2006) notes that the differences are more obvious, for example, India education is more instrumental while American's is more liberal in computing curricula with less emphasis on hard sciences than Indian curriculum. Following from above, it is therefore, imperative to examine the Nigerian education program in line with internationally accepted standard.

INFORMATION AND COMMUNICATION TECHNOLOGIES COMPONENTS OF NIGERIAN TEACHER EDUCATION

Teacher education is given prominence in the Nigerian education system. This stems from the recognition of the fact that "no education system may rise above the quality of its teacher..." (FRN, 2004; p.39). The importance of teacher education is further exemplified in the goals of Nigerian teacher education as enunciated in section 6B (57) a-e, of the national policy on education (FRN, 2004). The goals are to:

- a. Produce highly motivated conscientious and efficient classroom teachers for all levels of our education system;
- b. Encourage further the spirit of enquiring and creativity in teachers;
- c. Help teachers to fit into social life of the community and the society at large and enhance their commitment to national goals;
- d. Provide teachers with intellectual and professional background adequate for their assignment and make them adaptable to changing situations; and
- e. Enhance teachers commitment to the teaching profession (p.39).

In Nigeria, teacher education is provided in Colleges of Education, Faculties and Institutes of Education of Universities, National Teachers Institute and Schools of Education of Polytechnics. The minimum qualification for teaching is Nigeria Certificate in Education (NCE) (FRN, 2004). The National

Universities Commission (NUC), the National Commission for Colleges of Education (NCCE), and the National Board for Technical Education (NBTE), accredit teacher education program offered in universities, colleges of education, and polytechnics, respectively.

In those institutions, students are provided with basic knowledge and skills in a particular subject area, techniques of teaching, and knowledge of how children learn (acquired through courses in basic education and the study of education principles). The need for teachers to be versatile in the use of ICTs in the contemporary knowledge age is recognised by Nigerian teacher education institutions. The acceptance of the value of ICTs in teaching and learning engendered the inclusion of components of ICTs in the Nigerian teacher education program.

While the inclusion of ICT is laudable, it should be noted, however, that the inclusion is at best superficial when examined from the global perspective. The courses are still inadequate for trainee teachers to model good use of ICTs in education. What is available presently are at best rudiments of basic knowledge and skill needed by a teacher in contemporary knowledge age. Courses should not be aimed at making trainee teachers literate in using the computer but they should be fluent in the use of and integration of ICTs in their instruction (e-learning).

They should be able to husband ICTs potentials to improve their own learning as life-long learners and also be able to encourage their students to be avid users of ICTs for learning and personal development. Student teachers need to be taught how to use a variety of techniques and strategies for implementing ICTs effectively in their instruction (Frederickson, S., 1999). Programmes designed for trainee teachers could prepare them to keep abreast of developments in the application of ICT in education so as to advance their profession. Just like the Moursund, D. and Bielefeldt, T. (1999) had noted in their report about ICTs in American teacher education, the general teacher-training in Nigeria teacher training institutions do not provide future teachers with the kind of experiences necessary to use technology effectively in their classrooms. It is important for training institutions to provide teachers with the requisite knowledge and skills to be able to use technology effectively. Government recognised that the success of any education systems rise (and) fall on the back of teachers. Thus, they need to be comfortable in access to and preparation for effective use of ICTs in their schools.

E-LEARNING TECHNOLOGIES

Functionally, e-learning includes a wide variety of learning strategies and ICT applications for exchanging information and gaining knowledge. There are several e-Learning technologies in use that dictate how actual learning will take place depending on the environment in which they are implemented. These technologies include; television and radio, Learning Content Management Systems (LCMS), content management system (CMS), LCMS and virtual worlds as well as collaborative technologies (Barron 2002). Others are compact Discs (CD ROMs) and Digital Versatile Discs (DVDs), video conferencing, mobile technologies, web-based technologies, and electronic learning platforms.

Many e-learning platforms (both learning management systems (LMS) and LCMS) currently available are based on either proprietary e-learning software (PES) or open source e-learning software (OSS). OSS usage in implementing e-learning systems is

more emphasised in developing world due to the challenges faced when implementing the PES. Some of these technologies are:

CD-ROM media which have been used to deliver learning material to students on distance programs (Gooley *et al.* 1994). This media was adopted mainly in the early 1990's and still in use supports learning content in text or multimedia formats. Use of CD-ROM media encourages independent learning where learners learn by executing special training programs on the computer irrespective of internet connectivity. This tool is commonly used for Computer Based Training, such as those usually offered as tutorial with new software and tutorials for learning foreign languages.

Learning Management Systems (LMS) are a whole range of information systems and processes that contribute directly or indirectly to learning and to the management of that learning (Mayes and De Freitas 2004). They are primarily developed to provide online learning services for students, teachers, and administrators. Examples of LMS include (KEWL 2005) and (Blackboard 1997).

Content Management Systems (CMS) such as (Moodle 1999) are developed to facilitate the collaborative creation of content, organisation, control and to manage the publication of documents in a centralised environment.

Learning Content Management Systems (LCMS) are mostly web-based systems that combine the management and administrative functionalities of LMS and CMS to author, approve, publish, and manage learning content. An example of such technologies is the Macromedia Course Builder (2008).

Multimedia Communities and Virtual Worlds have transformed e-Learning environments from disseminating only text based to one that incorporates multimedia content. Omwenga and Rodrigues (2006) affirm that "*it is the online delivery of information, communication education and training providing a new set of technologies that can add to all the traditional learning modes-CD-ROM, and traditional computer based training*". The CSILE/Knowledge Forum (Scardamalia 2004) is an example of such a tool which incorporates a multimedia community space that enables learners to make contributions and share reference material. Virtual worlds, on the other hand, mimic the real world and have become popular and promising in facilitating student learning. According to Cross *et al.* (2007), multimedia communities and virtual worlds provide a learning environment that stimulates learners' high order thinking and knowledge development and creates social groups.

Learning objects as defined by Wiley (2000) are digital resources that can be reused to support learning. The definition includes anything that may be offered across a network such as digital images, text, etc, IEEELTSC (2005), on the other hand, defines a learning object as an entity, digital or non-digital that can be used, reused, or referenced during technology supported learning. Learning objects are created to provide useable content in various disciplines and context, as a result cutting down on production time and cost, enhancing productivity, and improving the quality of learning.

Game authoring technologies aim at enhancing and facilitating the students' learning process through built-in simulations and interactions according to Gee (2004). Graven and MacKinnon (2005), noted that online games range from text based games to games that incorporate graphics and virtual worlds populated by many players simultaneously. They create social

communities that facilitate knowledge sharing and creation; a concept commonly referred to as "**edutainment**".

A typical example is Cesim business management simulation. A Cesim business strategy simulation game is a platform that empowers participants to run their own virtual (Online) businesses. Just like in real life, the teams compete against each other in order to gain market share. The right decisions leads to success while the wrong ones to invaluable problem solving experiences. The learning process of each course or training is guaranteed to be efficient and fun.

Consequently, to achieve internationally accepted standard, Nigerian teachers needs to be well-equipped on this aspect of e-learning technologies in other to enable them prepare and deliver lectures using some of this e-learning platform.

PARADIGMS FOR DIGITAL LITERACY

It has been found that the use of ICTs is dependent on the perceptions of developers and users about the nature of technologies and their role in different ways of life (Aviram, R. and Tami, D., 2004). Bastien Sasseville (2004) have found that ICT-related changes are "not perceived as a collective experience or social change rather, personal challenge." The literature analysis suggests that two broader theories, according to which ICTs can play either "instrumental" or "substantive" role in the learning process, are discussed over and over (Macleod, H., 2005). Jonathan Ezer (2006) classifies this issue into 'instrumental' and 'liberal' conceptions of e-Learning.

E-learning uses numerous types of electronic media, educational technology, and information and communication technology (ICT) to deliver education. E-learning provides unprecedented opportunities for people to learn in a more personalised, flexible, and portable manner without the restriction of time and space (Zhang, Zhao, Zhou, & Nunamaker Jr., 2004). There is no unified or explicit definition of 'e-learning', but its descriptions often emphasises change in the mode of delivery, such as "a technology-based learning in which learning materials are delivered electronically to remote learners." (Tavangarian, Leybold, Nölting, Röser, & Voigt, 2004). The definition mentioned above of e-learning resonates well with the situation in Nigeria and elsewhere in the world, where a major benefit of e-learning is that it offers educational opportunities to the hard to reach areas.

E-learning has become one of the primary alternatives for distributing education around the globe (Zhang *et al.*, 2004). Many low-resource countries suffer from a shortage of teachers (United Nations Educational, Scientific and Cultural Organisation [UNESCO] 2014) and ICT can improve the access to education and improve the ability for marginalised groups to attend school (Gulati, 2008). In Africa, where many countries are struggling to meet the demand for primary, secondary and tertiary education, e-learning has become an integral tool to deliver education, as well as to improve the quality of education by facilitating access to educational content (Prakash, 2003; Adkins, 2014). A recently published report by UNESCO (2014) showed that 250 million children worldwide have no access to basic education, and many of these children are from disadvantaged communities.

Instrumental view asserts that ICTs are just technologies and their role depends on their use while substantive view posits that these technologies have the power to change the society and their mere existence can make the difference (Mehra, P. and Mital, M., 2007). Tinio, V.L. (2002) has suggested three roles of ICTs and

digital literacy or e-learning:

1. Learning about ICTs, where digital literacy is the end goal.
2. Learning with ICTs where technologies facilitates learning.
3. Learning through technologies thereby integrating it into curriculum.

Another researcher (Sahay, S., 2004) identifies four dimensions of computer literacy:

1. **ICTs as an Object:** Learning about the technology itself. Courses are offered to get knowledge and develop skills about different tools. This prepares students for the use of ICTs in education, future occupation and social life.
2. **Assisting Tool:** ICT is used as a tool for learning, for example, preparing lectures or assignments, collecting data and documentation, communicating and conducting research. ICTs are applied independently from the subject matter.
3. **Medium for Teaching and Learning:** This refers to ICT as a tool for teaching and learning itself, the medium through which teachers can teach and learners can learn. Technology based instructional delivery appears in many different forms, such as drill and practice exercises, in simulations and educational networks.
4. **ICTs for Education Management:** The most common and wider application of ICTs is in the organisational and logistic functions of the higher education institutions in the form of transaction processing systems (TPS) and management information systems (MIS).

Given these scenarios, ICTs are either simply a tool (neutral) like any other technology or more than a tool, which can change the people way of life by transforming the education culture according to Young, L.D. (2003). Research however, reports that ICTs have the potential and flexibility to be used in either ways but as the ICTs become increasingly available to the masses (like internet accessibility) the ICTs begin to affect beyond technical impacts of a tool. For example, daily 'checking email' has become a common norm even in developing countries. According to Ezziane, Z. (2007), the departure from 'stand-alone' use of computers to 'network' applications have increased access to so far inaccessible data sources thereby changing the 'user-expectations' and thus attitudes to 'learning-process' itself.

From paradigmatic point of view, instrumental vs. substantive reflect the 'behaviourist vs. constructivist' modes of teaching and learning. Macleod, H. (2005), note that, behavioural or objectivist approach (instrumental) to teaching and learning ICTs believes more in physical activities and outcomes with the assumption that 'use makes anything important or otherwise'. Hence, the benefit of ICT to education cannot be overemphasised. Below are some of the benefits of e-learning to education.

Benefits of e-Learning

The benefits of e-learning are mainly the cost efficiency, accessibility and flexibility in terms of time and place. According to Uys (2003), e-learning allows learning to take place when the lecturer and the learner are separated both in time and space. It offers convenience for both tutor and the learner (learning anytime or anywhere). Other benefits of e-learning as adapted and shortened from Unwin (2008) include:

- Ease of access to information,

- The potential for interactivity amongst and between learners and teachers,
- Enables conduct of lessons from a remote location and extend geographical access to education,
- Content is more timely, consistent and dependable with potential for re-use,
- Combination of both synchronous and asynchronous learning,
- Supports student centered e-learning paradigm and students can learn at their own pace,
- Increases access to learning and training opportunity,
- E-learning lowers costs and improves cost-effectiveness of educational resources,
- Offers the combination of education with work and family life,
- Scalability: e-learning solutions are highly scalable,
- Facilitates the management of student records and tracking students' progress.

Being as an alternative to the traditional classroom method, the implementation of e-learning in institutions of higher learning should be viewed as part of educational reform. For e-learning to be efficient and effective, a great deal of care and attention needs to go into its implementation. According to Cox (2010), if e-learning is to be successfully adopted in a school, teachers and head teachers need to be involved in the decision making processes. Leadership and support from senior management are identified as critical factors for successful implementation (Birch & Burnett, 2009; Browne *et al.*, 2010). Gunawardena (2005) points out that for e-learning to succeed in the developing world for example Nigeria, it needs to build on another important pillar: the existence of infrastructure, along with connectivity. Developing countries like Kenya, South Africa, Ghana, Nigeria, Malaysia, etc., still face a lot of challenges while implementing e-learning which requires advanced level of technological infrastructure and heavy investment of resources especially at the initial stages. Most of our public institutions in Nigeria rely on government exchequer for funding which has been dwindling in the recent years. According to Zake (2009), poverty is one of the most important barriers, especially due to the fact that ICT is important and therefore relatively more expensive in Africa than in developed countries.

A typical example of a successful implementation of e-learning platform to students of the Medical University of Bialystok is provided for better understanding. University of Bialystok according to Wieslaw Pijanowicz et al. (2011), use a platform called Blended Learning which applied in the didactic process constitutes a fully controlled time proportions of mutual and independent work of the teacher with students. Other crucial aspects are as follows: education individualisation emerging from the proportions of information conveyed in both distant and traditional ways, the number of students in a group, student activation and the possibility of motivating students in form of both direct contact and distant education. Work time organisation in the case of traditional classes is an imposed lesson while in the case of distant education — it is flexible. Part of distant classes involves completion of tasks designated for individual performance. As they are placed on the platform in smaller portions, students do them more often, which leads to the development of a habit of dutifulness in completing objectives, provides the opportunity of improving skills and deepening

knowledge as well as improves professional and social activeness.

The subject “Obstetrics, Gynecology and Obstetrics-Gynecological Care” has been taught in the blended learning system for two years and more — lectures are given on-line while practical activities and self-education are conducted only in form of traditional classes. Students who decided to learn electronically are given free access to the educational platform and to the course (subject) completed in distant method. While completing a module, students have constant (24 hours a day) access to didactic materials while the order of particular topics and period of their availability are determined by the academic teacher responsible for the subject.

Positive aspects of this method include fairly flexible class hours — education of particular modules might be completed in the time suitable for students. The student has the opportunity of choosing the form of classes, traditional or e-learning (Internet access is a necessary condition).

The final exams in the subject are conducted in the form of multiple choice tests with one correct answer for both groups (traditional and e-learning) simultaneously. Test results of both groups were compared with consideration of final grades (i.e. level of professional knowledge). Upon the completion of lectures and prior to the final exam both groups were asked to fill in a questionnaire on the classes and the effectiveness elements of education. A fundamental element following the completion of this e-course was the evaluation of the questionnaire placed on the e-learning platform connected with elements of the education and satisfaction from the classes compared with the traditional model.

Evaluation of e-learning effectiveness might be presented with respect to two aspects: didactic and financial. The former refers among others to a realistic indicator of both: deepening e-student’s knowledge with visible effect during practical classes — e-course students remembered theoretical knowledge better (79%) as well as the level of implementation of the didactic e-process due to lecturer’s efforts (93%). As regards to the financial aspect, it involves costs of implementing didactic e-process and a ratio of measureable acquired knowledge of the e-student to education cost.

A similar situation can be seen in other foreign top ranking institutions of higher learning like; California Institute of Technology (Caltech), Stanford University, Massachusetts Institute of Technology (MIT), Harvard University, Oxford University, and Cambridge University etc. which provide wide range of online courses that student can take, write examination and earn their certificate without visiting the campus.

Back home in Nigeria and at the University of Jos, according to Liverpool, L.S.O. *et al* (2012), the Department of Mathematics runs heavily subscribed compulsory first year courses for students of all science-based faculties. The average enrolment in such courses is over 1500; too large to hold in one lecture hall while inadequate staff strength prevents splitting up into small enough groups for meaningful staff-student interaction. In addition to the shortage of teachers and lecture rooms, there are serious inadequacies with current books, office accommodation, and laboratory facilities. The problems are most significant in the Faculties of Medical and Natural Sciences.

To address these inadequacies, the Department of Mathematics received financial support from 2003 to present to initiate, sustain, and grow its e-learning efforts. The project began with

four pilot courses: Elementary Mathematics I and III, Elementary Statistics, and Introduction to Computer Science. Lecture notes for each course were developed by a team of four course content experts who lecture in the department. Each team compiled lecture notes, sample problems and model answers as well as solutions to past examination questions, complete with marking schemes for each of the three pilot courses under development. Materials for each course were peer-reviewed by professionals in the field. The materials were then edited and published on the University of Jos Intranet.

During this process, locally, academic staff received training on using Knowledge Environment for Web-based Learning (KEWL) as a course management system. Students primarily used KEWL to access lecture notes, print hard copies, and use the materials for self-study or in groups. However, one of the challenges resulting was that the community of educators using KEWL to teach mathematics was quite small.

The ICT Maths team focused on pedagogic training to ensure that their online course development was guided by theoretically sound practices. Academic staff participated in a number of workshops designed to facilitate the transition from face-to-face to blended instruction. Specifically, lecturers received a series of technical workshops including beginning and intermediate training in the use of course management systems, Ubiquitous Presenter and Camtasia. Training also included one-on-one sessions with the project’s designated technical support consultant who worked with the team on uploading content, developing test banks, and other issues related to content management system (CMS) functionalities. This could be a good opportunity and a pilot approach for other universities and institutions in Nigeria to copy and develop their e-learning platform.

According to the National Policy on ICT (2012), the following are the role of government in the information communication technology sector which will enhance the effectiveness and efficient development and use of e-learning in Nigeria:

- ✓ Providing the overall direction for ICT development.
- ✓ Ensuring policy consistency of ICT with other national policies.
- ✓ Enacting necessary law and taking other measures promptly in support of the National ICT Policy.
- ✓ Provide adequate funding for infrastructural acquisition.

To sustain these laudable policy, lecturers should be trained to acquire appropriate skills in e-learning, power supply should be adequate or improved or alternative power supply should be provided by institution so as to enhance the use of e-learning, government should provide e-learning technologies to Nigeria higher institutions to equip their e-learning centres, government should adequately fund public e-learning centres to encourage same in the private institutions, institutions should employ capable computer experts to train lecturers on how to use e-learning technologies to deliver their lectures, lecturers should be given computers to enable them prepare their e-learning lectures and notes, private sectors, non-governmental and voluntary organisations should assist to equip e-learning centres, lecturers should be adequately motivated by the government to encouraged them put in their best, computer engineers should be employed to help in the maintenance of the e-learning facilities and both the government and institution administrators should provide enough security to e-learning centres in their institutions, to prevent looting of the computers by armed robbers.

BARRIERS TO GETTING DIGITALLY LITERATE

Given the differences of perceptions, users behave differently to e-Learning tools and techniques for teaching and learning purposes. A key challenge for institutions is overcoming the cultural mindset whereby departments and individuals act as silos, keeping information and control to themselves according to LaCour, S. (2005).

Moreover, the training that educators do receive does not always match with their educational needs because the faculty is rarely involved in the decisions about technology and design of new strategies for technology integration. In developing countries like Nigeria, "ICTs have not permeated to a great extent in many institution of higher learning due to many socio-economic and technological circumstances".

The greatest challenge in learning environments is to adapt the computer-based system to differently skilled learners. If the environment is too complex, the user will be lost, confused or frustrated. On the other hand, too simple or non-systematic environments cause motivational problems (Sirkemaa, S., 2001). Technology is by nature disruptive and so demands new investments of time, money, space and skills and changes in the way people do things. Furthermore, face-to-face communication is critical for classroom social relationships and interpersonal processes while online technologies have reduced support for social interaction.

Although, according to Russell, G. (2005), emotions can be conveyed through e-mail or chatting, it does not replace the fundamentals of our socio-emotional well-being. Thus, barriers can make technology use frustrating for the technologically perceptive, let alone the many teachers who may be somewhat techno-phobic.

PROBLEMS MILITATING AGAINST EFFECTIVE INTEGRATION OF ICTs IN NIGERIAN TEACHER EDUCATION

There are certain factors which hinder teacher training institutions in Nigeria providing quality ICTs knowledge and skills for trainee teachers. Some of these include lack of technically experienced lecturers, limited ICTs facilities and infrastructure, inadequate course content for ICTs training, lack of clear direction in the Nigerian National Policy for Information Technology (NNPIT) on teacher education, lack of leadership by professional organisations, and problem of electricity (power generation). These factors are enunciated as follow:

Lack of technically experienced lecturers: Most of the lecturers in Nigerian universities, colleges of education, and polytechnics do not have competence in the use or integration of ICTs in their instruction. Majority of lecturers who had taken tenured job were taught without ICTs and they have not developed competence in the use of ICTs, thus they cannot model good use of technology. Moursund, D. & Bielefeld, T. (1999) noted that, even in the USA, faculty lecturers have been shown not to be better than their students in ICTs usage.

Limited ICTs facilities: Limited fund available to higher institutions have hindered the provision of needed facilities and infrastructure to promote ICTs usage. Most faculties of education and schools of education in Nigeria do not have dedicated laboratory for ICTs training. Classrooms are equally not equipped for ICTs usage. Thus, teacher trainers and trainee teachers do not have access to ICTs within their schools. The few available

ones are used mostly for administrative purposes and sometime underutilised even when provided for e-learning purposes.

Inadequate course content for ICTs: The curriculum for teacher education is centralised based on either; NUC, NCCE or NBTE benchmark/minimum academic standard. The content and strategy are based on single course model. It is meant to teach trainee teacher about the computer, not teaching them how to learn or teach through the computer. While this is good for introductory stage, its outcomes are very limited. They cannot furnish trainee teachers with the needed skills and knowledge to integrate ICTs in their instruction.

Lack of clear direction on teacher training on ICTs in the NNPIT: The national policy on information technology (FRN, 2001), is supposed to give clear directions for successful use of ICTs in schools. The policy only made superficial reference to education at the mission, goals, and strategy levels. There is no sectorial reference to education. Education is subsumed under human resource development. Since no clear information or reference is made to teacher development, the document does not give focus to teacher education in the implementation of ICTs in Nigeria.

Lack of leadership by professional organisation: In advance countries professional organisations like International Society for Technology in Education (ISTE), Association for the Advancement of Computer in Education, Milken Exchange on Education Technology, play pivotal roles in promoting ICTs integration in schools, and also in setting standards for teacher training. However, professional organisations like Computer Association of Nigeria (CAN), National Association for Educational Media and Technology (NAEMT), computer professionals, and so on, have not impacted on the use of ICTs in schools, the promotion of ICTs in teacher education, or in setting academics or professional standards on ICTs. This lack of leadership creates vacuum which militates against quality ICTs component of teacher education in Nigeria.

Problem of electricity: ICTs equipment are electrical equipment that require electricity for operation. Most rural areas of Nigeria do not have electricity facility and in urban area, electricity supply is epileptic and this reduces the life span of hardware and also militates against effective usage. Even enthusiastic teacher educators and students who have access to computers may be debarred from using them as a result of power outage.

Lack of access to ICTs in trainee teachers' field experience: Practical teaching practice is an indispensable aspect of teacher education. During their field experience, trainee teachers do not have access to technologically enriched classroom. Rather they are exposed to classroom where they use chalk board and talk. This does not give trainee teachers opportunity to explore the little knowledge gained in the area of ICTs.

CONCLUSION AND RECOMMENDATION

Digital literacy/e-learning is a universal issue for higher educational institutions and researchers. The new ICTs are forcing academicians to postulate refined theories for learning. Our culture is no longer literary and artistic only, it is also technological and scientific. The paradigm shift in higher educational institutions refers not only to the departure from the traditional pedagogy, learning and education-management; it also features changes within e-Learning environments for

teaching, learning and administrative purposes.

Practising teachers need to be given in-service training to make them relevant to contemporary knowledge age and thus acquire skills in the area of ICTs and for them to be able to husband the potentials of ICTs in their teaching tasks. Such training should incorporate the four guiding principles identified by Hughes, J. (2004). These are connecting ICTs learning to professional knowledge, privileging subject matter and pedagogical content connection, using technology to challenge professional knowledge and teaching many technologies. They will be able to model good use of ICTs for students who are being prepared for tomorrow's work places, where ICTs will be indispensable. Also professional organisations should be encouraged to institute and appreciate Technological Competence Initiative (TCI) with a view to empowering a would-be professional by providing required skill or expertise on ICTs.

Teacher trainers would need to be skilled to impart ICTs training on student teachers. Teacher trainers must be made to undergo compulsory ICTs training to the level of advanced application as identified by the North Carolina Department of Public Instruction. Through this they can make personal use of ICTs, model good use of ICTs for trainee teachers, and also integrate ICTs in their teaching and learning.

Additionally, collaboration and partnership with other successful e-learning partners in a bid to acquire best practice to accelerate the implementation of e-learning as well as reduce duplication of resources maybe as a starting point. Partnerships could be in areas like development and sharing of e-content and other resources, funding, training of e-learning stakeholders, and e-learning infrastructure development. According to Utsumi, Y. (2005), the advantages of partnerships include collaboratively addressing educational and developmental issues, strengthening technical and human capacity building for teaching, learning and research.

Regulatory bodies in the educational sector could begin introduction of compulsory ICT and e-learning courses in the curricula for all students especially at the first and second year of study to equip them with ICT and e-learning skills. Identifying a way of motivating the teaching staff to use e-learning and convert their course materials to e-content either through being given extra credit points during promotions, monetary incentives, etc., maybe the way forward. Relevant and high quality e-content are also vital to success of e-learning.

Furthermore, digital literacy of students is squarely mounted on the computer competencies of the teachers and academicians because students cannot acquire computer literacy without a computer literate faculty or department. Thus, computer literacy is one of the most important skills in today's competitive environment. Therefore, government and institutions of higher learning are required to provide technical and political support to the faculties and departments for successfully passing on digital knowledge and skills.

Above all and in addition to the Nigeria National Policy on Information Technology (NNPIT), Nigeria government and policy makers are advised to develop new policies and update existing ones to accommodate e-learning in our various institutions. This can go further to set the ground for the smooth implementation and operation of e-learning in our various institutions.

This study concludes that successful implementation of e-learning can easily be achieved if the aforementioned

impediments can be addressed. Based on these challenges, this paper has suggested various recommendations that Nigeria educational institutions in collaboration with the government and partners, can adopt towards addressing the challenges hindering the implementation of e-learning in their institutions. It is evident from the study that despite the challenges, implementation of e-learning holds a substantial opportunity for Nigeria institutions to expand accessibility to higher education. The aforementioned challenges of implementing e-learning make it imperative for the institutions and the government to work closely and come up with radical implementation strategies so as to meet the educational needs of the country.

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The Academy of Speech offers a Certificated course and can train you in the principles of Spoken English to enable you **speak English with clarity, the right pronunciations, rhythm and intonation.**

Our Lecturers who specialise in teaching spoken Standard English, elocution and improved intonation are from the UK with Master's degrees (M.A., Voice Studies) from the prestigious and world renowned The Royal Central School of Speech and Drama

Our training will help you:

- Improve your pronunciation, articulation and enunciation
- Speak with natural rhythm and intonation
- Understand and apply the tools of expressive English speech
- Construct clear English sentences with ease and confidence
- Become more eloquent, fluent and articulate.

DO WE NOT ALL ADMIRE PEOPLE WHO SPEAK ENGLISH WELL?

People who speak English with a natural rhythm and intonation

- Are often regarded as being more educated and even more intelligent
- Are more confident in their manner, Often command more respect.
- Are more open to greater career opportunities
- Are more able to compete better at interviews and are likely to get better jobs

Send an email to info@theacademyofspeech.com for more information and take advantage of our low introductory fees. **Go to**
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