INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

PROFESSIONAL LEVEL EXAMINATION – NOVEMBER 2026

CASE STUDY

PRE-SEEN

This material is issued prior to the examination date to enable you familiarise yourself with the case scenario so that you can undertake any research and analysis that you deem fit. This pre-seen part of the Case Study examination is also published on the Institute's website: www.icanig.org/students.

You **MUST NOT** bring this material with you to the Examination Hall. On release of the material, you are to spend the few days to the examination date to familiarise yourself with the information provided, carry out any additional research and or analysis about the industry, together with relevant developments and the financials provided in preparation for the examination. You should note that the use of pre-seen part of the Case Study will not significantly help you in responding to the requirements during the examination. It is essential that you carry out sufficient analysis on your own, so that you can leverage the pre-seen part of the case scenario as appropriate during the examination.

At the start of the examination, you will receive the complete case scenario which will include both the pre-seen and the unseen, which includes the requirements to respond to. You must use the answer paper provided by ICAN in the Examination Hall. Any solution presented with other papers **WILL NOT** be marked.

Assessment of the Case Study

The marks in the Case Study examination are awarded for professional skills and are approximately allocated as follows:

Assimilating and using information	20%
Structuring problems and solutions	20%
Applying judgement	20%
Drawing conclusion and making recommendations	20%
Demonstrating integrative and multidisciplinary skills	10%
Presenting appropriate appendices	10%
	100%

Of the total marks available, 20% will be assigned to the executive summary section of your response and approximately 10% will be assigned for proper consideration of ethical issues within your answer to the requirements. Although ethical issues is not a specific requirement of this paper, as it has been tested in other subjects of the ICAN professional examination, it will be tested within a requirement which may include the following areas:

- Lack of professional independence or objectivity;
- Conflicts of interest among stakeholders;
- Doubtful accounting and or creative accounting practice;
- Unethical business/commercial practice; and
- Inappropriate pressure to achieve a reported result.

You should note that marks are not awarded for simply restating facts from the case scenario, but marks are awarded for demonstrating professional skills and technical depth. Therefore, to succeed, you are required to:

- Show sufficient evidence of knowledge of the case scenario;
- Be able to carry out appropriate analysis of the issues involved and suggest feasible solutions to the problems identified;
- Demonstrate ability to make informed judgement on the basis of analysis carried out; and
- Generate reasoned conclusion upon which relevant recommendations are made.

Omission of any one of the above will diminish your chance of success in the examination.

Case Study: Bukie Fashion Stores Limited

List of exhibits

Exhibit 1: About you (Marian Garuba) and your employer, Bukie Fashion Stores Limited

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About you (Marian Garuba) and your employer, Bukie Fashion Stores Limited

You are **Marian Garuba**, a student member of ICAN, writing the Professional level of the ICAN examination. You are employed as a Manager – Finance & Control in Bukie Fashion Stores Limited and you report to Jane Pebble, the Company's Finance and Logistics Director.

Your responsibilities include:

- Preparing detailed financial analyses and reports on the performance of the Company;
- Analysing regularly both the internal and external environments of the Company, to determine the Company's strengths and weaknesses in relation to its competitors, and the opportunities and threats in the business environment;
- Assessing operational and strategic business proposals to see how each aligns with the Company's strategic objectives and its impact on its business and financial risks;
- Assessing the Company's financial and business forecasts together with the assumptions upon which they are based and making recommendations to the Board of Directors (BOD) of the company;
- Advising your BOD on sustainability issues and preparing the annual sustainability reports and;
- Drafting reports for the Company's Finance and Logistics Director, based on the operational and strategic business analyses you have carried out.

These responsibilities demand that you keep abreast of developments in the accounting profession and in the business environment.

An appraisal of the Nigerian business environment

Nigeria, Africa's most populous nation presents a complex and dynamic business environment. Blessed with abundant natural resources, a large domestic market, and a vibrant entrepreneurial spirit, Nigeria, which is also one of the largest economies in Africa offers significant opportunities for businesses. However, the country also faces considerable challenges that can hinder growth and profitability and this appraisal provides a comprehensive overview of the Nigerian business environment, examining the opportunities, challenges, and future outlook.

Overview of the Nigerian Economy

(1) **Economic profile:** A mixed economy, dominated by the oil sector which accounts for a significant portion of government revenue and export earnings. Diversification efforts are ongoing but face obstacles.

- **GDP:** One of the largest economies in Africa, with a GDP of approximately $388 billion.
- **GDP growth rate:** Fluctuating growth rate influenced by oil price volatility, macroeconomic policies, and security concerns, but currently projected at 4.47% per annum.
- **Inflation:** Historically high inflation rates, often fuelled by currency devaluation and supply chain disruptions. Current inflation rate is hovering around 14.86% and 15%.
- **Exchange rate:** Highly volatile exchange rate, impacted by oil prices, foreign investment flows, and monetary policies. Current official exchange rate is ₦1,362 - ₦1,400/USD, while the parallel market exchange rate is hovering between ₦1,400 – ₦1,450/USD.
- **Population:** Estimated at over 200 million, providing a large domestic consumer market.

(2) **Key sectors and their prospects**

- **Oil and Gas**: While still dominant, the sector faces challenges including oil theft, pipeline vandalism, transition to cleaner energy. Future prospects depend on improving security, attracting investment in new exploration, and diversifying into gas processing and petrochemicals.
- **Agriculture:** Strong growth potential driven by government support, increasing demand, and opportunities for value addition. Focus is on improving farming techniques, processing farm produce and creating access to markets.

- **Technology:** A dynamic and rapidly growing sector with opportunities in fintech, e-commerce, and digital services. Challenges include infrastructure limitations, regulatory hurdles, and access to funding.
- **Manufacturing:** Potential for growth driven by government policies and increasing domestic demand. Challenges include infrastructure deficits, high input costs, and competition from imported goods.
- **Real estate:** Opportunities in residential, commercial, and industrial real estate driven by urbanisation and population growth. Challenges include high construction costs and land ownership structure.

(3) **Opportunities in the Nigerian business environment:**

- **Large domestic market:** A large consumer base with increasing purchasing power particularly among the growing middle class.
- **Abundant natural resources:** Rich in oil, gas and other natural mineral resources.
- **Young and growing population:** A youthful demographic presents a large and relatively inexpensive labour force and a dynamic consumer market.
- **Government initiatives:** Policies aimed at diversifying the economy, promoting local manufacturing, and attracting foreign investment.
- **Agriculture:** Significant potential for growth in agriculture, driven by government support for agricultural development and increasing demand for food products.
- **Technology and innovation:** A thriving technology ecosystem with a growing number of startups and venture capital investments.
- **Infrastructure development:** Significant investments in infrastructure (roads, power, water, telecommunications).
- **Consumer goods and retail:** Growing demand for consumer goods and retail services, particularly in urban areas.
- **Financial services:** Expanding financial services sector with increasing access to banking and insurance services.
- **Renewable energy:** Growing interest in renewable energy sources (solar, wind, hydro) and environmental concerns.
- **Tourism:** Existence of many unique sites, cultures, traditions, etc that can attract tourists.

(4) Challenges in the Nigerian business environment

- **Corruption**: The rating of Nigeria on The Corruption Perception Index remain poor.
- **Infrastructure deficit:** Inadequate infrastructure (power, roads, water) to drive productivity. For instance, unreliable power supply forces businesses to rely on expensive generators, and thereby increasing operational costs.
- **Insecurity:** Security challenges create instability and deter investment.
- **Regulatory and policy inconsistencies:** Inconsistent regulatory actions create uncertainty and discourage long-term investment.
- **Bureaucracy:** Complex and inefficient bureaucratic processes make it difficult and time-consuming to obtain permits, licenses and approvals.
- **Weak rule of law:** Inconsistent enforcement of laws and contracts undermines investor confidence and increase the risk of doing business.
- **Foreign exchange volatility:** Fluctuations in the exchange rate can significantly impact import costs, profitability, and investment decisions.
- **Inflation:** High inflation erodes purchasing power and increases operational costs.
- **Skill gap:** Shortage of skilled labour in various sectors, requiring businesses to invest in training and development.
- **Ease of doing business:** Despite some improvements, Nigeria still lags behind other countries in the ease of doing business indicators, particularly in area such as starting a business, obtaining construction permits and registering properties.

(5) PESTLE analysis

- Political:
  - Political instability can significantly impact business operations.
  - Government policies and regulations play a crucial role.
  - Corruption levels can create challenges for businesses.

- Economic:
  - GDP growth rate influences business investment and consumer spending.
  - Inflation and interest rates affect profitability.
  - Exchange rate volatility impacts import and export costs.

- Social:
  - Demographic trends (population growth, urbanisation) shape consumer demand.
  - Cultural values and consumer preferences influence product and service choices.
  - Income inequality can limit market reach.

- **Technological:**
  - Technological advancements drive innovation and efficiency.
  - Digital infrastructure (internet access, mobile penetration) enables e-commerce and digital services.
  - Adoption of new technologies can improve productivity and competitiveness.

- **Legal:**
  - Business laws and regulations impact operations and compliance costs.
  - Contract enforcement mechanisms affect business security.
  - Intellectual property rights protection is crucial for innovation.

- **Environmental:**
  - Environmental regulations influence business practices.
  - Climate change impacts (flooding, drought) can disrupt operations.
  - Growing awareness of sustainability issues creates opportunities for green businesses.

(6) **Future Outlook**

Positive Trends:

- Continued population growth and urbanisation will drive demand for goods and services.
- Government efforts to diversify the economy and attract foreign investment may yield positive results.
- The growing technology ecosystem holds promise for innovation and economic growth.
- Increased investment in infrastructure could improve connectivity and reduce operational costs.

Challenges to watch:

- Continued oil price volatility could impact government revenue and economic stability.
- Security challenges may persist and hinder investment.
- Corruption and bureaucracy could impede business growth.
- Effective implementation of government policies and reforms will be crucial.

Overall, the future outlook for the Nigerian business environment is cautiously optimistic

While significant challenges remain, the country's vast potential and dynamic economy offer opportunities for businesses that are willing to navigate the complexities and adapt to the local context.

The Fashion Industry: From *tradition to modern global influence*

Introduction
Nigeria, recognised as Africa's most populous nation, is celebrated not only for its dynamic culture and rich history but also for its thriving fashion industry. Bridging centuries-old traditions with cutting-edge modern trends, Nigerian fashion is a vibrant expression of creativity and entrepreneurial drive.

Historical context
Fashion in Nigeria is deeply rooted in the diverse heritage of the country's more than 250 ethnic groups. Each community contributes distinctive traditional garments, textiles, and embellishments. To mention a few, the Yoruba are known for the agbada and colourful aso-oke; the Igbo for george wrappers and isiagu; the Hausa/Fulani for the babanriga and elegant turbans; and the Efik for opulent blouses and wrappers.

Fabrics such as adire (tie-dye), ankara (wax print), aso-oke (handwoven cloth), akwete (handwoven textile), and lace have long signified social status, marked special occasions, and showcased artistry. Skills in tailoring, weaving, and dyeing are often family legacies, forming the backbone of a cottage textile industry crucial to the sector's vitality today.

The rise of contemporary Nigerian fashion
Over the late twentieth century and into the present, Nigerian fashion has experienced a remarkable renaissance. Urban growth and technological advancements have enabled new generations of designers to blend traditional influences with contemporary aesthetics, creating bold new styles. Lagos has emerged as a fashion capital, hosting major events like Lagos Fashion and Design Week that attract global attention.

Designers such as Lisa Folawiyo, Mai Atafo, Deola Sagoe, and Orange Culture have reimagined Nigerian fashion, successfully merging indigenous fabrics with modern silhouettes. Their collections resonate with audiences both in Africa and abroad, regularly appearing on international runways and attracting celebrity interest.

Economic importance
Fashion is a significant engine for economic growth and employment in Nigeria. The textile, apparel, and footwear industries collectively provide millions of jobs. From local tailors to large-scale factories, fashion sustains communities in both the urban and rural areas.

The 'Made in Nigeria' movement, promoting locally-sourced materials and craftsmanship through both traditional and modern communication platform such as social media platforms, continues to boost economic growth and national pride.

Retail expansion and e-commerce

Cities such as Lagos, Abuja, Aba and Port Harcourt have witnessed a boom in fashion boutiques, concept stores, and pop-up catering to varied tastes. E-commerce platforms like Jumia, Konga, and specialist sites such as Zima, make fashion products accessible nationwide, connecting designers with consumers. The pandemic had accelerated online shopping, opening new opportunities for revenue and brand visibility.

Movement like "Alte" have emerged, embracing alternative fashion, music and art, particularly among youth. Fashion is also used to promote social causes. Designers and models leverage their influence to champion gender equity and sustainable practices.

Social and cultural impact

Fashion in Nigeria is much more than attire; it is a powerful declaration of identity and heritage. Traditional garments are worn at festivals, weddings, funerals, and political events, symbolising status and belonging. Contemporary fashion, meanwhile, serves as a platform for self-expression and advocacy.

Diversity and representation

Nigeria's varied population is reflected in its inclusive fashion landscape, which celebrates different body types, skin tones, and backgrounds. Nonetheless, the industry faces ongoing challenges around representation and inclusivity. Initiatives are underway to ensure marketing, runway shows, and design philosophies that acknowledge Nigeria's rich diversity.

Industry challenges

Despite its dynamism, Nigeria's fashion sector faces considerable obstacles:

a. **Infrastructure:** Unreliable electricity, poor transport, and inadequate workspaces hinder production and distribution.
b. **Finance:** Designers often struggle to secure funding, limiting growth and innovation.
c. **Supply chain:** Difficulty sourcing quality materials locally and high import costs impact competitiveness.
d. **Intellectual property:** Counterfeiting and piracy undermine originality and profits.
e. **Skills:** While creative talent abounds, technical and managerial expertise are sometimes lacking.

Government support and policy

Government initiatives have sought to strengthen the fashion industry through promoting local manufacturing, offering grants, and establishing incentives for trade and export. Programmes such as the Bank of Industry's Fashion Fund and collaborations with international groups provide support to emerging talents and foster market expansion.

Nevertheless, inconsistent policies and bureaucratic hurdles can impede progress. Greater cooperation between government, private sector, and international partners is vital for sustainable growth.

Global reach

Nigerian fashion has gained significant international recognition. Designers routinely participate in fashion week in New York, London, and Paris. The popularity of Nollywood has further highlighted Nigerian style worldwide, with actors and actresses acting as fashion icons.

Diaspora communities in the US, Canada, UK, and other countries are enthusiastic supporters and promoters of Nigerian fashion. Social media influencers amplify trends and spark global conversations about African style.

Sustainability and innovation

Environmental awareness is growing in Nigerian fashion. Designers are integrating eco-friendly materials, upcycling, and ethical production into their business models. Brands such as NKWO and Emmy Kasbit are leaders in sustainability, while advocacy groups encourage responsible consumption and waste reduction.

Technological innovation, including digital fashion shows, virtual fitting, and 3D printing, are catching on, helping Nigerian fashion compete internationally and attract tech-savvy consumers.

Future outlook

The prospects for Nigerian fashion are bright. With a young population, burgeoning middle class, and increasing enthusiasm for creative expression, the industry is primed for further expansion. Investments in infrastructure, education, and intellectual property will be key, as will collaborations with global brands, entry into new markets, and a focus on sustainability.

Bukie Fashion Stores Limited: Financial Statements summary

Bukie Fashion Stores Limited
Income Statement summary:

	2023 ₦m	2022 ₦m
Revenue	2982.8	2721.3
Cost of sale	-1946.6	-1782.6
Gross profit	**1036.2**	**938.7**
Other operating income	5.8	20.0
Selling and administration expenses	-913.2	-815.7
Operating profit	**128.8**	**143.0**
Finance income	41.5	8.5
Finance costs	-51.4	-53.6
Profit before tax	**118.9**	**97.9**
Income tax expense	-27.8	-20.7
Profit for the year	**91.1**	**77.2**

Bukie Fashion Stores Limited
Statement of Financial Position summary:

	2023 ₦m	2022 ₦m
Assets		
Non-current assets		
Intangible assets	40.8	48.1
Property, plant and equipment	1,992.6	1,907.1
Investments in joint ventures and associates	192.0	202.7
Other financial assets	2.0	1.1
Retirement benefit assets	120.5	261.0
Trade and other receivables	76.6	73.0
	2,424.5	**2,493.0**
Current assets		
Inventories	491.1	476.5
Other financial assets	3.3	4.4
Trade and other receivables	75.8	65.2
Current tax assets	1.6	-
Cash and cash equivalents	267.0	299.5
	838.8	845.6
Total assets	**3,263.3**	**3,338.6**

Liabilities		
Current liabilities		
Trade and other payables	511.7	490.2
Borrowings and other financial liabilities	143.8	80.6
Provisions	11.4	13.4
Current tax liabilities	9.6	8.5
	676.5	592.7
Non-current liabilities		
Trade and other payables	61.3	78.7
Borrowings and other financial liabilities	796.0	890.3
Provisions	18.9	23.0
Deferred tax liabilities	51.6	46.7
	927.8	1,038.7
Total liabilities	**1,604.3**	**1,631.4**
Net assets	**1,659.0**	**1,707.2**
Equity:		
Issued share capital	5.0	5.0
Share premium account	227.7	227.7
Retained earnings	1,426.3	1,474.5
Total equity	**1,659.0**	**1,707.2**