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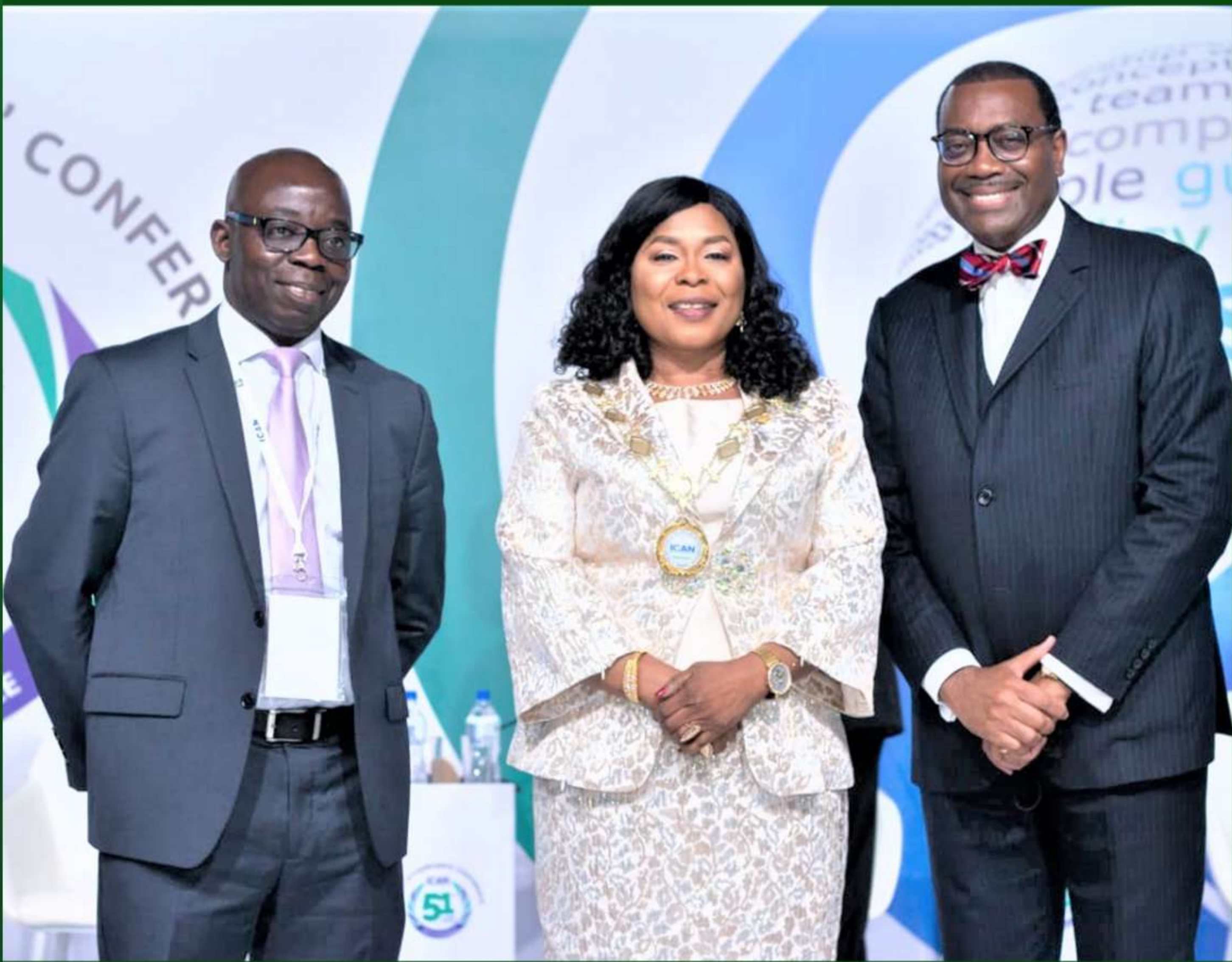

Trust in Governance

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FROM THE REGISTRAR

Prof. Ahmed M. Kumshe FCA
Registrar/Chief Executive

The Nigerian Accountant – 4th Quarter 2021 I welcome our esteemed members, stakeholders and the general reading public to another informative and educative quarterly journal of The Nigerian Accountant. It is important for me to congratulate you for witnessing the close of Year 2021, notwithstanding the health and economic challenges facing the world.

On behalf of the 57th President of The Institute of Chartered Accountants of Nigeria (ICAN), Mrs Comfort Olu Eyitayo, CFA, CFE, mni, FCA, the entire Governing Council members, Management and Staff of the Institute, we wish you all a very fruitful Yuletide and a productive Year 2022!

In retrospect, this year is replete with a number of local and international developments that challenged humanity and continue to call into questions various social and economic theories. The coronavirus (COVID-19) pandemic is rearing its ugly head even at just the point when the world was celebrating modest victory over the disease. We must acknowledge the progress made in medical and pharmaceutical interventions aimed at stemming the tide of the virus.

Other challenges facing global economies include navigating through the pandemic to restore growth, climate change and sustainability as well as gender inclusiveness in growth and development equation. There is also digital disruptions turning formally entrenched models on their head and introducing a New Normal in business transactions. COVID-19 and these other developments are keeping world leaders awake and ICAN has also remained alive to its responsibility of contributing its part for a safe, secure, transparent and accountable society.

At our great Institute, the last quarter of 2021 has been eventful, professionally fulfilling and nationally impactful. During this period, ICAN reaffirmed its incontrovertible status as one of the largest Professional Accountancy Organizations (PAOs) in Africa as well as an Institute of repute on the global scene. We remain focused on our vision to be a leading global professional body with a mission to produce world-class Chartered Accountants.

We joined the International Federation of Accountants (IFAC) and other Professional Accountancy Organizations (PAOs) to celebrate in a grand style the 2021 International Accounting Day on November 10. The Accounting Day was celebrated by the National Body and most District Societies of ICAN in all the States of the Federation, including the FCT. We used the opportunity to create awareness on the roles that Chartered Accountants play in economic growth. In this edition, readers would enjoy the exciting moments captured during the 2021 Accounting Day celebration.

The record-breaking 51st Annual Accountants' Conference with the theme Trust in Governance was held at the Federal Capital Territory (FCT) Abuja between November 29 and December 3, 2021 with 5845 local and international participants. We had distinguished individuals at the Conference including Dr Akinwumi Adesina, President of the African Development Bank; Mr Alan Johnson, President of the International Federation of Accountants (IFAC); Dr Ed Olowookere, FCA, Global Director, Governance Global Practice at the World Bank Group among others. We have featured in this edition the communiqué and some of the highly illuminating articles presented at the 51st Conference. These are in addition to other well-researched and topical articles in the edition.

As we reminisce and assess the outgoing year, I admonish all the distinguished members of the Institute and the entire readers of our journal to look positively into the New Year. There are vast opportunities to be exploited in the Year 2022 and beyond. We must position ourselves professionally and adapt to the digital disruption of the new age for us to remain sought-after. The articles in this edition would give you the needed leverage to navigate these times.

At the Institute, we have revisited the value add to our members and assure you of unique, refreshing and competitive services to members of the Institute in the New Year. We would continue to act in the public interest and lend our voice to social, economic, accounting and financial issues in the country. Our advocacy would receive new impetus in Year 2022 as we continue to protect the interest of the Nigerian economy, ICAN members and other stakeholders.

Please continue to keep safe and let us adhere strictly to all the COVID-19 protocols to safeguard our wealth and health.

I wish you all a Merry Christmas and Happy New Year 2022 in advance!

Exploring this edition of The Nigerian Accountant would add to making this festive season truly unforgettable.

Have an interesting read!.

You are welcome to the last quarter edition of your favourite journal – The Nigerian Accountant. Towards the twilight of the year, precisely, November 29 – December 3, 2021, the Institute held its 51st Annual Accountants' Conference in Abuja. The theme of the conference was **"Trust in Governance"**
.

As usual, the Institute gathered various eggheads from all walks of life to either deliver papers or discuss the subject and make recommendations to the government.

Among the speakers at the conference was the President of African Development Bank (AFDB), Dr. Akinwumi Adesina, who presented the lead paper, where he advised the Nigerian government to reduce the cost of governance at all levels, be transparent and accountable to build people's trust.

According to him, "leadership is an investiture of trust while trust is the certainty that expectations based on promises, will be met". He noted that the cost of governance in the country was too high and appealed to leaders to maintain a lifestyle devoid of lavishness and selfishness if they want the citizenry to trust them. You will read the details of the conference proceedings in this edition. The communiqué of the conference is also published in this edition for your reading delight.

Prior to the Conference, the Institute joined the global Accountancy organizations to celebrate this year's international accounting day. There was a health walk, press conference and presentation of prizes to the winners of an essay competition organized for students of higher institutions. The report is also published in this edition.

Other articles published in this edition include: *Balance Score-*

card on Financial Performance of Quoted Service Companies in Nigeria; Evaluating The Impact Of Relationship Marketing On The Performance Of Small And Medium Scale Enterprises (SMEs) In Nigeria; Four Ways Chartered Accountants Can Encourage Diversity; Independence : Raison D'être of Audit Practice and much more.

On our health page, we published what Nutritionists said about antioxidants and how they can benefit people's health. You will also read our other regular columns like news and events. Your comments on the news items and articles published in this edition are welcome. Please, write to: **editor@ican.org.ng** or **aoowolabi@ican.org.ng**

We thank you for your contributions to the journal and continued interest in the Institute of Chartered Accountants of Nigeria. We look forward to receiving more topical papers from you in the years ahead.

On behalf of the Editorial Board members of the Nigerian Accountant, I wish you a Merry Christmas and prosperous New Year 2022. As we celebrate, please let us continue to share knowledge and keep safe.

THE NIGERIAN **Accountant**

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Balance Scorecard on Financial Performance of Quoted Service Companies in Nigeria

- Sileola Adebusola Akinbowale

Abstract

The essence of comprehensive performance evaluation is essentially significant as shareholders and other stakeholders expect a full disclosure of how well an organization had performed in its responsibilities. Previous studies have recognized the need for balance scorecard in this regard, but there have been wide disparity results, reflecting inconsistencies imprecise effect of balance scorecard on financial performance. Contributing to this debate, this study investigated the effect of balance scorecard on financial performance of quoted service companies in Nigeria. In carrying this study, adopted survey research design, using structured questionnaire. The population consisted of 9,485 active employees of the 25 quoted service companies with offices in Lagos State, while Taro Yamen's formula was used to determine the sample size of 384, while convenience sampling technique was used to determine the sample size of the study. A structured questionnaire was used to collect data from respondents. The Cronbach's Alpha reliability and response rate of 85% were employed. Using descriptive and inferential (Multiple Regression) statistics, the study revealed that balance Scorecard had a positive significant on financial performance, AdjR2 = 0.289; F-Statistics (4, 379) = 39.990; P-value = 0.000. The study recommended that the management of quoted service companies should be sensitive to the complaints of customers since they hold a significant position in the survival of every service company, while investors should be watchful and consult appropriately before making investment decision.

Keywords: Balance scorecard, Customers perspective, Financial performance, Managerial competence, market performance, organizational performance,

1.1 Introduction

Globally, the financial performance of any corporate entity largely depends on the competencies of its managerial personnel and totality of its employees when it comes to implementing corporate strategy and optimal utilization of its productive resources based on motivations and attitudinal disposition of its key workforce (Fu, Hsieh & Wang, 2019). Gagne, Tian, Soo, Zhang, Ho and Hosszu (2019) posited that financial performance as one of the most significant constructs of corporate existence is a multidimensional phenomenon, complex, multifaceted and problematic in meeting the triple pillar of financial performance of financial performance, market performance and shareholders rectums expectations and that the success, sustainability and going concern of any corporate entity greatly hang on these three pillars.

Wang and Hou (2019) documented that financial performance as one of the components of financial performance is characterized by operational efficiency which is pivotal paradigm for attaining profitability in the short term and long term corporate sustainability in meeting shareholders and other stakeholders expectation, however there factors impeding these potentials, and these factor include weak organizational engineering, inadequate performance measurement system, lack of employee stewardship because of poor motivational incentives, absence of social responsibility and disintegrated customer services (Zdenka, Branislav, Gregus &Novackova, 2020). More so, measurement of financial performance in this regards, requires effective usage of productive resources and tracking performance on key productivity drivers and performance indicators stablished by the company and importantly, corporate organization fail in organizational success by omitting human resource management and developing human resources potential (Nazarian, Atkinson &Foroudi, 2017).

1.2 Statement of the Problem

The complexity in measuring non-financial performance has been imminent and the pace of business expansion requires complete and all-inclusive accounting information, that financial statement do not disclosure in Nigeria (Ogosi&Agbaeze, 2018). Conventional financial indicators are appropriate for financial performance measures, however, they are insufficient to evaluate non-financial performance and corporate competitiveness and capabilities of contemporary business activities and meeting the diverse accounting information required

required by investors (Ahmadu &Nguavese, 2019; Aguguom, 2020). Evidences abound that businesses do face unexpected failures and letdowns because of their inability to implement some of their strategies involving non-financial related perspectives. Ahmadu and Nguavese (2019) maintained that financial performance requires a more comprehensive perspectives that consist of financial indicators as well as non-financial indicators, hence the issue of Balanced scorecard as introduced by Kaplan and Davis to assess the performance of organizations (Narayanamma & Lalitha, 2016).Report from previous studies have reported inconsistences of the effect of balance scorecard on financial performance.

2.0 Extant Literature

Financial performance: The concept of financial performance as one of the proxies and components of financial performance in this study is an appraisal measure of the level of organization's policies in yielding the desired financial objective in monetary terms. The study of Malagnueno and Lopez-Valeiras (2018) and that of Lueg (2015) posited that financial performance is the measure of how well a firm uses its productive resources and assets to generate expected aims and objective financial or nonfinancial. This definition is used as a general measure of a firm's overall organizational financial performance and financial soundness over a given of time, and can be used to compare similar service companies in the same industry and with the same equity capital exposure across the industry. Financial performance in this study is one of the perspectives suggested by Kaplan and Norton (2000) in their famous balance scorecard. It show the result of corporate management effort and ability to engage and optimally utilize its resources in providing company product, goods or services, having navigated all the risks and uncertainties inherent in such

• From the regulators perspective, it appears that awareness and compliance level of RFIs with respect to CRS obligations is still low. The FIRS had organised several web-based workshops/programmes to sensitise RFIs on their compliance obligations under the CRS Regulations. However, this appears not to have had the desired operational process, in meeting expectations, economic value added, and shareholders wealth maximization model prospects (Camuffo& Gerli, 2018).

Balanced Scorecard: According to Senarath and Patabendige (2015), balanced scorecard is defined as one of the notable framework that assists service organizations implement complex and intricate operational activities in corporate strategies and at the same time enables monitoring of activities of the company in an effort to meet its strategic goals. Balanced score is also defined as a comparatively new economic notion that make sure that best performance practices and yields a desired fruitful results for organizational as compared to its past practices (Ndevu and Muller, 2018). Balanced scorecard is an approach that measures corporate performance in a long term basis by considering annual incentives that motives the key drivers of the corporate strategic plans. Traditionally, performance evaluations system relied only on financial measures that typically focused on short term financial performance metrics and ratios (Kaplan and Norton, 1996). Balance scorecard basically integrates financial and non-financial measures in order to ascertain financial performance and Kaplan and Norton grouped these measures into four perspective, customer perspective, internal business perspective, innovation, learning and growth perspective and these four perspectives connect the financial performance against its corporate objectives and goals (Gautam, 2015).

Customer Perspective: As one of the measures of balance scorecard, customer is defined as the manner in which organization treats its customers and customer satisfaction. According to Kaplan and Norton (2008), an organizations performance from the perspective of the customers ought to be a priority for going concern of the organization and a big concern for the leaders, because the customers are the real aim of still being in business. The customer perception and opinion of the company and how wants the company wants to be viewed by the customers is significant and fundamentals to the sustainability of the organization. Performance measure for customer perspective may include customer satisfaction, quick services or fast product delivery, attending to customers inquiries, respond to rebranding or shape of product (Quesado, Aibar-Guzman & Lima Rodrigues, 2018).

Innovation, Learning and Growth: The innovation, learning an growth aspect of the balance scorecard perspectives handle the issue of ability to continue to improve and create addition value for the owners and meet owners value creation expectations. It comprises the employee training and cultural attitude as it involves both the employees as well as the corporate self-improvement (Kaplan & Norton, 1996). It considers adequate and up to speed the ability and skill that the organization need to excel and achieve its internal business processes in order to create value for their shareholders and customers as well.

Internal Business Process Perspective: As one of the components of balance scorecard, internal business process perspective is defined as the process puts a corporate organization on the spot as to what should be done to excel and one of the essentials to the success of an organization (Satwinder, Dawish& Kristina, 216). It is one of the critical factors that focuses on how well the business is being steered by those saddled with leadership responsibility.

The ability to meet shareholders expectation and that of the customers and the other stakeholders have correlation with the purview of internal business process perspective (Semeijn, VanDer Heijden & Van Der Lee, 2014).

Financial Perspective: One of the balance scorecard perspectives include financial perspective which entails ability to consider how corporate bodies and the management team look before the shareholders. What image does the management team possess before the outsiders profitability wise. Zorek (2020) defined the financial perspective as those issues that can create assets growth, expansions and sustainability (Shafiee, Lotfi 7 Saleh, 2014; Zhou, Meier &Spactor, 2019). What is the trend of profitability profile, whether the corporate strategy implementation and execution translate to bottom line improvement of the organization (Zorek, 2020).

2.2 Underpinning Theory

Economic Efficiency Theory: The Economic efficiency theory was one of the theories postulated by the noneconomic theorist. However, the theory was said to have been developed and brought to literature by Lord Eatwell in 1994 (Zivojinovicc&Stanimirovic, 2012). The theory states that companies should achieve their output at the lowest possible cost per unit produced. According to this theory, optimal production can be achieved by economic of scale. Therefore, in the short run, maximum operational efficiency is attained at the level of output at which all accessible economic of scale are taking advantage of such efficiency. In the long run, lifting the capacity of an existing system can increase the optimal level of production efficiency (Ahmed, Bahamman& Ibrahim, 215). There are two perspectives of economic efficiency theory: allocative (price) efficiency) takes place when the business employs all of its resources efficiently, producing the most output from the least input Lubis, Torong& Muda, 2016). Economic efficiency theory asserts that the profitability objective of a company can only be achieved if the managers efficiently and economically make use of the resources of the owners.

Assumptions: (i) A board must consider many policies and regulations to make decisions regarding a firm's short- and long-term environmental strategies and its daily operations. (ii) That the board should have more experienced directors to provide advice and suggestions, exchange information with outsiders, counsel insiders, and access to outside resources for organizational success (Maria, Serio &Alvves-Fiho, 2015). (iii) Experienced directors in a board are likely to act as business and technical experts and specialists. (iv) The resource dependence theory explain the influence of outside resources of the firms decisions making. (v) Influential stakeholders have control over outside resources and could exercise their influence over management decisions. (vi) Company with risk-related disclosures can gain different competitive advantages because of their potential resources, and prior literature proves that resource-based directors possess this quality.

Proponents: There have been supporters of resource dependence theory, the study of Cyert and March (1980) posited that the resourceful board with expert directors creates strong relationships with various stakeholders, and understands their demands, interests, and concerns. In addition the study of Eisenhardt (1989) suggested that engaging, monitoring, and controlling of corporate resources is beneficiary to the corporation. These supporters belief that success of organizations with productive resources depends on the directors' experience and diverse qualities and backgrounds

Opponents: According to some studies, queried that resource dependence theory was based on unrealistic presumption and perceived philosophies, lack practical realities (Nazarian, Atkinson &Foroudi, 2017; Ndevu& Muller, 2018). It is obvious that is rather difficult in supporting and managing costly relative to its many implicit and explicit factors, such as political, legal, financial, tax, and regulatory factors, but this may ensure many benefits that enhance management's expertise and the quality of their decisions and decrease capital costs (Abdel-Maksoud, Kamel & Elbanna, 2016).

The relevance of Economic Efficiency Theory to this Study: The underlying economic performance of a company is measured basically by the efficient utilization of the resources at its disposal in other to attain profitability objectives of the establishment.

2.3 Empirical Review

Joao, Pereira and Goncalves (2019) carried out an investigation of the effect of quality of work life, customers' perspective and employee motivation and perceived contribution as part of organizational culture on financial performance as a reflection of organizational productivity. The study employed qualitative survey research design approach, and different questionnaires were designed and administered through online to eleven selected international benchmarks in United Kingdom, Australia, and United States. In addition, structured interview were administered to employees of 12 selected partners from Italy, Bulgaria, Cyprus, Portugal, Greece and Spain respondents. In all, a total of 514 questionnaires were administered, through online to company owners and general managers of private and public entities in United Kingdom. The study using regression analysis found that quality of work life, customers perspective and employees motivation had a positive significant effect on financial performance as evidence on financial performance of the private and public companies investigated in Italy, Bulgaria, Greece and Spain. However, the result obtained in Cyprus and Portugal revealed that there was a positive but insignificant effect on financial performance. The result obtained by Joao, Pereira and Goncalves (2019) is in tandem with the results obtained in the studies of Kuriakose, Sreejesh and Wilson (2019) and that of Lee, Chen and Lee (2015) who found that employees' wellbeing and social responsibility of companies had influence on financial performance of the sampled service companies.

Amin and Shahnaei (2015) examined the effect of employee training, employee participation, internal process perspective and business process perspective as components of balanced scorecard on organizational effectiveness, as reflection of financial performance. The study employed structural questionnaire administered to selected employees of Malaysian University using purposive in selecting the sample size for the study. Out of the number of questionnaires administered to the students of the University of Malaysia, a total of 65% questionnaire were retrieved from the respondents and the data obtained were analyzed using regression analysis and correlation statistics. Cronbach coefficient alpha was conducted to the reliability and validity of instrument. A 5-point Likert scale was also adopted for the questionnaire. The result obtained revealed that employee training, internal process perspective and employee job satisfaction as components of balanced scorecard had a positive significant effect on financial performance, Also, that business process and employee participation exhibited a positive significant effect on financial performance. The results were consistent with previous study of Pool, Khodadadi and Kalati (2017) who found that internal process through marketing orientation linked to balanced scorecard had a positive significant effect on financial performance in small travelling agency service companies.

Zdenka, Augustin, Koltnerova and Dagmar (2020) examined the effect of employee retention of different ranks of staff, sustainability of human resources management and learning and growth perspective on perceived financial performance in Slovak Republic. The study employed survey research design, while validating the reliability of data using Cronbach alpha validity test of 0.85 was obtained, which was sufficient for scientific threshold for the study. A self-structured questionnaire was adopted and a total of 1,471 questionnaires were administered to respondents comprised of employees of industrial service companies in Slovak Republic. Regression of the data obtained from respondents were carried out. The result revealed that there was a positive relationship between employee retention, sustainability of effective human resource management and financial performance. Also that learning and growth perspective had a positive significant relationship with perceived financial performance. A majority of respondents' belief that financial performance is a factor of quality and effective human resource management, while employee retention and employee motivation are panaceas to financial performance.

Kefe (2019) examined the possible determination of the effect of balanced scorecard on financial performance measures of companies. The study considered financial performance measures of financial performance, market process performance and returns to equity shareholders. The study employed survey research design and using structured interview administered to selected employees and managers of the companies, In addition, financial documents were examined. The study also employed descriptive statistics, using graphs, percentages, mean and median in the analysis of the data obtained through interview. The study found that financial performance is sufficient to analysis and evaluate the effects of balanced scorecard. In addition, the study revealed that balanced scorecard had positive significant on financial performance, market performance and returns respectively. Furthermore, that balanced scorecard exhibited positive significant influence on financial performance. The result of Kefe (2019) is consistent with previous results obtained by the studies of Malagueno, Lopez-Valeiras and Gomez-Conde (2018) and that Miloloza (2018).

Consistent with previous studies of Narayanamma and Lalitha(2016) and that of Kefe (2019), the study of Zdenka, Branislav, Gregus and Novackova (2020) studied the innovativeness and effect of balanced scorecard in operational performance in small and medium enterprises and small sized companies in Slovakia and the Republic of Serbia. The study employed survey research approach using questionnaire administered to selected respondents among the small and medium enterprises and small sized companies in the two countries of Slovakia and Serbia. The study employed financial perspective, customers'

perspective, internal business perspective and innovation, learning and growth perspective as proxies to measure balanced scorecard. A total number of 400 questionnaires were distributed to 225 companies and 87% of the questionnaires administered were returned and analyzed using descriptive and regression analysis. The result obtained showed that balanced scorecard had a positive significant effect on financial performance. Specifically, financial perspective had a positive significant effect on financial performance, while internal business and innovation, learning and growth revealed a positive but insignificant effect on financial performance of the sampled companies. While some have reported positive effect of balance scorecard on financial performance (Zdenka, Augustine, Koltnerova& Dagmar, 2020; Joao, Pereira, Goncalves, 2019; Pool, Khadadadi& Kalati, 2017), on the contrary, Owolabi, Adetula and Taleatu (2020) found negative effect.

Consequent to these inconsistencies, this study proposed the following, research objective, research question and hypothesized as follows:

Research Objective: The broad objective of this study is to examine the effect of balance scorecard on financial performance of index of quoted service companies in Nigeria;

Research Question: How does balanced scorecard affect financial performance index of quoted services companies in Nigeria?

Research Hypothesis (H01): Balanced scorecard has no significant effect on financial performance index of quoted service companies in Nigeria.

Operationalization of Variables

$Yi = α0 + β1Xi + μi$ ………………………………………………………………………………………….. (1)

Where
Dependent Variable = Financial Performance

4.0 Data Presentation, Results and Discussion of Findings

4.1 Descriptive Statistics

The distribution of the responses of the respondents to the questions that focus on Financial Performance is presented.

Table 4.1: Financial Performance

	Very Low	Low	Moderately Low	Moderately High	High	Very High	Total	% of Total High	Mean	Std Dev
Profitability	8 (2.1)	25 (6.5)	86 (22.4)	131 (34.1)	114 (29.7)	20 (5.2)	384 (100)	265 (69)	3.98	1.09
Growth in Dividend Yield	5 (1.3)	20 (5.2)	51 (13.3)	112 (29.2)	134 (34.9)	62 (16.1)	384 (100)	308 (80.2)	4.40	1.14
Return on Assets	2 (0.5)	29 (7.6)	55 (14.3)	150 (39.1)	86 (22.4)	62 (16.1)	384 (100)	298 (77.6)	4.24	1.14
Earnings per Share	12 (3.1)	16 (4.2)	55 (14.3)	126 (32.8)	146 (38)	29 (7.6)	384 (100)	301 (78.4)	4.21	1.11
Growth rate in Economic value added	3 (0.8)	11 (2.9)	63 (16.4)	118 (30.7)	145 (37.8)	44 (11.5)	384 (100)	307 (80)	4.36	1.03

4.0 Data Presentation, Results and Discussion of Findings

4.1 Descriptive Statistics

The distribution of the responses of the respondents to the questions that focus on Financial Performance is presented.

Source: Field survey, 2021. Percentage in parenthesis

From table 4.18, "Growth in dividend yield" appears to be the most supported statement with a mean value of 4.40 and standard deviation of 1.14 followed by the statement "Growth rate in economic value added" has a mean and standard deviation values of 4.36 and 1.03 respectively then "Return on assets" with mean of 4.24 and standard deviation of 1.14 followed by "Earnings per share" with mean and standard deviation values 4.21 and 1.11 respectively then "Profitability being the least with mean value of 3.98 has a standard deviation of 1.09. Reponses of respondents to this statements vary as shown in this table, however majority of the respondents responded with "High" followed by "Moderately high". Growth in dividend yield ranked the highest in this section, this suggested that the respondents believed that payment of dividend in Nigerian is considered a reflection of an effective financial performance.

4.2 Inferential Analysis

The Ordinary Least Square (OLS) regression is used in determining the effect of all balance scorecard proxies on FPI. Two tables containing the model summary/ANOVA and the regression coefficient reveals the result of the OLS regression.

Table 4.2: Model Summary and ANOVA

Model Summary					
	R	R Square	Adjusted R Square	Std. Error of the Estimate	
	0.545	0.297	0.289	0.68807	
ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig.
Regression	75.731	4	18.933	39.990	0.000
Residual	179.434	379	0.473		
Total	255.165	383			

Source: Author's Computation, 2021; underlying data from Field Survey. Note: Predictors are (Constant), FINP = Financial Perspective, CUSP = Customer Perspective, INLGP = Innovation Learning and Growth Perspective and INTBPP = Internal Business Process Perspective. Dependent variable is FPI = Financial Performance.

In Table 4.2, the model reveals an adjusted R-square of 0.289, which indicates that 28% of the variation in FPI is explained by the independent variables (balance scorecard proxies). Also, the F-statistics value of 39.99 is statistically significant at 1%. This means that the joint effects of the independent variables (balance scorecard proxies) significantly explains the variations in Financial Performance Index (FPI).

Table 4.3: Regression Result of Balance Scorecard on Financial Performance (FPI)

	Unstandardized Coefficients		T	Sig.
	B	Std. Error		
(Constant)	0.551	0.376	1.465	0.144
CUSP	0.050	0.081	0.617	0.537
INLGP	0.330	0.063	5.210	0.000
INTBPP	0.334	0.072	4.624	0.000
FINP	0.145	0.056	2.610	0.009

Source: Author's Computation, 2021; underlying data from Field Survey. Note: Predictors are (Constant), FINP = Financial Perspective, CUSP = Customer Perspective, INLGP = Innovation Learning and Growth Perspective and INTBPP = Internal Business Process Perspective. Dependent variable is FPI = Financial Performance.

The summary of the estimated regression model that investigates the relationship between balance scorecard and financial performance is presented below in an empirical form.

$$FPI_i = \alpha + \beta_1 CUSP_i + \beta_2 INLGP_i + \beta_3 INTBPP_i + \beta_4 FINP_i + \mu_i \text{ ---------------Model 1}$$

$$FPI_i = 0.551 + 0.050 * (CUSP_i) + 0.330 * (INLGP_i) + 0.334 * (INTBPP_i) + 0.145 * (FINP_i) + \mu_i) \text{ -------------------------Model 1}$$

Following each of the variables of the independent variables as revealed (β1= 0.050; β2 = 0.330; β3= 0.334; β4 = 0.145) > 0. Based on these results, each of the coefficients of independent variables, suggested that the coefficients of customers' perspective, innovation, learning and growth, internal business process perspective and financial perspective were all positively signed and were consistent to the expectations of the study. Furthermore, customer perspective (CUSP) positively affects financial performance of quoted service companies in Nigeria. Considering the probability of the t-statistics (P-value of 0.537) i.e. 53.7% which is higher than 5% level of the chosen level of significant of 5%, reflects that CUSP do not significantly affect financial performance (FPI). The coefficient of CUSP (0.050) means that a million Naira increase in CUSP would yield 0.050 Naira increase in financial performance (FPI). In other words: The result for the regression of balance scorecard proxies on Financial Performance (FPI) is shown in Table 4.24. Customer Perspective (CUSP) has a positive relationship with FPI with a coefficient value of 0.050, however this relationship is not statistically significant (P-value = 0.537). This implies that Customer Perspective does not influence the Financial Performance of listed companies in Nigeria.

Also, Innovation, learning and growth perspective (INLGP) positively affects financial performance of quoted service companies in Nigeria. Considering the probability of the t-statistics (P-value of 0.000) which is less than 5% level of the chosen level of significant of 5%, reflects that INLGP significantly affect financial performance (FPI). The coefficient of INLGP (0.330) means that a Naira increase in INLGP would yield 0.330 Naira increase in financial performance (FPI).Also, internal business process perspective (INTBPP) positively affects financial performance (FPI) of quoted service companies in Nigeria. Seeing that the probability of the t-statistics (P-value of 0.000) which is less than 5% level of the chosen level of significant of 5%, reflects that INTBPP significantly affect financial performance (FPI). The coefficient of INTBPP (0.334) means that a Naira increase in INTBPP would yield 0.334 Naira increase in financial performance (FPI) of quoted service companies in Nigeria.

Finally, financial perspective (FINP) equally positively affects financial performance (FPI) of quoted service companies in Nigeria. Considering that probability of the the t-statistics (P-value of 0.000) which is less than 5% level of the chosen level of significant of 5%, reflects that FINP significantly affect financial performance (FPI). The coefficient of INTBPP (0.145) means that a Naira increase in INTBPP would yield 0.145 Naira increase in financial performance (FPI) of quoted service companies in Nigeria.This study found that each of balance scorecard had a positive significant effect on financial performance (FPI). Specially, the study equally found that the individual variables of innovation, learning and growth (CUSP), and internal business process perspective (INLGP) exhibited positive significant effect on financial performance of quoted service companies in Nigeria.

The results were consistent with the results of previous studies of (Anuforo, Ayoup, Mustapha & Abubakar, 2019; Osewe, Gachunga, Senaji& Odhiambo, 2018; Gupta&Salter, 2017; Zhang, Yaun, Naz &Magbool, 2020; Anuforoet at., (2019) who investigated the effect of balanced scorecard on the performance and improvement of strategic plans of University of Utara Malaysia and revealed balanced scorecard implementation, had a positive significant effect on financial performance of the University. On the contrary, the results obtained in this model are not consistent with the previous studies of Owolabi, Adetula and Taleatu (2020) who examined the effects of balance scorecard on performance evaluation in small and medium enterprise in Nigeria and the result revealed that balance scorecard perspectives have negative positive effect, as a result not been frequently used by the small and medium enterprises in Nigeria.

5. Conclusion, Recommendations and Contribution to Knowledge

5.1 Conclusion

The study considered the effect of balance scorecard on financial performance of service companies. The study carried out descriptive statistics and inferential analysis. The regression analysis revealed different reactions of the variable members of the specified model, while each of innovation, learning and growth perspective (INLGP), internal business process perspective (INTBPP) and financial perspective (FINP) revealed positive significant effect on financial performance, customers perspective exhibited positive insignificant. However, the joint statistics of the study showed that balance scorecard had a positive significant effect of financial performance of quoted service companies in Nigeria.

5.2 Recommendations

The management of quoted service companies should be sensitive to the complaints of customers since they hold a significant position in the survival of every service company. For instance, the hotels and tourism service companies depend solely on the patronage of the customers. The result revealed that customers' perspective negatively affected the financial performance. The managers and those saddled with the responsibility to attending to customers should be well trained and show high level of responsiveness and ability to show respect to the customers. After all, the customer is the king is a true reflection in this result. The investor should be watchful and consult appropriately before making investment decision. The study reveal the performance of corporate organization from the financial assessment and non-financial assessments of corporate organization performances. Depending only on the traditional measures of financial and ratio analysis in most cases may not be adequate to take an investment decisions. The government should provide an enabling business operating environment that will enhance effective financial performance. Undoubtedly, government is one of the stakeholder in the fortunes of corporate organization. The government should also provide some basic infrastructures, security and political stability to augment the efforts of the management to achieve their strategic plans towards holistic financial performance.

5.3 Contribution to Knowledge

The body literature will find this study useful and it will serve as an additional contribution to literature. The previous studies who had examined balance scorecard and/or financial performance have used different variables to measure both the dependent and independent variables of the study, this could have resulted to divergence findings and mixed result.

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Trust in Governance

- Dr. Akinwumi Adesina

It is a tremendous honour to be with you today on the occasion of the 51st Annual Accountants Conference of the Institute of Chartered Accountants of Nigeria (ICAN).

I wish to express my sincere appreciation to the President of ICAN, Mrs. Comfort Olujumoke Eyitayo, members of the Governing Board and Executive Officers of ICAN for graciously extending this invitation to me.

I have been asked to speak today about 'Trust in Governance.' It is a weighty subject and one that is timely and expedient.

The Latin word for trust - 'Fiducia' is one that as Chartered Accountants you are well familiar with. From fiducia is coined the word 'fiduciary' – which connotes a relationship between a trustee and a beneficiary.

Leadership is an investiture of trust.

But what is trust?

Trust is a powerful, evocative, and multifaceted word. At the level of federal, state, and local governance, 'fiducia' (trust) implies confidence and faith in, and reliance on government, by the people. It is an assurance that what leaders and government officials promise, they will of a certainty deliver. When leaders waiver, or do not deliver on promises and legitimate expectations, trust is broken, and becomes difficult to regain.

Trust is the certainty that expectations based on promises, will be met.

Trust is integrity -that is, "the quality of being honest and having strong moral uprightness," according to the Oxford Dictionary. When we say someone or an institution has integrity, we are saying they embody the qualities of honesty, reliability, patience, and hard-work; and that they adhere to what is right, even when a price has to be paid for foregoing immediate gain."

When I was appointed Minister of Agriculture in Nigeria in 2015, I knew that I had to make major transformations of the agricultural sector. I did not see agriculture as a sector for poor people. My perspective was different. I saw agriculture as a wealth- creating sector that can lift millions of people out of poverty. I was guided by my own upbringing growing up in a low-income family, struggling, as we moved up the income ladder with incredible sacrifices by my father. I do not believe in poverty alleviation nor accept that poverty is normal or that we must get used to it.

We must eliminate poverty. After all, no good medical doctor will tell you he or she just wants to alleviate your malaria. Therefore, as leaders, we must not get used to abnormal things. The abnormal must never be normalized.

As the grandson of a farmer, I was committed, to ensuring that Nigeria's hardworking farmers were put at the heart of government policies.

And that is exactly what we did.

I was then and I still am convinced that the most important part of leadership is the heart. When the heart is right, right decisions are made. When the heart is not right, or seeks only personal benefits, the leader easily gravitates towards self-adulation, neglects the primary needs of society, and becomes self-serving.

I told my wife before taking the assignment: the most important thing in my hand is my pen. With it, I can change the destiny of millions of people, so I must use it rightly. And that is what we did. From my very first day at my desk, I was driven with a very clear purpose: transform the lives of people.

The agricultural policies were designed with people accountability in mind, to bring in transparency and quality service for people. Within 4 years we reached 15 million farmers with seeds and fertilizers. That was unprecedented. We deployed the electronic wallet system to deliver farm inputs to farmers, via mobile phones, the first in the world. Food output rose by an additional 21 million metric tons in four years.

Just to give you a perspective: that is the equivalent of food enough to fill up 213, 000 Airbus 380 aircrafts. Even in a period of severe flood, the worst in Nigeria's history, Nigeria produced more food, as we took advantage of modern science, water management and technologies.
In an economy where Banks were not

lending to farmers, we attracted $5.6 billion in investments to the agricultural sector, and expanded lending by banks from 0.7% to 5%.

I tried to assess myself not in terms of what people think, but in terms of what God thinks, for all power comes from God, and so all accountability for what you do in power is to the one that put you there. Leaders are required and expected to do the right things. They must exercise power in a responsible manner. They are instruments to bring to pass the plans and purposes of God for people.

Ultimately, a leader must be driven by accountability to God.

Some felt the agricultural reforms were too audacious to be done, as they would involve stepping on the toes of very influential and powerful people. But I was not deterred. Government has to work for the voiceless. We worked day and night and within 90-days, powered by the revolutionary use of mobile phone technology, we brought in transparency and ended decades of corruption in the fertilizer sector that had marginalized farmers, enriched the powerful and undermined the emergence of a vibrant private sector. Farmers across the country were put right in the center of policy making with clear and transparent accountability to them.

Their lives changed.

Communities were revived.

Rural areas boomed and thrived.

Jobs were created.

Hope was ignited in long forgotten rural areas.

Similarly, when I was first elected as President of the African Development Bank six years ago, I set out on a mission for the Bank to more boldly help to accelerate Africa's economic transformation. We called the plan the High 5s: Light Up and Power Africa; Feed Africa; Industrialize Africa; Integrate Africa; and Improve the Quality of Life for the people of Africa.

My team and I recognised however that we would need more resources to have the kind of impact we envisioned for Africa. To do this, I needed the support of all our 80 African and non-African shareholder countries for a massive general capital increase for the Bank. At the time, several well-meaning people told me that it could not be done.

One even said the idea was dead on arrival. Others said no first-term President of the African Development Bank had ever taken the risk of expending so much political capital with shareholders. But it was a risk I was willing to take to achieve greater impacts in the lives of people in Africa, and one that had to rely on trust. Trust in my ability as a leader to deliver results.

Finally, in 2019, Bank shareholders approved an increase in the Bank's capital from $93 billion to $208 billion, a 125% increase. It was the largest general capital increase since the establishment of the Bank in 1964. But it was not just about financial resources. It was also about integrity, transparency, efficient management, delivery, and impact for the people of Africa.

In the past five years, the Bank's work has impacted on the lives of 335 million people.

In 2020,Publish What You Fund ranked the African Development Bank as the 4thmost transparent institution in the world out of 47 global development finance institutions on the Global Index of Transparency. And this year, theU.S. magazine Global Financeranked the African Development Bank as the best multilateral financial institution in the world!

That is a clear indication of trust gained at a global scale.

It is the same in every area of public and private enterprise. A leader's reputational equity rises or falls on the basis of results, trust and integrity. Consequently, leaders must mean what they say and say what they mean, as well as deliver on their promises. When the impact of your output is tangibly felt, trust is the end result.

We must earn the trust of the youth of Africa and use them as a potent force for national development. Forgotten, undervalued and underused, a lot of youth today have a high level of distrust for governments. That we must change.

Just think of the numbers and the implications. Today, 60% of Africa's 1.2 billion people are under the age of 25.

We must prioritise the youth because what we do with and to our youth will determine our future. We hold our positions in trust for the present and future generations.

We can learn from other countries. Consider Singapore.

In 2019, the deputy prime minister of Singapore was a guest speaker at the African Development Bank's Eminent Speakers' series. He said something that challenged me: that Singapore's most important asset was its human capital and that the most important position in the Government of Singapore was the Minister of Education.

Singapore prioritizes education for its youth to make them globally competitive in the world of technology and innovation to boost its leadership position in global markets. It trusts its youth, it values its youth, and it shows this by giving top priority to unleashing their potential.

Think of the following: Singapore spent $12.8 billion on education in 2018 and $20 billion in 2020. Today, Singapore tops the rankings in global education. It's first-rate human capital, led by its young dynamic and well trained population, powers its knowledge economy, driven by high technology industries, electronics manufacturing including machinery and computers, medical equipment, shipping, and global financial services.

Nigeria has a huge youth asset, but they will simply remain illiquid assets until we unlock their full potential.

Therefore, we must invest in our youth. We must gain the trust of the youth, and place our trust in them by making them the best assets of the nation.

That is why the African Development

Bank is exploring with countries, including Nigeria, the establishment of Youth Entrepreneurship Investment Banks — banks for young Africans, run by young Africans, that provide long-term financing that will help unleash the business entrepreneurship potential of Africa's youth.

We must see the future, and build it from today.

Distinguished Ladies and Gentlemen:

Leadership is a position of trust. This includes trust in the judicial system. The justice system is what sets the boundaries on acceptable conduct, for people, institutions, governments, and society in general. However, when judicial systems are subjugated to the dictates of the executive arm of government or controlled and manipulated by powerful individuals, trust is eroded. Any nation that does not respect and uphold the rule of law can never develop. It will only atrophy, or descend into chaos.

The symbol in the halls of the courts of justice, the blindfolded Lady justice is supposed to be blind, but when the blindfold has holes in it, justice is selectively dispensed to benefit the rich and the powerful, and trample on the rights of the poor.

There is a direct and strong correlation between the rule of law and investments. Think of it: who will want to invest in a place where there is no rule of law, respect for individual rights, freedom of speech, freedom of association, protection of property rights and intellectual property rights, copyrights and patents, and rights to legally acquire and dispose of assets?

GDP does not just grow. GDP grows because of economic activities, and economic activities thrive where there is a rule of law.

Distinguished ladies and gentlemen,

The public sector is vital for the private sector to thrive. You often hear theories that call for smaller governments, for governments to get out of the way, and to let the private sector do things. To some extent this is correct. However, the role of Government is not to produce anything other than the right policies, regulations, rules, laws, and procedures in order to catalyze economic growth and accelerate social development.

What is needed is not less government, but better and more accountable governments. The performance of governments therefore depends on the effectiveness of the civil service.

As an economist, I like to look at things in terms of input to output ratios. So, it is not how much input you get in; it is how much output you achieve. Ultimately, it is all about efficiency.

If the civil service, the engine room of government, is faulty, nations become faulty, and society suffers. We must revamp the public sector to make it leaner, much more professional, with transparent systems, enhanced public accountability, and a performance system where citizens rate the quality of services provided.

Distinguished ladies and gentlemen,

Adopting the concept of social capital stocks can enhance the quality of public service provided.

Let me explain:

Every society needs services such as education, health, energy, infrastructure, water, sanitation, housing, security, and social security. We can call these "social capital stocks". The higher the social capital stocks of countries, the wealthier, more-equitable and prosperous nations become.

We must think of and run the public sector just like you would run high-performing private sector corporations, which are held to high standards and accountability.

When CEOs go to work, the first thing they do is to check the state of their share or stock prices. They have to: they are hired and rewarded to ensure share prices keep rising. The same principle must be applied to the public sector, with leaders understanding that they are responsible and accountable for developing social capital stocks.

The current civil service model must give way to a new service delivery mindset focused primarily on building the nation's social capital stocks.

To improve morale, enhance effectiveness, expand service delivery, and reduce corruption, in the same manner that a CEO is rewarded when share prices rise, public sector workers that produce higher social capital stocks, should likewise be well remunerated. The best of the best must be attracted into revamped public sectors, with the explicit mandate of expanding the quality service delivery for the people and justifying taxes paid into the coffers of government.

Distinguished ladies and gentlemen,

Conventionally, one would expect that private capital would move to where the rate of return on capital is high. This, however, is not always the case. What is sure, however, is that private capital always would move to places where the social capital stocks are high. That is why someone can take funds from a developing country, where due to lack of infrastructure, returns on investment would normally be high, and put their funds in places such as Switzerland, where the returns may be low, but where the social capital stocks are higher.

Therefore, the necessary and sufficient conditions are that private capital will always flow to where social capital stocks are high. Understanding this linkage between private and social capital stocks is fundamental to re-thinking government and the public service – the engine-room of government.

Here is the lesson: the better the quality of performance of governments in building social capital stocks, the higher the trust of private sector in the society, and the higher the level of private capital formation.

Distinguished ladies and gentlemen,

The fundamental basis of any society is the social contract between the government and citizens. This social contract is embedded in the payment of taxes. Taxes form a significant part of government revenue. Governments are always eager to collect taxes, but the real question is whether there is congruence between tax revenue generation and accountability to citizens in fulfilling expected social contracts.

Think of the following:

While tax rates are relatively low in Nigeria, it simply is not an excuse to keep increasing taxes. Take the case of Norway for example. Its tax-to-GDP ratio is 39%. Singapore's tax-to-GDP ratio is 13.2%. And Nigeria's tax-to-GDP is 6.1%. It is easy to make the comparison and say Nigeria needs to raise its taxes to similar levels as in Norway or Singapore.

But also consider the following: In Norway, education is free through university. In Singapore, a country that had only 1/3 of Nigeria's per capita income at its independence in 1965, today has 100% access to electricity and 100% access to water.

While progress is being made the challenge, however, is that in many parts of Nigeria, citizens do not have access to basic services that governments should be providing as part of the social contract. People sink their own private boreholes to get water. They generate their own electricity oftentimes with diesel. They build roads to their neighbourhoods. They provide security services themselves.

These are implicit taxes, borne by society due to either inefficient government or government failure. As such, we must distinguish between nominal taxes and implicit taxes — taxes that are borne by the people but are neither seen nor recorded.

It has become so common that we do not even bother to question it. But the fact is governments can simply transfer its responsibility to citizens without being held accountable for its social contract obligations.

When citizens bear the burden of high implicit taxes, and governments or institutions fail to provide basic services, trust in governance is eroded.

To build trust with the society, governments must fulfil their part of the social contract, and citizens must also pay their own fair share of taxes. There must be mutual accountability. We must enforce social contracts.

Distinguished ladies and gentlemen,

Participatory governance demands open and transparent governance. Governments should be opened up! Citizens have a right to know how public finances are being used.

This is why I believe that we must develop a 'People's Index of Governance' with citizen accountability forums.

Lifestyle audits are needed for leaders. Leaders must live within their means, and their means must be honest means. When citizens see their leaders living transparently, being sensitive, not lavish in lifestyle but delivering good governance, they will trust governments. But when people feel that their resources are mismanaged or being used for opulence, widening the gap between the leaders and those they are leading, it builds distrust and despondency, which then permeates the fabric of society.

Distinguished ladies and gentlemen,

Leaders must not only be accountable, they must live simply. Power is not judged by wealth, but by transforming lives of people. To earn the trust of people, we must create people wealth, not simply personal wealth.

Recently, Chancellor Angela Merkel of Germany – a dear friend and one of the people I admire the most in the world -- was speaking to us during a meeting with her in Berlin. She told me that she lives in a flat and that she does her own shopping. Startled, I asked her why a world leader like the Chancellor of Germany does not have a State House! She responded that a Chancellor would have to paya lot of taxes for the privilege of residing in the State House! You can imagine: one of the most important leaders in the world lives in a flat, but her nation gives several billions of dollars in support to developing countries.

We must therefore re-examine the cost of governance, at all levels.

That is how trust in governance is built at all levels.

Dr. Akinwumi Adesina, the President, African Development Bank Group delivered this paper at the 51st Annual Accountants Conference of the Institute in Abuja.

Public Financial Management Reforms: Impact on Transparency and Accountability

- Chris Etim Nyong

Introduction

• Public Financial Management (PFM) as "the fine art of budgeting, spending and managing public monies" Christine Lagarde, former Managing Director of the international Monetary Fund(IMF);

• PFM is an interdisciplinary framework incorporating, economics, political science, public administration, accounting, and auditing. It involves public fund generation and prudent allocation and utilization of public financial resources to enhance sustainable development of a country;

• It is the corner stone of public service delivery

• **Demand:** The demand for better management of public resources has increased in recent years, especially in developing economies like Nigeria;

• **Awareness:** Through the campaign for good public governance by Civil Society Organizations, citizens have become aware of their right to demand transparency and accountability from their governments;

• **Globalisation:** As a result, governments across global jurisdiction shave initiated various reforms and innovative ways of improving their PFM systems;

• **Objective:** The purpose of this paper as to assess how these reforms impact transparency and accountability in the management of public resources in Nigeria;
• I shall:
• Trace the evolution of PFM reforms;
• Identify triggers of the reforms; and
• Focus attention on Nigeria's perspective

Elements of Public Financial Management Reforms

• PFM is about tackling financial management issues of public governance which, according to Dandago (2018), encompasses the following:

• Realistic Revenue Management.

• Effective Expenditure/Procurement Management techniques.

• Debt Management techniques.

• Essentials of Investments Management and

• Wealth Creation Management.

• These are the elements of PFM to be taken care of in any reform measures to be adopted by serious political leaders in any economy.

• The thrust of PFM reforms is to push fiscal transparency and accountability to the front burner.

• Wikipedia defines Fiscal Transparency as the publication of information on how governments raise, spend, and manage public resources. Specifically, it means publication of high-quality information on how governments raise revenue through taxes, loans/credits, investment income, and management of public assets and liabilities.

• Effective PFM systems are required to maximize the efficient use of resources, create the highest level of transparency and accountability in government finances and to ensure long-term

• Economic success. (Pretorius & Pretorius, 2008)

• The idea that citizens should have access to detailed information about how governments use public resources is not a new one. It has a long and distinguished history (DeRenzio,2015):

• As far back as 350 BC, Aristotle's POLITICS suggested that '...to protect the Treasury from being defrauded, let all money be issued openly in front of the whole city, and let copies of the accounts be deposited in various wards.'

• The DECLARATION OF THE RIGHT OF MAN AND OF THE CITIZEN, a fundamental document of the French Revolution of 1789, also recognized citizens right to know how their taxes are used, and to request an account of any public official (DeRenzio,2015).

• Despite this long history, fiscal transparency only became an issue of international discourse after the Asian crisis of 1997.

Evolution of Public Financial Management Reforms

Chronology of Reforms from 1997 upwards:

1. 1997: Asian financial crisis set out a codification of fiscal transparency.

2. 1998: IMF Code of Good Practices on Fiscal Transparency, Fiscal Transparency Manual and the Reports on Observance of Standards and Codes (ROSC).

3. 2000s: International Federation of Accountants (IFAC) initiated the International Public Sector Accounting Standards (IPSAS).

4. 2001: Public Expenditure and Financial Accountability (PEFA) programme indicators in countries receiving Development assistance.

5. 2002: Organization for Economic Cooperation and Development (OECD) issued Best Practices in Budget Transparency.

6.2006: Open Budget Survey (OBS) and Open Budget Index (OBI) were issued to improve governance and Combat poverty, from civil society perspective.

7. 2008: United States (US) State Department began Fiscal Transparency in countries recipients of assistance funds.

After the global financial crisis, the following reform initiatives were introduced:

1. 2011: IMF reviewed and issued a new Fiscal Transparency Code with Fiscal Transparency Evaluation.

2. 2012: Global Initiative for Fiscal Transparency (GIFT) issued High-Level Principles and coordination Between standard setters.

• In the 80s and early 90s, New Zealand and Australia took far reaching initiative store form PFM, including adoption of accrual-based accounting system in the public sector.

• The question is where are the Transparency initiatives of Nigeria and other

developing economies on PFM? The IMF Transparency Code should have provided them with guidance on domesticating very clear reform initiative on Transparency measures since Nigeria and most of the other developing economies are financial members of IMF who borrow from the financial agency under strict conditionalities.

Triggers/FacilitatorsofPublicFinancialManagementReforms

• Substantially, reforms are subjected to global uncertainties. Triggers of these reforms include:

• Fiscal crises.

• Public pressure

• Donor pressure. (e.g., The Paris Declaration on Aid Effectiveness).

• Political change, including post-conflict situations.

• It is instructive to note that PFM reforms in developing countries often originate from donor interventions. It can be argued that development partners/donor organizations are the major facilitators of PFM reforms in developing countries.

• This suggests that, on their own, political leaders in developing nations are not comfortable with any form of Transparency Code, especially, in respect of PFM!

Major facilitators of Transparent PFM reforms in developing countries include:

• The World Bank

• International Monetary Fund

• UK Department for International Development

• The European Union

Impact of Public Financial Management Reforms

• Several studies have been carried out, especially by donor organizations, to ascertain the impact of PFM reforms. Diagnostic frameworks have also been developed by development partners to aid reform road maps. Some of such major frameworks include:

• The IMF Code: The IMF Code identifies four sets of criteria for one aspect of PFM;

1. clarity of roles and responsibility;

2. open budget process;

3. public availability of information, especially financial information in the course of budget implementation; and

4. assurances of integrity of financial statements.

• PEFA: The 2016 PEFA framework has seven somewhat categories;

• Budget availability;

• Transparency of public finances';

• Management of assets and liabilities;

• Policy-based fiscal strategy and budgeting;

• Predictability and control in budget execution;

• Accounting and reporting; and

• External scrutiny and audit.

• PEFA Continued

• Each category or pillar comprises a group of indicators that capture the performance of the key systems, processes, and institutions of government. The framework includes 31 performance indicators which are broken down into 94 dimensions.

• In 2015, a DFID-commissioned project mapped almost 200 studies on public financial management in developing countries published in the period 2000-2015 (Mills,2018).The mapping exercise coded the empirical literature against the following eight outcomes from PFM intervention/reform (DeLayetal,2015).

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• The mapping exercise coded the empirical literature against the following eight outcomes from PFM intervention/reform (DeLayetal, 2015).

• Improved transparency – 75studies;

• Improved accountability through effective scrutiny of public expenditure – 60studies;

• Resource allocation better reflects policy – 52 studies;

• Improved working infrastructure that can raise efficiency of the PFM system – 38 studies;

• More efficient/cost-effective service delivery – 29 studies;

• Sufficient and timely funding for policy implementation – 24studies;

• Planned and timely funding releases and budget processes–22 studies; and

• Improved citizen-state contract – 18 studies.

Public Financial Management Reformsin Nigeria

• Nigeria made a scratch at reform when the Federation Account Allocation Committee (FAAC), in 1984, set up a Technical Sub-Committee to harmonize reporting format of financial statements in the three tiers of Government (Nyong, 2009).

• The recommendations of this Sub-Committee and indeed, subsequent committees (1998, 1999 and 2001) were never implemented.

• In 2002, another Sub-Committee was set up, with an elaborate Terms of Reference (TOR). The TOR included the development of accounting standard for the public sector financial management.

• However, in implementing the Report of this Committee in 2004, emphasis was placed on harmonization of report format, rather than reforming the process of fund management and the fund management reporting framework.
• It could conveniently be said that Nigeria commenced PFM reform in 2004 under its Economic Reforms and Governance Project (ERGP) initiative signed with the World Bank (Zubairu 2016). This should have been the solid ground to ensure practical reform on PFM in Nigeria, at all the three tiers of government.

• The reform process began in 2006 with the Integrated Payroll and Personnel Information System (IPPIS).

• The Federal Executive Council approved this in 2006 to address, amongst other things, the ghost worker syndrome, which was identified as the root cause of over-bloated wage bill of the Government.

• The pilot phase implementation of IPPIS, financed by the World Bank went live in April 2007 with 7 MDAs. All Federal Government employees were expected to be captured in IPPIS by end of 2016.

• In 2007, two major reform areas were formalized and captured in what might be called twin-laws:

• Fiscal Responsibility Act 2007; and

• Public Procurement Act 2007

• The Fiscal Responsibility Act introduced reforms in the budgeting system with the
Emergence of:
• Medium Term Budget Framework/Medium Term Expenditure Framework
• Medium Term Fiscal Framework and
• Medium Term Debt Management Framework
• Most States in the country have domesticated these legislations in their jurisdiction.
• Steps to reform financial reporting in the public sector began in July 2010, when the Federal Executive Council approved the implementation of International Public Sector Accounting Standards (IPSAS). To give a national effect to this initiative, the FAAC set up a Technical Sub-committee to facilitate IPSAS adoption in the country. The road map produced by the Sub-committee indicates timelines for migration from cash accounting to accrual accounting, between 2013 and 2016.

• The Procurement Act introduced Due

Process mechanism to engender transparent and Accountable procurement process.

• It is unfortunate that "Strengthening Internal Controls", which is one of the core PFM reform areas identified by Government, is yet to be concretized. With poor internal control system, even a household could not make any significant progress!

• The introduction of ICAN Accountability Index (ICAN-AI) in 2017 is a positive development in the Nigerian economy. The ICAN-AI framework was modelled along the line of PEFA framework, but strictly restricted to peculiarities of Nigeria's public financial management laws, rules and regulations. The framework is structured with 5 pillars, 25 indicators and 70 dimensions. The Index captures all aspects of PFM initiation of budgeting process to reporting of audited financial statements at each of the three tiers of governance in accordance with the laws, standards, rules, and regulations. A very clear and objective criterion has been developed for rating the state governments (with LGA under them) and the Federal Government.

• ICAN-AI is arguably the most important contribution of the Institute A/ccountants of Nigeria (ICAN) towards ensuring the institutionalization of prudent, transparent, and accountable PFM system in Nigeria. All that is required for the impact of this effort to be felt is adequate publicity of ICAN-AI assessment reports and partnership with international development partners who are concerned about effective PFM across the world.

WHAT IS THE SITUATION NOW?

• How have the existing reforms measures impacted transparency and accountability in the Nigerian PFM system?

• To answer this question, it is necessary to examine the results of PEFA and ICAN Accountability Index assessments of the PFM performance in the country. The Reports showed that a lot more work needs to be done by the Government at Federal, State and Local Government levels;

• The challenge of reforms implementation in Nigeria is the near absence of genuine political commitment (political will). Like in other developing countries, PFM reforms are externally induced – foreign pressure by development partners;

• This paper submits that, to be effective and faithfully implemented, PFM reforms should be the initiative of thoughtful internal practitioners, strengthened by political commitment.

Conclusion/Recommendation

• Effective PFM systems are required to maximize the efficient use of public resources, create the highest level of transparency and accountability in government finances and to ensure long-term economic success. Governments the world over are constantly faced with the choice of "eating the seed corn or trimming the herds". Hence, the continued search for ways to improve their public financial management systems. Budgeting Institutions and Fiscal Transparency agencies (especially the Legislature and the Offices of the Auditors-General) are two core aspects of PFM that are often neglected or taken for granted. Empirical and theoretical analyses have shown how budgetary institutions can influence fiscal outcomes. Strong institutions can improve fiscal performance by highlighting the need for sustainable policies, exposing the full cost of public interventions, and raising the cost of deviating from stated fiscal objectives.

• This paper challenges the Institute of Chartered Accountants of Nigeria to step up its public interest initiative by assisting Government to build strong PFM institutional capacity for the country. The ICAN-AI, which focuses on testing the prudence, transparency, and accountability of the three tiers of government in Nigeria, requires high level advocacy by the Institute for it to impact positively on the PFM system at all levels of governance in Nigeria. The reports of ICAN-AI Steering Committee for the 2018and 2019 have shown that some State Governments have recorded improvements on their PFM performance in the areas of prudence, transparency, and accountability, but "media shout" on the outcome has not been very sound for local and international analysists' attention to be drawn to that development.

• The Institute should energize its Public Finance Faculty's PFM specialists for them to develop initiative for ensuring effective PFM system in Nigeria. The faculty could roll out capacity building/ development programmes in PFM for the Government at all levels, as an indigenous solution to the capacity gap existing in our PFM system.

Mr. Chris Etim Nyong, a Fellow of the Institute, delivered this paper at the 51st Annual Accountants Conference in Abuja

How To Fix Nigeria's Broken VAT System

- Taiwo Oyedele

Historical context

VAT stands for Value Added Tax. It is a tax payable on the supply of goods and services at different stages of product supply and service delivery value chain. The burden of the tax ultimately falls on the final consumer.

The concept of VAT was first developed by a German economist in the 18th Century but first adopted by France in 1954. So, VAT is relatively a new tax compared to other taxes like income tax with some accounts attributing its first introduction to Egypt as far back 10 AD, or stamp duty which was first introduced in Spain in 1637.

Different countries operating a federal system of government have different structures of VAT. Brazil has both a federal VAT and state sales and service tax with lower rates applicable to inter-state transactions. Canada has combined federal GST and provincial sales taxes. The US operates only sales tax at states level excluding inter-state and international trade.

VAT has so far been adopted in over 150 countries worldwide. It is referred to as Goods and Services Tax (GST) in some countries. It can be differentiated from 'Sales Tax' which is imposed at every point of consumption without an input credit mechanism. Let's use a cake as an example assuming a consumption tax rate of 10% as illustrated below:

Value chain	Selling price	VAT at 10%	Sales Tax at 10%
Supplier of flour, egg, fat & sugar	1,000	100	100
Cake manufacturer (added value of 500)	1,500	50 (150 less 100 input VAT)	150
Cake distributor/retailer (added value of 300)	1,800	30 (180 less 150 input VAT)	180
Total consumption tax		**180**	**430**

Under a VAT system, the final consumer only pays 10% on the final value resulting in a total cost of 1,980 (1,800+180) compared to 2,230 (1,800+430) under a sales tax system due to the cascading effect of sales tax without any mechanism for input tax claim.

Nigeria's VAT facts and figures

1. VAT was introduced in Nigeria via Decree 102 of 1993 and implementation began in 1994. It replaced the sales tax introduced via Decree 7 of 1986. Since introduction almost 3 decades ago, VAT has become the fastest growing tax revenue head in Nigeria displacing PPT (N1.52 trillion) and CIT (N1.41 trillion) in 2020 to claim the top spot at N1.53 trillion.

2. The 1999 Constitution does not mention VAT, Sales or Consumption Tax even though the VAT law predates the 1999 constitution. The omission means it is considered a residual item which falls within the remit of state to legislate on based on S.4(7) of the 1999 Constitution.

3. The VAT act has been amended several times with key changes such as clear definition of exempt items, exemption threshold for small businesses with annual turnover not exceeding N25m, requirement for foreign suppliers to charge VAT, self-charging of VAT, exclusion of rent, land and building from the scope of VAT, etc

4. Over 500 food items are exempted from the national VAT including bread, cereal, fish, milk, fruits, yam and water. In addition, education books and materials, tuition, medical services, shared passenger transport, commercial air travel, and rent are exempted.

5. VAT collection in 2020 was N1.53 trillion out of which about 51% represented import VAT and international services. The top contributing sectors are professional services & telecoms 10.6%, other manufacturing 10.07%, commercial & trading 5.06%, breweries, bottling & beverages 3.90%, transport & haulage 2.84%.

6. Alcohol which is banned in some states contributed less than 3% of total VAT collection

7. Some big sectors contribute very little to VAT revenue due to the nature of their operations e.g. banks & financial institutions contributed 1.62% (because VAT is only charged on a small component of their income such as fees & commission but not on interest or premium), oil marketing contributed only 0.63% given that VAT is not charged on petroleum products.

8. In line with S.40 of the VAT Act, revenue is shared 15% to Federal Government, 50% to States & FCT, and 35% to Local Governments. The principle of derivation of not less than 20% is reflected in the distribution to states and LGs. Although not stated in the VAT Act, other factors used in the distribution are equality 50% and population 30%. There is a 4% cost of collection for FIRS and 2% for NCS in the case of import VAT.

9. States with the highest derivation are Lagos (50.5%), FCT (13.2%), Oyo (2.9%), Rivers (2.7%), and Kano (1.4%). The bottom 32 states contributed only 7% with the bottom 3 being Abia (0.08%), Osun (0.07%), and Zamfara (0.06%). On the other hand, amounts shared by the top states & their LGs are Lagos (14.7%), Kano (3.8%), Oyo (3.2%), Rivers (2.7%) and FCT (2.5%). The bottom 3 states shared Osun (2%), Abia (1.6%), and Zamfara (1.6%).

10. In the early years of VAT introduction, filing and payments were made based on branch locations. This practice was complicated especially with respect to offsetting of input against output VAT. A central system of filing was therefore introduced about a decade ago. This means VAT is currently filed and remitted centrally by companies based on their head office locations. This gives rise to what I call the "Headquarters Effect". For instance, all the Telcos, Banks, big manufacturing companies, top professional firms etc with head offices in Lagos remit their VAT to FIRS offices in Lagos. This artificially inflates the VAT attributed to Lagos while reducing the VAT revenue attributed to other states. Other major states may suffer the HQ effect to some extent e.g. PH Electricity Disco based in Rivers but serving other states.

Implications of a States' VAT regime

1. If states enact their VAT or Sales tax laws, the guaranteed winners will be the federal government in respect of import VAT and international transactions (whether retained by FG only or paid into the Federation account and shared), and the FCT. States that may either lose or gain are Lagos and Rivers due to HQ effect and subject to collection efficiency. Lagos also has to deal with granting input VAT at 7.5% on items sourced by businesses outside the state against the lower output VAT rate of 6%. All other states and 774 local governments will be worse-off, all things being equal.

2. The positions of all states will be negatively impacted by lack of capacity to collect, difficulty in auditing compliance, and higher cost of collection which may be up to 15% especially in states where consultants and other forms of agency structures are used for tax collection

3. States that have existing consumption tax such as Lagos, Edo and others would have to repeal those laws when introducing VAT or sales tax as to do otherwise would amount to legislating double taxation.

4. Small businesses with turnover not more than N25m that are exempt under the national VAT would have to comply with VAT under the states VAT laws.

5. Penalties for failure to register is as high as N50,000 for the first month and N100,000 for each subsequent month while the fine for failure to keep records to ascertain the correct VAT is up to N250,000. This penalty regime will weigh heavily on businesses especially SMEs such as barbers, hairdressers, tailors, shoemakers, plumbers, bus and taxi drivers, makeup artists, restaurant owners, etc. This further increases the risk of such businesses being harassed and extorted in many states especially those employing tugs to enforce tax compliance

6. People will pay more, but government will collect less due to inefficiency of collection and leakages. There will be higher cost of goods and services arising from input VAT claim and refund complications in addition to items which are not exempted under the states VAT law such as rent, tuition, processed foods such as amala, suya, jollof rice, and ogbono soup. In addition, there will be incidence of double taxation due to likely conflicts between origination and destination principle in different states. Worse still when the reality of inability to implement VAT hits home many states will inevitably introduce sales tax with its cascading effect.

7. Nigeria's ease of doing business and paying taxes will deteriorate in view of the multiple VAT compliance and Nigeria's tax to GDP ratio will decline.

8. Tax practitioners including lawyers and accountants will benefit as the states VAT regime will create multiple fee opportunities to assist taxpayers comply.

9. Local governments will be worse off. Effectively between states and LGs, the VAT revenue split under the national VAT is 59% to 41%. However, states are prescribing lower rates for LGs e.g. Rivers 30%, Lagos 25%.

10. FIRS will lose cost of collection on VAT revenue within states and may have to improve its operational efficiency to sustain current capacity or seek additional funding from the National Assembly which will reduce revenue accruing for sharing to all level of government.

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Conclusions and recommendations

The connotation that the current VAT controversy will improve fiscal federalism is superficial. Out of the top 7 taxes in Nigeria, 3 accrue entirely to states & local governments (personal income tax, property taxes, and stamp duties) while the remaining 4 (companies income tax, petroleum profits tax, VAT, import & excise duties) are shared to states & LGs at rates ranging from 43.32% from the federation account to 85% from the VAT pool. This is equivalent to 5 of the top 7 taxes accounting for over 95% of tax revenue in Nigeria accruing to states & local governments.

In the US, both the federal and state governments collect personal income tax while sales tax is only collected by states. Land which is a country's most valuable natural resource is about one-third federally owned in the US while states own less than 10%, the rest are owned by private landowners, tribal authorities and counties. In Nigeria, land is owned almost entirely by states while personal income tax, the top revenue yielding tax head in the world, accounting for about 38% of tax revenue in South Africa, up to 41% in the US and over 30% global average, is entirely collectible by Nigerian states on their residents.

So, efforts aimed at addressing the current challenges need to be redirected. It is not a clash between states and federal government (amending the constitution is squarely within the purview of the National and States Assemblies). It is also not a North vs South context, the 32 states that will suffer financially cut across all regions. And the impact of certain states sharing VAT from alcohol and spirits which are prohibited within their territories is exaggerated given that such products account for less than 3% of VAT revenue.

Below are my thoughts on the way forward:

1. Put people first – any outcome that negatively impacts the majority of Nigerians is not the right solution just as we cannot claim to empower the subnational by weakening at least 32 states and all 774 local governments.

2. Address inequity - the current VAT revenue sharing formula among states is not equitable. This inequity should be addressed by allocating any domestic VAT collected from each state entirely to the respective state. Only VAT collected on imports, international services and inter-state transactions should be paid into the VAT pool and shared based on derivation. This will address the current controversy without creating new problems.

3. Give accelerated hearing – this is an issue of utmost national importance and should be accorded the urgency that it deserves by the judiciary and all key stakeholders. The uncertainty created is counter productive for business and tax revenue generation.

4. Redesign the VAT structure - regardless of the outcome of the ongoing court case, a more suitable VAT regime should be developed for Nigeria and clearly spelt out in the constitution. By extension, the tax system is overdue for a holistic review.

5. Avoid reversing progress – even if states are to collect consumption tax going forward, adopting the very old VAT law as we have seen with Rivers and Lagos state is a setback especially with respect to lack of exemption for small businesses, limited scope of exempt items, not addressing the digital economy and business reorganisation. The fact that a state has the legal right to enact a VAT law does not mean it should do so in a hurry. Sufficient time should be dedicated to consultation, stakeholder engagement, capacity building and administrative readiness before enacting the law with a minimum commencement of 3 months after enactment in line with the 2017 National Tax Policy. A model legislation may in fact be developed by the Joint Tax Board.

6. Grow the pie and optimise existing taxes – beyond ensuring equity in sharing the cake, everybody wins when we grow the pie. Creating a conducive business environment to stimulate the economy and creating employment will inevitably lead to more tax revenue for all levels of government. Examples include land reforms, unlocking dead assets and removing impediments to the ease of doing business.

Nigeria's tax system is in a bad shape, which is set to get worse with the recent developments. To find the right solutions we must correctly define and properly situate the underlying issues to avoid misdirected prescriptions or "cobra effect" where the solution designed to solve a problem ends up making it worse.

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Wealth Creation: Empowerment tool for Multi-Faceted Professionals

- Professor Adebayo Paul Adejola

It is not a fallacy that our nation is referred to as the "Giant of Africa" The debt profile of our nation is alarming, at a skyrocketing rate.

But in the midst of the economic malady bedevilling our nation, there exist Multi-faceted Professionals with the potentials to fit into any sector of the economy and turn it around for good.

The question now is, as Multifaceted Professionals, what can we do to alleviate the Menace of poverty, economic recession and unemployment ravaging our nation?

Wealth Creation….

• Wealth is affluence, prosperity, opulence, riches, means, substance, luxury, well-being, plenty, deep pockets, money, cash, lucre, capital, principal, treasure, fortune, finance, assets, possessions, resources, effects, goods, funds, valuables, property, stock, reserves, securities, holdings, belongings.

• Wealth creation refers to building wealth through a variety of methods using financial products.

• Wealth is a product of a man's capacity to think (as a man thinketh in his mind, so he is), his ability to connect with divinity (it is God who gives power to make wealth) and the wisdom to leverage on the opportunities opened to him to invest and/or provide solutions to problems.

Steps in Wealth Creation

• For the laws of wealth creation to work for any nation or her citizens, we must first of all acquire adequate financial education that will help us in managing the provisions once available.

• Financial education starts with an understanding that there is a limit to what salary can do for you.

• The second step in wealth creation is the provision of the best service (s) that could be available in your chosen field - such service that the opposition will not be able to gainsay.

• The third step is self-management. In other words, learning to delay your gratification in the days when the income begins to come and not to try to show how much you have or have made.

• The fourth is to learn to open up your eyes to see where your next breakthrough might come from.

• The next step in wealth creation is to make up your mind to run the business and in running the business, you cannot leave it to other people. You must see it as your personal responsibility to create wealth.

• To run an effective business and create wealth, you must also be faithful.

• The next thing is to do things differently.

• Looking inwardly, step out of the box.

• It is in stepping out of the box and looking inwardly that you are able to discover gifts and abilities that reside in you.

• Lastly, take risk.

Laws of Wealth Creation

Some laws of wealth creation that have the potentials to empower us to be relevant in the midst of scarcity and holocaust ravaging the world include:

i. The Law of Creative Mentorship.

• The master key to achieving anything is to study those who have creatively been successful in their chosen field.

• Creative mentorship basically means that you do not have to invent or begin new ideas and rules in the area where others have been successful.

• All you need to do is to observe those who have done well in that chosen field and to allow their track record to mentor you.

ii. The Law of Burning Desire.

• The motivation to acquire wealth must be accompanied by a burning desire for wealth creation.

• A burning desire protects your mind in moments of discouragement. It helps you to face the challenges and obstacles which present themselves on a day-to-day basis. Need is what births desire and desire is what gives us the energy and the will to want to win.

• It is not possible to turn anything around If there is no strong burning desire.

• A burning desire makes you impossible to be convinced that your vision cannot come to pass.

iii. The Law of Competitive Advantage.

• Your uniqueness is your lever for winning the game of competition. The Creator celebrates your uniqueness, man questions it. There is something about the creation of God. Every human being carries a unique signature, face, and hair.

• You are unique, you are an original… you cannot afford to be a carbon copy. You must bring your uniqueness to the world of wealth creation. If you do not respect or recognize this, you will want to be like somebody else, you will become envious of other people and their gifts.

• Envy is a symptom of lack of appreciation of our own uniqueness and self-worth. Each of us has something to give that no one else has. That is your competitive advantage.

iv. The Law of Definiteness of Purpose.

• Money is a neutral instrument. The purpose for it must be established before the wealth is created or else, it will ruin the owner.

• Definiteness of purpose is a cardinal point for wealth creation.

• So many people have desired wealth and when it came, because it had no purpose, it either ruined the people who had it, or they wasted it and lost It eventually.

• In1997, Billy Bob Harrell, Jr. wasted 31 million dollars he won in the Texas Lottery two years after winning it. He committed suicide. He purchased cars… It was clear after his death that there was not enough money left to pay the taxes.

v. The Law of Entrepreneurship.

• More people become wealthy by starting and building their own successful business than by all other ways on earth.

• Entrepreneurship is a way of experiencing wealth creation. All the great institutions and companies we know today were built by men who became entrepreneurial, who committed themselves to doing something, who knew that their only source of success is by reaching out and working with their hands.

• Wealth is created when problems are solved and needs are met, not just because we have feeling, that the world should just be a better place.

• Entrepreneurship does not necessarily require extraordinary ability but finding what you can do well and establishing it.

vi. The Law of Small Beginning.

• There is always the thought that if something is too small at the start, it might not become big or great in time.

• Little capital creates great hunger. Little capital
produces more drive and the desire to achieve quickly.

• All things must start from somewhere. A journey of a thousand miles must begin with a single step. Plato also reiterated the fact that the beginning is the most important part of the work.

• You will never achieve if you never begin it. The man who started is better than the man who intended to.

• Smallness is the womb of greatness; those who despise smallness may never taste greatness; those who feel too big in handling small things may eventually become too small in handling big things.

viii. The Law of Divine Assistance.

• God will make resources in heaven and on earth available for wealth creation in answer to corresponding faith and action.

• Divine assistance is a major point in wealth creation because when God helps you to build, it goes beyond your natural talent and ability.

ix. The Law of Persistence.

• If you persist long enough, you will inevitably succeed.
Persistence is a proof of belief.

• It is virtually impossible to create wealth where Persistence is missing.

• Persistence is constancy, doggedness, endurance, Stamina and tenacity.

• It is choosing not to be indolent or indifferent to life but having the spirit of a survivor, the stamina to win, the connection to dreams, the constancy that makes things eventually work.

x. The Law of Time Management.

• Time management is crucial for the Productive lifestyle of highly effective people.

• If life is measured in terms of time, then time wasted is like life abused.

• God gave you time so that you could use it to create wealth. Time is money. Bad time management is a loss of money.

• Take time to work, it is the price of success. Take time to think, it is the source of power.

• People relate to time in many different way.

Investment Opportunity for Wealth Creation

Below are some opportunities to invest to create wealth:

REAL ESTATE

Real estate is a great way to diversify your investment portfolio. You can offset the risk of high-risk investments, such as money invested in the stock market.

Don't invest money you'd need immediately, but know that any money you have invested in properties you can usually liquidate within a few months if required.

STOCKS AND BONDS

Stocks give you partial ownership in a corporation, while bonds are a loan from you to a company or government.

The biggest difference between them show they generate profit: stocks must appreciate in value and be sold later on the stock market, while most bonds pay fixed interest overtime.

CRYPTO CURRENCIES

Investing in crypto assets is risky but also potentially extremely profitable.

Crypto currency is a good investment if you want to gain direct exposure to the demand for digital currency, while a safer but potentially less lucrative alternative is to buy the stock of companies with exposure to crypto currency.

SMALL BUSINESSES AS PRIVATE INVESTORS

Investing directly in a small private business can deliver a much better return than a traditional mutual fund or index fund, but the potential for losses is greater, too.

EDUCATION

Education is one of the most important investments a country can make in its future.

Education is a powerful agent of change, and improves health and livelihoods, contributes to social stability and drives long-term economic growth.

AGRICULTURE

Agriculture is a low-risk investment that keeps pace with inflation and increases in value over the long-term.

Investment in agriculture as a tangible asset that provides benefit to the community, adding that it can diversify the investor's portfolio.

HEALTH

Investing in the health system not only saves lives, it is also a crucial investment in the wider economy.

Health is wealth; ill-health impairs productivity, hinders job prospects and adversely affects human capital development.

There has been a strong political and historical commitment to treating health as a social goal either through legislation or mandating and prioritizing Expenditure on health.

HOTEL

Hotels can be an excellent way to generate income and build long-term wealth, especially when the economy is strong.

Unlike most types of commercial real estate, hotels can adjust their room rates on a daily basis. This gives them a unique ability to raise prices to match demand.

SKILLS ACQUISITION & TRAINING CENTRES

The development of skills can contribute to structural transformation and economic growth by enhancing employability and labor productivity and helping countries to become more competitive.

Investment in a high-quality workforce can create a virtuous cycle, where relevant and quality skills enable productivity growth.

This, in turn, increases the employability and productivity for both the current and future workforce.

LAND AND LANDED PROPERTIES

• Investing in Landed properties gives you peace of mind: Since land is a tangible asset that doesn't wear out. doesn't depreciate and nothing can be broken, stolen or destroyed it gives you peace of mind.

• Your investment is secured and you never have to worry

• Out of the world's 100 richest people, 27 inherited their billions; 73 are self-made; out of the 73, 18 have no College degrees, 36 are children of poor parents while others have neither degrees nor wealthy parents. One thing the 100 richest people in the world had in common-"investment during hard times for wealth creation".

• Diversification in what we do as an institute, as professionals and as a corporate body enlist us as a point of reference in the world.

CONCLUSION

The Multi-faceted Professionals, equipped with wealth creation as tool in their hands can convert a desert into an oasis, and a world-class tourist destination and international financial center, like United Arab Emirates; they have what it takes to make a country transit from Third World to First within 20 to 30 years, like Singapore; they can transform a country from a back water, commodity exporting country to become one of Asia Tiger's economies, like Malaysia.

Like the creative artist, Accountants creates business units…like the midwife, Accountants help businesses to deliver their babies……like the marriage registry, Accountants help to marry two or more businesses together…...

We are the light the world is waiting for to beam our light on the darkness bedeviling our nation; we are the salt the nation is waiting for to preserve it from decadence. The world is awaiting our manifestations as co-creator, custodians and managers of wealth/treasuries. The world is waiting for our manifestations.

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Four Ways Chartered Accountants Can Encourage Diversity

- ICAEW

The case for diversity and inclusion is stronger than ever. From dealing with data to increasing collaboration, we explore four key areas that can drive real progress and value within the workplace and change the future of the profession.

Chartered accountants have a growing role to play in ensuring that the thousands of decisions that senior leaders – whether in business or government – make every day dispel discrimination in all its forms.

This ranges from some of the more obvious activities – such as ensuring diversity and inclusion data is as accurate and useful as possible – to some where many chartered accountants will feel on less certain ground – such as understanding how some of the core tenets of their profession should be used to challenge the decisions of senior colleagues or clients.

1. Dealing with the different types of data

Data about D&I is different to the financial data that chartered accountants have dealt with their whole careers, argues Natalie Nicholles, a senior director at the Capitals Coalition who is co-leading the Accounting for a Living Wage project in collaboration with Shift, a non-profit organisation that advises on business and human rights. The key lesson is that the context of that data – how it is seen and discussed – is as vital as the data itself, she argues.

Nicholles says, "Whether it's D&I or living wages, these are really tricky topics in the social and human arena. In natural capital, we've done much better at being able to value greenhouse gas emissions and biodiversity loss, even though that's still difficult to do. But when it comes to people, our accounting models really exclude them; they're just complete externalities."

Gina Mills, Director at EY and leader of the firm's LGBTQ network across Australia and New Zealand, agrees. She has worked with numerous colleagues on a project that supports social enterprises, and says that, for all of the businesses involved in that project, social impact is "their reason for being and it's not all about profit."

But this then means you have to tell another "story in a convincing way to a set of investors or to your bank or whomever. To demonstrate that you may not be making massive amounts of profit, but 'Here's what we're also doing on the side'."

She says that "that's probably something that accountants of the future need to be thinking more about, because it's not always going to be about profit anymore."

In terms of the data you collect, one size doesn't fit all, warns Mac Allonge, Founder and CEO of data-driven D&I consultancy The Equal Group. "We advise companies to collect as much data as possible – about representation, experience, progression, talent management – across all aspects of the recruitment process, even the makeup of your supply chain. The wider you can spread the data spoke, the more holistically you can look at things."

2. Collaborating more effectively – especially with HR

Corporate activity on diversity, equality, inclusion and any other social issues will have traditionally resided within a company's HR function. Although HR will always have a role to play, other functions and teams will also become more heavily involved as these issues become more important to the overall performance of a company. And Finance will take on a particularly big part here.

Phil Toohey is Chief Operating Officer

of uFlexReward, a commercial spin-out from technology developed in-house at Unilever, one of the world leaders in measuring and monitoring social and people issues relating to its operations. From his time working with clients, he says, "It's not something that HR or Finance can do on their own." Finance teams "need to broaden their horizons and take in other elements of data," Toohey adds.

"It is that ability to be able to say, 'Well, it's not just the numbers, it's what the numbers are saying. How comfortable are we in that? What should we present and what shouldn't we present?'" says Toohey. "It's a lot more judgemental, and you need to be aware, obviously, of not only the legislation and the guidance but also how that's perceived across the market."

3. Being aware of the arguments involved

Investors have become incredibly interested in diversity and inclusion over the past four to five years. Robert Walker, Managing Director and Global Co-Head of Asset Stewardship at State Street Global Advisors, one of the world's largest asset managers, says, "Human capital and culture are a part of a company's intangible assets."

Social issues have "always been viewed as important, but the materiality of those issues – how you measure that – has been in flux", he says. For Walker, the concept of "human capital in the next few years is going to become very important. It's not going to go away".

Walker points out that State Street is already telling its portfolio companies and the wider market that companies with "a good balance of gender and racial equity" will likely have a "lower risk profile". Firms also need to manage diversity as an "emerging systemic risk", he says.

4. Future roles

Finally, alongside the technical and collaboration considerations, chartered accountants could also take on a more fundamental task in the more distant future.

Jeremy Nicholls, director, a founder of "Social Value International", and an ambassador to the "Capitals Coalition" argues that accountants could play a vital role by going back to the core tenets of the profession and applying them to issues of diversity and inclusion.

He believes that current accounting processes, standards and rules are set up to track, check and ask of management teams whether they are doing the best they can to provide a return for shareholders' capital – but nothing more than that.

"Financial accounting says it will produce information for investors to make decisions about providing resources to a company in the expectation of financial returns. Now, that is therefore an expectation of financial returns, and with absolutely no interest in any other consequences."

This appears increasingly mis-aligned with broader expectations of organisations. As studies have shown, considering performance from a purely financial point of view and missing social and environmental costs and implications may also harm financial returns over the longer-term.

As companies are seen to have obligations beyond just their shareholders, these are debates that will directly impact accountants, and may reshape the profession.

Culled from https://www.icaew.com/insights/Insights-specials/4-ways-that-chartered-accountants-can-encourage-diversity

INDEPENDENCE: Raison D'être of Audit Practice

- Oriaku Ezeikpe Isaac

I. INTRODUCTION

The origin of auditing is as a result of the separation of ownership from control in management of business concerns. It came to stay to protect the interests of the owners of business entities who have relinquished control to professional management, by ensuring that the financial statements presented by management, are justifiable. Because of the divorce of ownership from control, it becomes necessary for those managers entrusted with the owners' financial and economic resources, to present their financial reports (stewardship reports) to the employer. For the owners to be satisfied, it becomes expedient to invite an independent third party who will examine the stewardship reports for the purpose of expressing an opinion as to the truthfulness and fairness of the stewardship reports. That signifies he birth of audit practice as we know it today.

The fundamental responsibility of the auditor is to scrutinize the accounts and records of the business entities, including charities, trusts, professional firms, as well as governmental establishments, in such a detail as will enable the auditor form an opinion about their accuracy and reliability (Isung & Ojadi, 1996:47). However, in order that the auditor will do his work effectively, he requires a standard of independence necessary for a wholly objective audit. And as Ezejelue (1996:114) aptly puts it, "the general principle is that the auditor must approach his work with an independent outlook and must do nothing which would impair that independence".
Questions relating to the effective, as opposed to notional, independence of the auditor came strongly to the fore during the difficult economic period of the seventies. Any disinterested study of this matter must be necessary begin with the question of exactly what is meant by independence – and the very simplicity of the question makes it exceedingly difficult to find a satisfactory answer (Woolf, 1994:434).

Section II of the paper takes up the challenge of elaborating on what the concept of independence in audit practice entails. Section III attempts to answer the question: is independence really possible (especially, when it is considered that audit practice is ancillary to business)? Section IV dwells on audit report as a tool for assertion of auditor independence, as well as the various opinions that could be expressed by the auditor on the financial statements, given the degree of his examination (independence). Section V concludes the paper.

II. THE CONCEPT OF INDEPENDENCE

The concept of independence is a unique and determinant factor in audit practice and is indeed, as already established per the introduction, as old as the profession itself. The general understanding is that independence is a state of the mind wholly characterized by integrity and objectivity to professional work. As Woolf (1994:1) rightly

contends, "in the early days of auditing, the prime qualification for the position of auditor, was reputation. A man known for his integrity and independenceof mind would be sought for this honoured position, the matter of technical ability being entirely secondary". Accordingly, those who will argue that financial independence is what matters should look further back – the danger of financial involvement lies only in the risk of clouded judgement, which is certainly a mental state (Woolf, 1994:434).
The issue of independence of the mind is not limited to the viewpoint of the auditor but is extended to the "public eye" where independence must be seen to exist. In the words of Millichamp (1993:4), "not only must the auditor be independent in fact and attitude of mind, but he must also be seen to be independent". In the same vein, Stettler (1977:26) asserts that:
there is also a 'collective' aspect of independence that is important to the public accounting profession as a whole. The public accountant is not, as a rule, personally known to third parties,

such as stakeholders, who rely on professional opinions, and such groups accept the auditors' opinions principally on faith in the entire public accounting profession. Under these circumstances, public knowledge of one individual's failure to maintain independence tends to produce suspicion and lessening of faith in the independent audits of all public accountants.

Many members of the profession may disclaim any taint of compromise (especially, in situations which can only be described as "compromising"), maintain that they, in exercising their judgment, are totally free of any consideration other than that of servicing in a proper manner the needs of the interested parties to whom they are professionally responsible. Such a claim, in most instances, as further contended by Woolf (1994:434), would probably be true, yet it misses the point for two important reasons:

a) The claim would be impossible to prove, especially under a harsh and critical spotlight, and it is therefore preferable that the circumstances themselves should be avoided.

b) The individual is usually a poor judge of his own motivations: personal bias is dangerous precisely because, by definition, the person is oblivious of the bias himself.

Auditor's independence is so important that it can stand alone as a concept in auditing theory and practice (Robertson, 1979). According to Shockley (1981), "the value of auditing services depends upon the fundamental assumption that certified public accountants are independent of their client". "Unless", as rightly opined by Stettler (1977:5), "the accountant is independent, the opinion expressed is no more reliable than the statement which have been prepared by management". The notion of independence as essentially an attitude of the mind characterised by integrity and objective approach to professional work is ambiguous (Isung and Ojadi, 1996:49) and some areas in which independence must be seen to exist have been established to include (Robertson, 1979):

a) Programme independence:

The auditors must remain free from interference by client managers who may intend to restrict, specify or modify the procedures they (auditors) want to perform, including attempt to assign personnel or otherwise, control the audit.

b) Investigative Independence:
Auditors must have free access to books, records, correspondences and other essential matter matters for their work. There should be co-operation with management without attempts to interfere, or screen the evidence needed; and

c) Reporting independence: The auditors must not let any feelings of loyalty to the client interfere with their obligations to report fully and fairly; neither should management be allowed to exert pressure or over-rule auditor's judgement on the contents of an audit report.

Indeed, the auditor must be free to decide questions against his client's interest if his professional judgement compels that result. If the auditor is predisposed, or even appears predisposed, to blindly validate management's work rather than subjecting it to careful scrutiny, the ultimate result will be a diminution of public confidence in the profession (Previts, 1985:7).

The concept of audit and the concept of independence are the twin sides of the same coin. The auditor who has lost his independence has lost his raisond'être; he has become dependent, and a dependent auditor is a contradiction of terms (Woolf, 1994:434).

III. INDEPENDENCE: *Is it really possible?*

Despite the guarantee of independence accorded the auditor by the Companies Act regarding their appointment, remuneration, and dismissal, is it really possible for the auditor to exercise his independence in the course of audit work? More so, when the distinction between shareholders and management has become so blurred that the appointment, remuneration, and dismissal of auditors is effectively decided by management, who are the very people auditors may wish to criticise?
This has indeed, been a burning issue and subject of controversy in audit practice way back into history, especially, amongst public commentators and analysts. For example, Devine (1976: 4-51) argues that:

it is not just the money, it is not always the vital co-operation from the client, it is not even the ever-present danger of having the audit pinched. No, the reason why the auditor is not independent is because he is not psychologically free. Yet this freedom is vital. As any divorcee will confirm, a marriage does not end the day you get divorced, it ends the day you feel divorced, the day you feel free in yourself. The auditor feels a greater bond and commonality of interest with management than he ever does with the shareholders whose interests he is paid to protect. This is a real-world situation. Everything in nature protects its own kind, and the auditor is no exception. This is why the auditor will never be independent; you cannot separate a man from his soul.

It is, therefore, only natural that a normal auditor will not bite the finger that feeds him (Ezejelue, 1996:114).

Indeed, an editorial in the April 1940 edition of the Journal of Accountancy asked the "ultimate" independence question: "Can a certified public accountant be wholly independent of the client who pays his fees and controls the tenure of his appointment"? The editor suggested that the issue could indeed, be reduced to even more specific terms, namely, "Will the accountant permit a client to influence him to express the opinion that financial statements fairly resent facts when the accountant does not believe that they really do"? (Previtis, 1985:67).

In a sense, it appears that the independent auditor's difficulties arise from an attempt to serve two masters. The auditor naturally wants to please his client and at the same time, must be certain that any report can be relied upon with completeconfidence by third parties who are interested in the client's financial statements. Needless to say, however, that the concern for third parties must always be foremost; should this group loss confidence in the auditor's report, loss of clients is likely to follow, for clients engage an independent auditor primarily to satisfy these third parties (Stettler, 1977:27). Indeed, a public accountant acknowledges no master but the public, and thus, differs from the bookkeeper, whose acts and statements are dictated by his employers. A public accountant's certificate, though addressed to the president or directors, is virtually made to the public, who are actually or prospectively stockholders (Barr, 1959:32). Of course, there has been an improvement since Barr made the observation in 1959, to further guarantee auditors independence; the public accountant's report is now addressed to the shareholders of the company.

The auditor has both legal responsibilities to the shareholders and moral responsibilities to other parties who may have recourse to the report. His legal responsibility is statutory, and that alone was projected and reinforced by case law prior to 1963. Statutorily, it is the duty of the auditor to make a report to the members stating whether in his opinion, the company's balance sheet and profit or loss account have been properly prepared in accordance with the Companies Act and whether such accounts show a true and fair view as at the date of the report. But the moral responsibility of the auditor to third parties was highlighted in Hedley Byne& Co. Ltd. Vs. Heller & Partners Ltd. (1963) where the House of Lords attributed a duty of care to him. In the wake of this well celebrated case, the view is that the auditor is liable to a third party where (Ezejelue 1996: 114):

a) negligence is proved;
b) the third party places reliance on the accounts and suffers a loss as a result; and
c) the auditor knows or ought to know that reliance would be placed on his work. Reacting to his own question, the editor in the April 1940 edition of the Journal of Accountancy earlier cited, submitted, and rightly too, that "the heavy direct personal liability which a professional accountant assumes would be an effective deterrent to sacrifice of independence, even if consideration of ethics and honour were overcome by temptation" (Previts, 1985:68).

Indeed, several years later, in 1945 precisely, the editor reopened the issue in response to a critic who had remarked that "no profession ancillary to business no matter how high-minded … can really be independent". The editor responded that, (Previts, 1985:68).

The accountant in every auditing engagement has a co-employer, the public. If his work is not satisfactory to those who ultimately make use of it, he will no longer be useful to the client who pays his fees. It is therefore … not necessarily nobility or extraordinary strength of character which makes the accountant independent, but primarily an instinct for professional self-preservation.

The editor then concluded this time that, "there is nothing wonderful about his independence and only those [who] hesitate to recognise it, whose knowledge or experience does not enable them to understand its sources" (Ibid).

IV. AUDITOR REPORT: *An Assertion of Independence*

The product of any audit is the auditor's report. No audit can be termed such unless a report is made on the auditor's findings (Howard, 1988:286). The auditor's report on a client's financial statements indirectly refers to the auditor's independence when the auditor states that the examination has been made in accordance with the generally accepted auditing standards (GAAS). Indeed, one of these standards states that "in all matters relating to the assignment, an independence in mental attitude is to be maintained by the auditor or auditors" (AICPA, 1973:8). It is essential, therefore, that the report should be carefully prepared to reflect his opinion within the limits of his examination, and sufficiently clear as to leave no likelihood of misinterpretation by those whom it concerns (Howard, 1988:286).
Research findings indicate that if an auditor is not truly independent in the course of his examination of the accounts and records, his opinion on a company's financial statements will be of no value, and as a matter of fact, not more reliable than the financial statements originally prepared by management (Firth, 1980; Lavin, 1976; Stettler, 1977). Hence, users of the report would have less confidence in the financial statements. Firth's research revealed that investors, like the banks and merchants, perceived that non-independence of the auditor would impair investment and lending decisions (Isung and Ojadi, 1996:50).

Indeed, in his report, the auditor is expected to refer expressly to:

a) whether the financial statements have been audited in accordance with approved Auditing Standards;

b) whether in the auditor's opinion, the financial statements give a true and fair view of the affairs, profit or loss, and sources and applications of funds [cashflow statement]; and

c) any matter prescribed by the relevant legislation or other requirements.
In the case of limited liability companies, the relevant requirement under (c) to which express reference is needed is whether, in the auditor's opinion, the financial statements have been properly prepared in compliance with the Companies Act (Spicer & Pegler, 1985:148-149).

Furthermore, there are a number of other conditions to which the auditor is required to refer in his report if he is not satisfied that they have been met. A reader of the report therefore assumes that the auditor is satisfied as to these conditions if the report makes no reference to them.

These include that:

a) proper accounting records have been kept, and proper returns, adequate for an audit, have been received from branches not visited by him;

b) the balance sheet and the profit or loss account are in agreement with the accounting records and returns;

c) the auditor has obtained all information and explanation which, to the best of his knowledge and belief, are necessary for the purpose of the audit;

d) the information contained in the director's report is consistent with the financial statements;

e) all relevant Statements of Standard Accounting Practice have been complied with, except where, for justifiable reasons, they are not strictly applicable because of they are impracticable or, exceptionally, having regard to the circumstances, would be inappropriate or give a misleading view; and

f) any significant accounting policies which are not the subject of Statement of Standard Accounting Practice are appropriate to the circumstances of the business (Ibid).

Types of Audit Opinion

As already established in the literature, the auditor's opinion on a client's financial statements indirectly refers to the auditor's independence (AICPA, 1973:8). The report would either be an unqualified opinion or a qualified opinion. The circumstances giving rise to each type of opinion, as made public by Woolf (1994:364), are set out below:

Unqualified Opinion

An unqualified opinion on financial statements is expressed when, in the auditor's judgement, the financial statements give a true and fair view and these statements have been prepared in accordance with relevant accounting standards and other requirements. This judgement entails concluding that, *inter alia:*

• the financial statements have been prepared using appropriate accounting policies, which have been consistently applied;

• the financial statements have been prepared in accordance with relevant legislation, regulations, or applicable accounting standards (and that any departure are justified and adequately explained in the financial statements); and

• there is adequate disclosure of all information relevant to the proper understanding of the financial statements.

Qualified Opinion

A qualified opinion is issued when either of the following circumstances exists:

a) there is a limitation on scope of the auditors' examination; or

b) the auditors disagree with the treatment or disclosure of a matter in the financial statements; and in the auditors' judgement, the effect of the matter is or may be material to the financial statements and therefore those statements may or do not give a true and fair view of the matters on which the auditors are required to report or do not comply with relevant accounting or other requirements.

Adverse Opinion

An adverse opinion is issued when the effect of a disagreement is so material or pervasive that the auditors conclude that the financial statements are seriously misleading. An adverse opinion is expressed by stating that the financial statements do not give a true and fair view.

When the auditors conclude that the effect of the disagreement is not so significant as to require an adverse opinion, they express an opinion that is qualified by stating that the financial statements give a true and fair view except for the effects of the matter given rise to the disagreement.

Disclaimer of opinion

A disclaimer of opinion is expressed when the possible effect of a limitation on scope is so material or pervasive that the auditors have not been able to obtain sufficient evidence to support, and accordingly are unable to express, an opinion on the financial statements.

Where the auditors conclude that the possible effect of the limitation is not so significant as to require a disclaimer, they issue an opinion that is qualified by stating that the financial statements give a true and fair view except for the effects for any adjustments that might have been found necessary had the limitation not affected the evidence available to them.

V. CONCLUSION

The focus of this paper has been on a fundamental and distinct feature of audit practice – independence. The concept of independence, as generally recognised in professional practice and lexicon, is essentially an attitude of the mind characterised by integrity and objective approach to audit practice. The auditor must feel free from any pressure that could, in some way, affect value judgement.

In addition to the foregoing, there is also the question of the "public eye" where independence must be seen to exist. Indeed, the individual is usually a poor judge of his own motivations; personal bias is dangerous precisely because, by definition, the person is oblivious of the bias itself.

Independence, as a unique and distinct feature in audit practice, is not of recent origin. In fact, as has been established in various auditing literatures, the concept is as old as the profession itself. Some may ask whether the issue is worth all the trouble, whether indeed independence is really so essential. To that question, there is a simple answer: "the concept of audit and the concept of independence are the twin sides of the same coin. The auditor who has lost his independence has lost his raison d'être; he has become 'dependent' and a dependent auditor is a contradiction of terms" (Woolf 1994).

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NEW FACE OF ICAN SECRETARIAT IN VICTORIA ISLAND.

Nigeria Must Re-examine Cost of Governance at All Levels to Build Trust

- Dr. Akinwumi Adesina

The President of African Development Bank, Dr. Akinwumi Adesina has appealed to governments at all levels in the country to re-examine cost of governance in order to build people's trust in governance.

Adesina declared this during his presentation of the lead paper at the **51st Annual Accountants' Conference** in Abuja on Tuesday, November 30, 2021. The theme of the conference was Trust in Governance.

According to him, "leadership is an investiture of trust while trust is the certainty that expectations based on promises, will be met". While noting that the cost of governance in the country was too high, he appealed to leaders to maintain a lifestyle devoid of lavishness and selfishness if they want the citizenry to trust them.

"Lifestyle audits are needed for leaders. Leaders must live within their means, and their means must be honest means. When citizens see their leaders living transparently, being sensitive, not lavish in lifestyle but delivering good governance, they will trust governments".

"But when people feel that their resources are mismanaged or being used for opulence, widening the gap between the leaders and those they are leading, it builds distrust and despondency, which then permeates the fabric of society".

"Leadership is a position of trust. This includes trust in the judicial system. The justice system is what sets the boundaries on acceptable conduct, for people, institutions, governments, and society in general," he explained.

Speaking further, he said that the moment judicial systems are subjugated to the dictates of the executive arm of government or controlled and manipulated by powerful individuals, trust is eroded, adding that any nation that does not respect and uphold the rule of law can never develop, but descend into chaos.

"There is a direct and strong correlation between the rule of law and investments. Think of it: who will want to invest in a place where there is no rule of law, respect for individual rights, freedom of speech, freedom of association, protection of property rights and intellectual property rights, copyrights and patents, and rights to legally acquire and dispose of assets?", he lamented.

He stressed that what is needed is not less government, but better and more accountable governments as the performance of governments therefore depends on the effectiveness of the civil service.

On brain drain common among the youths nowadays, Adesina urged governments to earn the trust of the youths and use them as a potent force for national development.

"Forgotten, undervalued and underused, a lot of youth today have a high level of distrust for governments. That we must change. We must prioritize the youth because what we do with and to our youth will determine our future. We hold our positions in trust for the present and future generations.

Apart from paper presentations, workshops and plenary sessions, there was a gala nite on Thursday popular musicians entertained the participants.

There were also sporting activities, excursions and exhibitions. Other programmes of the conference include District Societies competition where various District Societies won trophies for their performances.

NEWS

ICAN To Partner Police on Crime Prevention And Capacity Building

The Institute has assured the Oyo State police command of the support of Chartered Accountants in preventing crimes and capacity building.

The Institute's President, Mrs. Comfort Eyitayo stated this during the launch of the Oyo State ICAN-Police Security Network Committee by the ICAN Ibadan and District Society.


ICAN President and her team with members of the security committee.

The programme is aimed at improving the capacity of officers and men of the police force, both serving and retired in the area of accounting, finance, investment, entrepreneurship and pre-retirement training free of charge.

Another objective of the Committee is to assist Police by providing adequate, timely and useful information that will help them prevent, detect and combat crime.

Eyitayo commended the Ibadan and District society of ICAN for the novel initiative and also appreciated the Oyo state police force for their support.

ICAN Urges OGSG to Make Documents Available to Assess Its Public Financial Management

The President of the Institute, Mrs. Comfort Olu Eyitayo has called on the Ogun State Government to encourage the relevant Ministries, Departments and Agencies (MDAs) in the State's civil service to make all relevant documents for assessing Public Financial Management practises in the State available for the next ICAN-Accountability Index assessment.

Eyitayo made the call during her courtesy call on the Ogun State Governor, Prince Dapo Abiodun in November as part of her working visit to the State.

ICAN President Mrs. Comfort Olu Eyitayo receives souvenir from Ogun State Governor, Mr. Dapo Abiodun

She noted that Ogun state moved from the 29th position in 2018 to 19th position in 2019 in the ICAN-Accountability Index ranking, and therefore commended the governor for the improved performance.

"We are poised as an Institute to deepen our impact on the economy, especially in the aspect of promoting transparent and accountable leadership across the various tiers of leadership, "she added.

In his speech, the governor commended ICAN's role in capacity building and the Institute's visible impact in accounting profession. He assured the ICAN team that the State will ensure that all relevant information are provided to the ICAN Accountability index assessors in the next ranking.

ICAN Assures Members on Becoming Job Creators Instead of Job Seekers

The Institute's President, Mrs. Comfort Eyitayo has assured members of the Institute's commitment to establishing an Entrepreneurship Centre and an Entrepreneurship Endowment to empower members to become job creators instead of job seekers.

Eyitayo gave the assurance during her courtesy visit to SIAO in November as part of her stakeholders' engagement effort. The President explained further that the initiative would help in reducing the high rate of unemployment and under-employment in the country, saying it would also lead to productive engagements of the youthful population.

ICAN President Mrs. Comfort Olu Eyitayo with staff of SIAO during her courtesy visit to the firm

She disclosed that the ventures are divided into: ICT Solutions Sector, Agricultural Value Chain Sector, Production/Manufacturing Sector, Professional Practice (Service Sector) and Entertainment Sector which involved event planning and script writing.

In his response, Mr. Robert Ade-Odiachi, a Senior Partner of SIAO, commended the ICAN President for the great initiative and assured that SIAO would give ICAN the needed support in enhancing members' proficiency.

IFAC President Advised Professional Accountants On How To Navigate The Hard Times.

The President of the International Federation of Accountants (IFAC), Mr. Alan Johnson has called on professional Accountants to take the bold step of embracing lifelong learning as a strategy to navigate the hard times brought about by the economic crisis all over the world.

The number one Chartered Accountant in the world made this call virtually on Monday, November 29, 2021 during a stakeholders engagement organized by the Institute as part of the 51st Annual Accountants' conference with the theme "Accountancy Profession in the 21st Century: Emerging Challenges and Prospects".

IFAC President, Alan Johnson

Alan lamented that recent developments across economies have been unprecedented since the advent of COVID-19 pandemic. He therefore advised Accountants to take advantage of the emerging opportunities, by embracing lifelong learning, he also recommended higher level of cognitive skills such as complex problem solving; critical thinking; cognitive flexibility; strategic thinking; innovative thinking; evaluation and decision making as essential for survival.

In his own contributions, the Director, Governance Global Practice at the World Bank, Dr. Ed Olowookere also corroborated the IFAC President by pointing out that the world was presently at a critical junction because of the Covid-19 pandemic. He posited that the challenge of climate change also contributed to the world's challenge, calling on governments across the globe to develop different pathways to move forward.

He said: "Government should define the future through the renewal of social contract, delivery of services, engagement of citizens and proper management of government resources.

Earlier, the ICAN President, Mrs. Comfort Olu Eyitayo described how accountancy profession has weathered the storm and how its history has made it more resilient to the evolution over the years.

She said Professional Accountants remain invaluable resource in any economy's drive towards an efficient and judicious use of financial assets and in effectively mitigating risks associated with every business.

ICAN Events in Pictures

51st Annual Accountants Conference

(L-R) Chairman, Conference Committee Chief Oye Akinsulire, Managing Director, Infrastructure Bank, Ross Oluyede, ICAN President, Mrs. Comfort Eyitayo, Past President Felix Bajomo, Vice President, Tijani Musa Isa and Former DG of LCCI, Mr. Muda Yusuf at the conference.

(L-R) Director, World Bank, Dr. Ed Olowookere, ICAN Past President, Hebert Agbebiyi and President, African Development Bank, Dr. Akinwumi Adesina at the first plenary session.

(L-R) ICAN Vice President, Mallam Tijjani Musa Isa 2nd DVP, Mallam Haruna Yahaya and Conference Director, Chief Oye Akinsulire, singing the farewell song at the closing ceremony

ICAN Events in Pictures

51st Annual Accountants Conference

President, African Development Bank, Dr. Akinwumi Adesina presenting his paper at the conference

ICAN President, Mrs Comfort Eyitayo at the conference

(L-R) Chairman, Conference Committee Chief aOye Akinsulire, 2nd DVP Mallam Haruna Yahaya, 1st DVP Dr. Innocent Okwuosa

ICAN President, Mrs. Comfort Eyitayo presenting a plague to the representative of the Minister of Finance, Alhaji Aliu Ahmed at the closing ceremony

ICAN Events in Pictures

51st Annual Accountants Conference

ICAN President, Mrs. Comfort Eyitayo with some members of SWAN

ICAN President, Mrs. Comfort Eyitayo presenting car key to Mr. Pessu Jemineyin Gabriel who won the star prize of a brand new car at the conference. With the is the Conference Chairman, Chief Oye Akinsulire

Courtesy Visits

The Society for Woman Accountants of Nigeria (SWAN) exco, led by the Chairperson, Mrs. Nwamara Catherine Nnaji, FCA, paid a courtesy visit to the 57th President of ICAN, Mrs. Comfort Olu. Eyitayo, mni, FCA at the Institute's secretariat office, Victoria Island.

ICAN President, Mrs. Comfort Eyitayo presenting a souvenir to the Alake of Egbaland HRM Oba Adedotun Gbadebo, during ICAN's visit to the palace.

ICAN Events in Pictures

ICAN President, Mrs. Comfort Eyitayo presenting a souvenir to Kogi state Governor, Alhaji Yahaya Bello during a courtesy visit by ICAN

ICAN Inducts 1,242 new members From left: ICAN Registrar/Chief Executive, Prof. Ahmed Kumshe, FCA; Council member, Chief Oye Akinsulire, FCA; Special Guest of Honor, Past President Alhaji Razak Jaiyeola, FCA; ICAN President, Mrs Comfort Olu Eyitayo, mni, FCA and The 2nd Deputy Vice President, Alhaji Haruna Yahaya, mni, FCA

ICAN President, Mrs. Comfort Eyitayo and some council members with staff of the PKF professional services during a stakeholders engagement visit by the president.

ICAN Events in Pictures

International Accountancy Day 2021

ICAN President, Mrs. Comfort Eyitayo leading the health walk during the International Accounting Day Celebration.

(L-R): Mr Tajudeen Olayinka (Council member), 2nd Position Agumefa Joy, 400 level,Accounting Department, Osun state University, Iree; ICAN President, Mrs Comfort Eyitayo;1st Position, Andrew Kennedy, HND 2, Accounting department, The Polytechnic Ibadan; 3rd position, Olanrewaju Fatimah, 400 level Accounting department, University of Lagos.

ICAN Registrar, Prof. Ahmed Kumshe during the presentation of prizes to winner at the Accounting Day Celebration.

Paul Druckman Recognized With IFAC Global Leadership Award for Outstanding Contributions To The Accountancy Profession

The International Federation of Accountants (IFAC) has selected **Mr. Paul Druckman** of the United Kingdom as the 2021 recipient of the IFAC Global Leadership Award, recognizing his contributions to the advancement of the global accountancy profession and capital markets.


Paul Druckman

Mr. Druckman is a passionate global leader in capital market reform, bringing about significant advancements in corporate governance and corporate reporting to enhance accountability for responsible business and sustainability. He currently serves as the Chairman of both Clear Insurance and the World Benchmarking Alliance, which is developing transformative benchmarks to enable companies to accelerate their contribution to sustainable development goals.

After qualifying as a chartered accountant in 1979, and becoming a mathematics teacher and then IT entrepreneur, Mr. Druckman served as president of the Institute of Chartered Accountants in England & Wales (ICAEW) in 2004/5. Mr. Druckman subsequently acted as executive chair of the Prince of Wales's Accounting for Sustainability Project, and in this role he was central to the formation of the International Integrated Reporting Council (IIRC) to bring about an enhanced corporate reporting system relevant to the digital, knowledge-driven, and resource-constrained world of the 21st century. He led the IIRC as founding CEO achieving the development of the International Integrated Reporting Framework in 2013.

Mr. Druckman has also been a board member of the Financial Reporting Council (FRC) over two separate terms, including the post Enron era and then again until 2019. He also chaired the FRC's Corporate Reporting Council, which sets UK accounting standards.

"I am delighted that Paul has received the IFAC Global Leadership Award this year," said President of IFAC Alan Johnson. "While his roots are as a Chartered Accountant, his entrepreneurial spirit and drive have led him to a very successful career within the profession, one which we all benefit from through his insights into important emerging fields, such as technology and sustainability. Given the commitments by world leaders at COP26 that ends this week, Paul's vision for a sustainable world on which he has been campaigning for many years is hopefully now in sight".

Established in 2017 by the IFAC Board, the IFAC Global Leadership Award in Honor of Robert Sempier recognizes individuals who make outstanding contributions to the global accountancy profession. The award honors the contributions of Robert Sempier, IFAC's first executive director who greatly contributed to the development of the profession worldwide.

The Global Leadership Award was presented during IFAC's Council meeting, held virtually on November 10-11, 2021.

IPSASB Announces EIS, a Digital Platform to Navigate International Public Sector Accounting

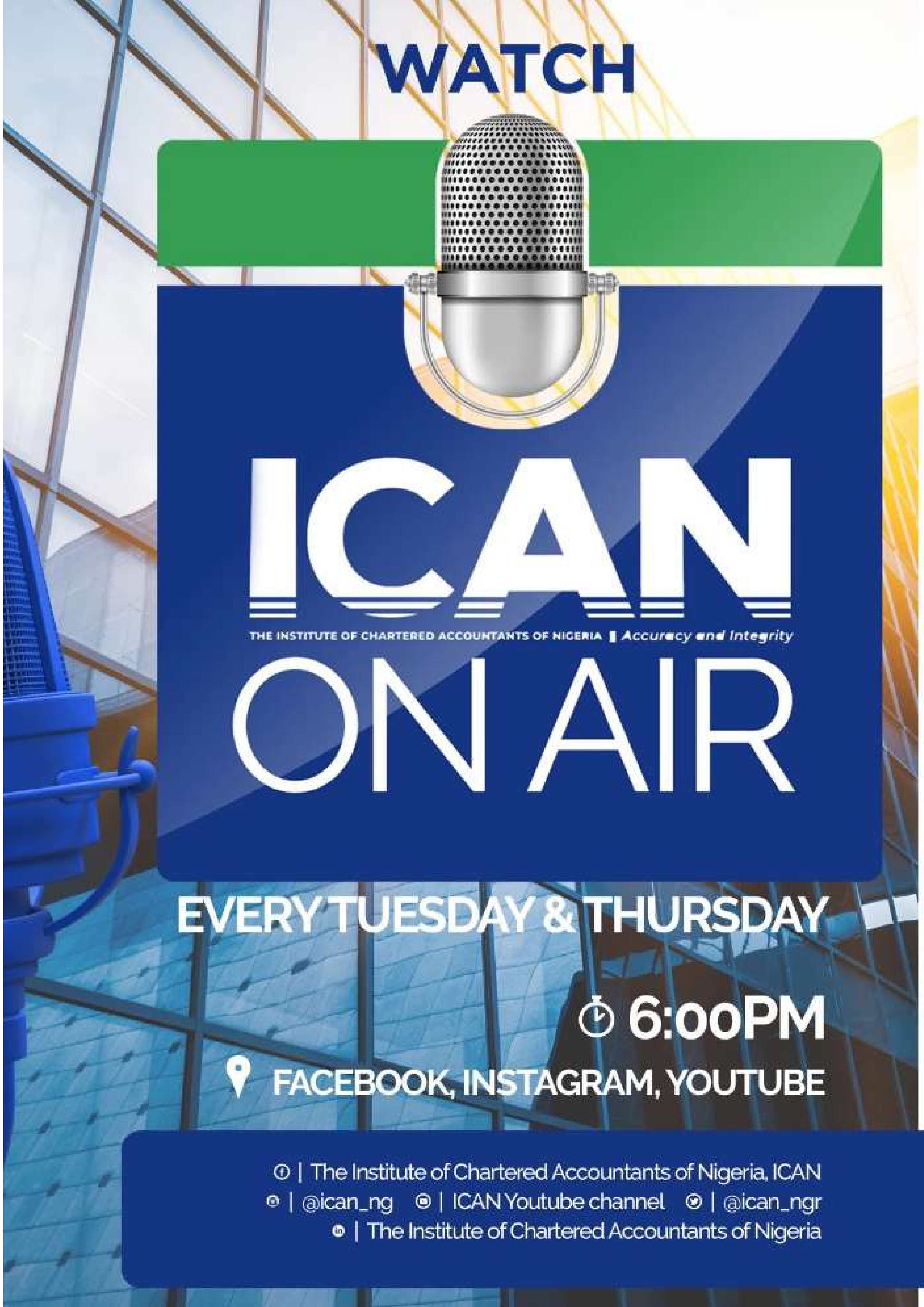
The IPSASB launched eIS – a centrally located digital gateway to the international standards that guide the accountancy profession, including IPSAS, the international accrual-based accounting standards increasingly used by governments and other public sector entities around the world.

eIS, or e-International Standards, makes the official standards of the IPSASB more accessible and easily digestible by allowing for convenient digital access anywhere with an internet connection and across multiple devices.

Previously, the standards were only available as harder-to-navigate PDFs or as printed copies and handbooks. The intuitive navigation, advanced search functions and filters, and straightforward controls of eIS make the standards easier to access and utilize. Current and previous versions of standards are available in one place for use and comparison without the need to obtain multiple handbook editions.

"Accrual financial reporting is fundamental to transparency and accountability in the public sector, as well as providing information for good decision making. By 2030, 81% of the jurisdictions in the 2021 International Public Sector Accountability Index reporting on accrual are projected to be making use of IPSAS as part of their accrual financial reporting frameworks." said Ian Carruthers, IPSASB Chair. "Given the projected growth of IPSAS adoption and implementation globally, eIS is a timely and crucial platform that will improve the accessibility of the standards."

eIS was developed by IFAC collaboratively with the IESBA, the IAASB, and the IPSASB. The four organizations, through surveys and conversations with key stakeholders, identified the key elements required to deliver a practical, modern platform allowing the profession easier access to international standards, while providing enhanced usability.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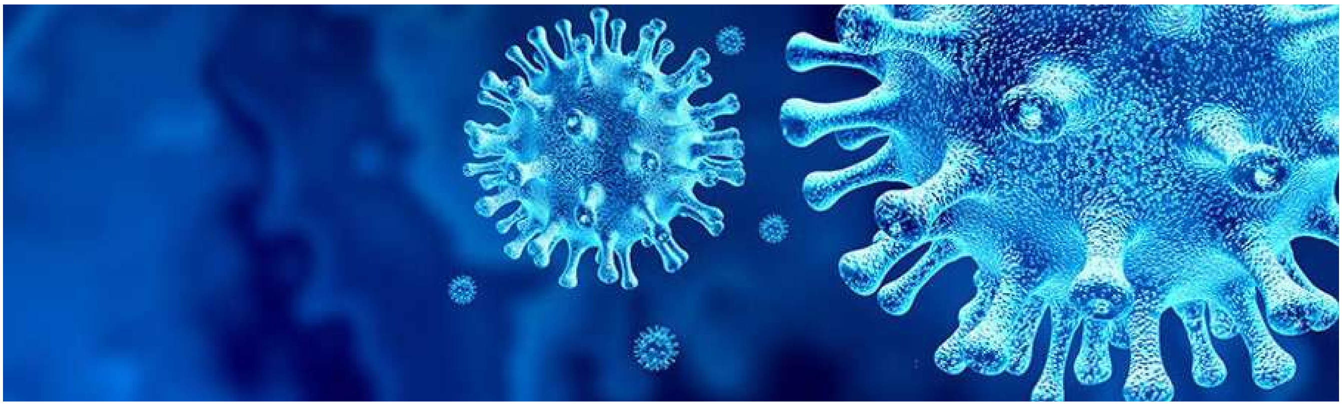
COVID-19: Business Right-sizing and Statutory Obligations

- Egheosa Onaiwu and Adedolapo Adebayo



Businesses across the world have been severely affected by the COVID-19 pandemic. And while many governments have put together packages to tide the most affected sectors through this very difficult time, there is no doubt that some businesses will simply not survive this period.

Back home in Nigeria, many companies are expectedly developing their survival strategies. Business rationalization, especially right-sizing the workforce is an item that is on the table, either for immediate implementation or for implementation in the not too-distant future. Naturally, contract staff are the first set of staff considered for lay-off, as the services they provide are deemed non-core to the business.

Some companies are considering converting some of their permanent staff to 'contract staff' in the hope of reducing compliance cost of statutory requirements. Therefore, some companies have managed this by outsourcing the provision of contract staff to a third party company (which therefore takes on the statutory obligations of an employer for such workers), while others have simply engaged some of the workforce as 'contract staff' and on that basis, considered themselves absolved of the duties that an employer owes an employee.
The reality, however, is that it is more complicated than that. The first question that needs to be answered is whether the contract is a "contract of service" or a "contract for service". Afterall, even the so-called permanent staff are employed under "contract".

A contract of service (also known as employment contract) is one between an employer and an individual who then becomes an employee. The Black's Law Dictionary defines an employee as "a person who works in the service of another person (the employer) under an express or implied contract of hire, under which the employer has the right to control the details of work performance". This infers that there is a scope of employment within which the employee performs his obligations.
to control the details of work performance". This infers that there is a scope of employment within which the employee performs his obligations.

A contract for service on the other hand, is defined by the online Law Dictionary as "a deal for a work taken upon by anyone who is self-employed. He or she is free to employ others to complete the job, he or she will be the only one responsible for completing it in a satisfactory manner". This implies that the independent contractor is not under the control of the service benefactor, but he is responsible for delivering the service as requested.

From the above, the determination of whether a contract is "of service" or "for service" is a matter of fact and not necessarily what type of contract the parties say they have. Some of the conditions that are evaluated in determining the type of contract that is in operation are:

- Where the individual is subject to the control of the contracting party, he is likely to be deemed an employee while where an individual works autonomously and is not subject to such control, he is likely to be an independent contractor.
- When a contracting party determines the details of an individual's work and specifies the conditions of the work, the individual is more likely an employee. However, if the individual is only obligated to provide the finished/completed product to the contracting party, he is more likely to be a contractor.
- When the contracting party provides the required materials or training needed by the individual to perform his service, he is typically seen to be an employee. On the other hand, a contractor is expected to be an expert and would therefore not require training or materials from the contracting party.

Aside from the above, another widely accepted test in determining an employee and a contractor is the ABC test. Similar to the differences highlighted above, the ABC test uses three (3) major conditions to determine if an individual is an employee or a contractor. The 3 conditions as found in the Black's Law Dictionary are where the individual "… (A) is free from the control of the employer, (B) works away from the employer's place of business, and (C) is engaged in an established trade."uses three (3) major conditions to determine if an individual is an employee or a contractor. The 3 conditions as found in the Black's Law Dictionary are where the individual "… (A) is free from the control of the employer, (B) works away from the employer's place of business, and (C) is engaged in an established trade."

Judicial Precedence

Although this has not been a matter for adjudication in Nigeria, there are several established cases in other jurisdictions. In a recent ruling in India in the judgement between Bharat Heavy Electricals Limited ("BHEL") vs. Mahendra Prasad Jakhmola&Ors (Civil Appeal No. 1799-1800 of 2019), the Supreme Court of India reiterated the basic tests to be applied in determining whether contract labourers can be classified as direct employees.

BHEL had entered into an agreement with a contractor to engage contract labourers in its factory in North India. The employment of certain contract labourers was then terminated by BHEL, following which the contract labourers approached the Labour Court seeking reinstatement.

The Apex Court, in order to decide the dispute, relied on two of the well-recognized tests to find out whether the contract labourers were the direct employees of the principal employer:

(i) whether the principal employer pays the salary instead of the contractor; and

(ii) whether the principal employer controls and supervises the work of the employee".

It was determined by the Supreme Court of India that the contract labourers are not direct employees of BHEL on the basis that the contractor was responsible for paying them and that BHEL only exercised secondary control over the employees since the contractor was responsible for assigning the labourers to BHEL.

In this case, the court relied on a two-prong test in determining if the labourers were in fact, direct employees and BHEL had same obligation to them, as it would to its employees.

Another interesting judgement to consider is the ruling in the case between Uber BV and some of its London drivers with whom it had signed an independent contractor agreement.

On 19 December 2018, the Court of Appeal of England and Wales upheld the ruling of the Employment Tribunal in the case between Uber BV v Aslam. The Uber drivers had requested for minimum wage payment and paid leave.

In arriving at its judgements, the court deliberated over a number of factors which included:

(i) Uber owns a transportation business and the drivers provide skilled labour through which the organisation delivers its services and earns its profits;

(ii) Uber requires drivers to accept trips and/or not to cancel trips, and enforces the requirement by logging off drivers who breach those requirements and that Uber fixes the fare and the driver cannot agree a higher sum with the passenger shows a high degree of control by Uber; (iii) Uber accepts the risk of loss which, if the drivers were genuinely in business on their own account, would fall upon them. Based on these and other considerations, the Court of Appeal upheld the ruling of the Tribunal that Uber employs its drivers, thus they are entitled to minimum wage and paid leave.

Conclusion

From an examination of these two recent rulings in different jurisdictions, it is clear that the determination of whether a worker is a contractor or employee goes beyond the wording of the contract. The presence of certain conditions might suggest an employment contract. The conditions include but are not limited to; control, supervision, payment for service rendered and responsibility for acts committed in the scope of employment.

The implication of this is far reaching in complying with the provisions of employee related regulations and statutory levies. For instance, the Employee Compensation Act (ECA) mandates all employers to pay a levy of at least 1% of their total monthly payroll into the Fund. A company that exempts from its payroll, payments to 'contractors' who then fail the test of independent contractors would unwittingly be in breach of the ECA.

The Pension Reform Act (PRA), 2014 also requires that an employer contributes 10% of an employee's monthly emolument to a retirement savings account (RSA) for the employee. A company that fails to make the contribution for "contract staff" that are subsequently determined to qualify as employees would be in breach of this statutory obligation.

In conclusion, every company would be well advised to properly evaluate whether the people it currently refers to as contract staff are in fact, employees. And while there has not been a judicial determination on this in Nigeria, it is only a matter of time, especially given how similar the Nigerian judicial system is, to that of the United Kingdom.

Egheosa Onaiwu is Associate Director - Clients & Markets, KPMG Nigeria while Adedolapo Adebayo is Senior Finance Manager KPMG in Nigeria

The Consumers Right Awareness and Protection: A Means to Economic Development

- KPMG

Introduction

Writers have often inferred that Nigerians and many other African countries have in several ways contributed to the slow economic development of Nigeria, through the low patronage of Nigerian-made products and services. A good example is that many would rather spend on China-made products than buy locally made Aba products. The government through its monetary and fiscal policies has tried to coerce consumption of locally made products by placing bans on certain imports and enforcing strict foreign exchange policies, but this has failed to deter Nigerians as they still prefer to smuggle in foreign goods despite all the odds.

The government in its bid to attract foreign investors, increased the ease of foreign direct investment in the core production and servicing sector of the economy, but the preference for imported products is still very present. The undesirable attitude of an average Nigerian towards locally-made products has directly relegated the growth of the country's economy to the barest minimum whilst contributing tremendously to the economic development of western countries.

Effects of Lack of Consumer Right Awareness on The Economy

Africa is the least developed continent despite several of its countries being blessed with enviable natural resources. One of the major challenges encountered by some of these countries, especially Nigeria, in its quest to progress from a developing economy to a developed economy is the unwavering love of Nigerians for foreign-made products and services.

This can be attributed to the fact that Nigerians have long lost trust in the country's production and service industries for flooding the market with substandard products and the non-availability of a platform to protect and fight for consumers and more importantly sensitize them of their rights as consumers.ard products and the non-availability of a platform to protect and fight for consumers and more importantly sensitize them of their rights as consumers.

Most Nigerians prefer to use the same products and services as their foreign counterparts that know their rights to ensure they are being protected by association. This in turn has affected the factors of production in local industries, including labor, due to reduced demand by consumers.

Because there is no structure in place for consumers to interact directly with fellow consumers, suppliers and manufacturers, they would most likely never be aware when there is an improvement in quality and the manufacturers would not also be made aware of the real reason behind the decline in consumption and patronage.

Findings

It is important to note that contrary to the believe that Africans patronize foreign-made products and services in order to enhance self-worth or to be sophisticated and cosmopolitan, they patronize these products and services majorly because they are convinced that they are being exploited by local manufacturers, middlemen, service agents and sellers to such extent that their health is jeopardized and sometimes leads to loss of lives, limbs and properties, and the culprits wouldn't be held accountable for their actions.

This reinforces the preference of foreign-made products and services that they can be certain are protected by formed consumers organizations that help consumers make better choices in the market space and pursue complaints against businesses whenever their consumer's rights are trampled on.

The music sector of the Nigerian entertainment industry recorded significant growth over the years. In the past years, the growing number of studios and artists springing up has paved way for a more vibrant and sustainable industry.

This is because the Nigerian government has taken some key steps to grow the media and entertainment industry by creating the Creative Industry Financing Initiative, also increasing the internet penetration rate by establishing laws and guidelines aimed at promoting increase access to the internet through the already licensed infrastructure companies (InfraCos).the growing number of studios and artists springing up has paved way for a more vibrant and sustainable industry. This is because the Nigerian government has taken some key steps to grow the media and entertainment industry by creating the Creative Industry Financing Initiative, also increasing the internet penetration rate by establishing laws and guidelines aimed at promoting increase access to the internet through the already licensed infrastructure companies (InfraCos).

This singular act made available a platform that connects the entertainment industry stakeholders with the consumers, thus giving the major players in the industry an opportunity to compete with their international counterparts on a global level. Over time, the industry has earned consumer's trust, gained competitive power and continued to release great contents. The Nigerian government should emulate this in other industries to boost trust, which would likely result in consistent development of the country's economy.

Aside from the perceived quality of foreign-made products and services over local ones, the fact that consumers' rights and protection are placed top priority in advanced countries also contributes to several countries all over the world preferring their products and services. In the survey conducted by the Consumers Protection International CPI on 'The state of consumers around the World', it was concluded thus:

"The results of this survey provide valuable insight into the state of consumer protection around the world. There is some progress being made. For example, in areas such as consumer safety, financial services and healthcare a wide range of consumer protection measures are in place in most countries surveyed. However, despite these positive developments, some serious gaps remain. As might be expected, in many cases there appears to be a strong link between income level and the development of consumer protection measures, Low-Income Countries (LICs) are yet to implement some of the most basic protections.

For example, only 61% of LICs have a general CPA (Consumers Protection Acts) and only a third have a national policy on consumer protection. The development of measures to ensure consumers have adequate information is also patchy in LICs. In other cases,

a more comprehensive range of measures may be in place but are not delivering results. For example, access to (and reliability of) essential services remains a serious issue in MICs(Medium Income Countries) and LICs (and even in high-Income Income Countries) to some extent), suggesting that current approaches are not effective".

Consumers feel the need for protection through legislation because the general laws and market forces have failed to provide it. The fact remains that in real markets, consumers have markedly less power and information than producers or service providers.

The law takes the action of a consumer in buying goods or services to be the making of the contract. Which however is a free and consensual Act in theory and practice, the legal consequence is attributed to the action by the law without any consideration of what the consumers know or want. The common law of contracts simply cannot afford consumers the protection they probably would seek if they were rational, fully informed, and equal in economic power to the producers or service providers.

Nigerians and their other counterpart in African countries will always want to patronize the countries where consumers' rights are in place and where these rights are protected to the latter. Nigerians will always prefer to school abroad because the schools abroad will do everything to provide services that were paid for without prejudice, they don't want to fall below the world standard.

Most manufacturing companies in advanced countries would only put out quality and durable products in order to maintain a good brand and public image, and to avoid possible legal actions against their companies.

Other service providers in the developed countries will prefer to treat consumers with respect and give them optimum satisfaction because they understand what fundamental human rights mean. In underdeveloped countries, most citizens do not understand their basic consumer rights, that is why they condone a lot of shortcomings from certain industries.

They do not when to exercise their power as consumers and there are little or no platforms available to help sensitize and fight for these rights, so many prefer to suffer and smile in silence as they cannot afford to legally go against some of the big companies individually when these rights are being trampled on.

It is inevitable for the trust level in such environment to drop to its barest minimum, because contract law offers an inadequate basis for an equitable legal transaction. To gain back the lost trust, there needs to be a modification to afford greater protection to consumers than they can negotiate for themselves, as is done in advanced economies.

Cases of Consumers Protection and Awareness in the Developed countries

The Consumers International – a World Federation of consumer rights groups, confirmed that consumer protection Acts are less prevalent in low-income countries or badly implemented in some. Since 1960, most developed countries with common law legal systems, the nations of Europe and recently Asia, have enacted significant consumer protection legislation. Needless to stress that this move also came with an economic boom.

We have seen several consumer cases in Asia, example of such case is "Ashok Iron Works PVT. Ltd filed a complaint under the Consumer Protection Act, against KPTC, claiming damages in the sum of Rs.99.900 for the delay in the supply of electricity", also the Case of Dr. Arnid Shah V KamlabenKushawa- The plaintiff alleged that his son died due to the administration of a wrong treatment by the doctor. The state commission upholding negligence provided compensation.

These are only but a few of the many cases geared towards protecting consumers' rights in developed countries. Unlike these developed countries, cases of consumers fighting for their right is not common in this part of the world, consumer's do not feel protected as there are no structures or campaign in place for educating consumers of their right and there's a high level of distrust for suppliers and manufacturers, therefore leading to economy stagnation. of consumers fighting for their right is not common in this part of the world, consumer's do not feel protected as there are no structures or campaign in place for educating consumers of their right and there's a high level of distrust for suppliers and manufacturers, therefore leading to economy stagnation.

Recommendations and Conclusion

uilding trust in Nigerian products should be the major objective of the government, manufacturers, suppliers and service agents. Organizations should be created to educate consumers of their rights, fight for them when there's a violation and protect them from such possible violations without hidden benefits. This would ensure that manufacturers are conscious of the consequences of substandard outputs when producing, it would serve as a strong motivation for local reputable producers and service providers to observe extremely high commercial standards. It would also eliminate nonchalant capitalists who do not care so much for reputation and operate only in the short term, and organizations producing below standard outputs due to competitive pressure to up their games. Nigerians are willing to pay for quality products and services if they are affordable and within reason, even when they are locally made, as long as there's trust.

The theoretical tendency of market forces to provide safe and quality goods and services at an affordable cost does not match practical reality. By the time market forces have the platform to operate, far too many consumers are either dead, cheated, maimed, or deprived. The Local laws on consumers' rights protection can help avoid some of these harms, implementing these laws can go further in stopping these ills. Having an independent organization that avails consumers a seamless advocacy will eliminate these problems and then will the trust for homemade goods and services be reinforced.

In summary, we need more platforms that ensure consumers' rights are protected, we need more consumers advocacy that comes at low or no cost. We need to do more in making consumers aware of their rights. We need to see more cases where consumers' rights are protected in Nigeria and many other developing or underdeveloped countries in Africa. This is the only way to build trust and confidence in the consumers' minds.
It is then Nigerians and by extension other Africans will prioritize homemade products to foreign-made. This can help boost economic development.

Culled from: **https://home.kpmg/ng/en/home/media**

The Common Reporting Standard In Nigeria: What's in It for Stakeholders?

- By Mayowa Falohun and Stella Okeke

The world is constantly evolving. Internet and technology advancements have given individuals and business entities easier access to offshore banking and investment accounts. It has been alleged that these offshore bank accounts are sometimes used to hide taxable income from tax authorities.

In response, in September 2013 the G-20 countries asked the OECD to develop a common reporting standard to enable effective cross- border cooperation among tax administrations in participating countries. The result is the Common Reporting Standard — Multilateral Competent Authority Agreement (CRS-MCAA), which seeks to narrow the gap for cross-border tax evasion, reinforce confidence in the tax system, and boost state revenue. There are 110 countries committed to exchanging information under the CRS- MCAA.

In 2017 Nigeria signed the CRS-MCAA, committing itself to the exchange of information of residents of other participating jurisdictions. To this end, the Federal Inland Revenue Service (FIRS) issued the Income Tax (Common Reporting Standard) Regulations, 2019, and the Income Tax (Common Reporting Standard) Implementation and Compliance Guidelines as the legal basis for the implementation of automatic exchange of information (AEOI). The regulations and guidelines provide the administrative framework and requirements for the successful implementation of the CRS in Nigeria.

The creation of accurate CRS returns by financial institutions (FIs) and the ultimate exchange of financial information between FIRS and participating jurisdictions requires complex processes and procedures that involve the cooperation of FIs, financial account holders, financial regulatory bodies, and tax authorities. To encourage stakeholders to commit to CRS in Nigeria, we discuss its benefits by drawing insights from other participating jurisdictions.

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Benefits of CRS to Participating Countries Improved

1) Transparency and Tax Compliance

Since the implementation of CRS, many taxpayers have voluntarily disclosed their assets to tax authorities. Access to offshore financial information seems to have helped deter taxpayers from hiding taxable income earned abroad. For example, a European country reported that the number of foreign accounts declared by its tax residents increased from about 129,000 in 2013 (before the jurisdiction's 2014 commitment to AEOI) to over 325,000 in 2019. A developing country in Asia reported that over 950,000 taxpayers disclosed their assets in 2016 as a result of the increased transparency brought about by CRS. Another European country reported that over 60,000 taxpayers made use of the voluntary disclosure mechanism between 2016 and 2019, of which 27,800 disclosed their assets in 2019. The voluntary disclosure mechanism was introduced as part of the CRS strategy in some countries to give previously non compliant taxpayers opportunities to correct their tax matters under specific terms.

CRS investigation exercises (including a review of the accuracy of reported AEOI information) are in progress in many participating jurisdictions and have also improved tax compliance.

2) Revenue Generation

The implementation of CRS has allowed tax authorities to generate increased revenues through the immediate collection of taxes on previously undisclosed income.The 2020 Global Forum Annual Report noted that increased transparency from the exchange of information has helped identify about €107 billion in new revenue (tax, interest, and penalties) through voluntary disclosure programs and tax investigations.

A developed country reported collecting over €900 million as a direct result of AEOI between 2017 and 2019. Also, according to the report, developing countries have gained at least €29 billion from CRS implementation. Australia reported that exchange of information requests helped to collect additional tax revenue of about €130 million in 2016 and 2017.4 Back in Europe:

- about €1.3 billion worth of taxable foreign income has been uncovered in Belgium between 2016 and 2019;
- more than €700 million was collected in Hungary between 2014 and 2017; and
- €128 million was collected in Norway between 2015 and 2019.5

Furthermore:

- €32 billion worth of assets was identified in France between 2013 and 2017;
- €51 billion was identified in Brazil between 2016 and 2017; and

COMMUNIQUE ISSUED AT THE END OF THE 51ST ANNUAL ACCOUNTANTS' CONFERENCE

TRUST IN GOVERNANCE

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA | *Accuracy and Integrity*

1.Introduction

The 51st Annual Accountants' Conference of The Institute of Chartered Accountants of Nigeria (ICAN) was held from November 29th to December 3rd, 2021, in Abuja, Nigeria. The theme of the conference was "Trust in Governance".

The Conference was declared open on Tuesday, November 29th, 2021 by the Special Guest of Honour, His Excellency, Mr. Babajide Sanwo-Olu, Governor of Lagos State of Nigeria, ably represented by the Commissioner for Finance, Dr Rabiu Olowo, FCA.

The conference had three plenaries and six workshop sessions during which eminent scholars, professionals, technocrats, and legislators drawn from within and outside Nigeria made presentations.

2.Observations and Recommendations

At the end of deliberations, the conference made the following observations:

a.Citizens have lost trust in governance both in the public and private sectors in Nigeria. This is as a result of lack of accountability and transparency, low citizens engagement and unfulfilled social contracts. Trust in governance is also depleted when political leaders are seen to live lavish lives beyond their legitimate incomes. Citizens and civil society organisations do not demand accountability, consequently there is low public sector supply of accountability.

b.The lack of trust in governance has resulted in brain drain with the youth and professionals migrating to countries of economic prosperity. When the brightest migrate to more prosperous countries, the nation will be poorer for it.

c.Strong institutional frameworks are vital for trust in governance. Weak institutions allow officials to subjugate the common good of their stakeholders for their narrow personal interests with impunity and without consequences.

d.There have been different levels of adoption of corporate governance best practices across private sector businesses and organisations. This has resulted in different levels of commitment to governance best practices such as accountability and transparency, diversity and inclusivity. There is no consistency in the application of the following attributes of corporate governance. These differences in adoption and discrepancies result in low level of diversity, inclusivity and low levels of transparency.out consequences.

d.There have been different levels of adoption of corporate governance best practices across private sector businesses and organisations. This has resulted in different levels of commitment to governance best practices such as accountability and transparency, diversity and inclusivity. There is no consistency in the application of the following attributes of corporate governance. These differences in adoption and discrepancies result in low level of diversity, inclusivity and low levels of transparency.

e.The conference acknowledged the various reforms in the public sector such as Government Integrated Financial Management and Information System, Treasury Single Account, Integrated Personnel and Payroll System, IPSAS Accrual Basis, and so on. Despite all these reforms, Nigeria has not fared better in the transparency international Country Index. This may be an indication that these reforms have not resulted in better accountability and transparency in Nigeria.

f.The conference observed inconsistencies in government's fiscal policies.There is empirical evidence that successive governments do not honor contracts which has resulted in a lot of disputes and cancellation of contracts, sending wrong signals to investors and limiting the inflow of capital for infrastructural development.

g.Stakeholders do not demand accountability from those who have been entrusted with authority to act in the interest of the common good. Accordingly, nothing propels leadership in public and private sectors to provide accountability for the authority entrusted to them.

h.Citizens are overwhelmed by a tax system that is replete with multiplicity of taxes and agencies, leading to lack of trust in the system of tax administration.

i.A situation where citizens are responsible for constructing their own roads, generating their own electricity and water, securing their own property and providing for health care services and basic education for their children, creates an implicit tax. The tax to GDP ratio as applied to Nigeria, does not factor in these implicit taxes and cannot be the basis of comparison with other countries where governments provide all these services for the citizens. Government failure to provide these services is a negation of the social contract and leads to loss of trust in governance.

j.The conference noted the weak governance that has led to Nigeria's mono product economy where oil constitutes 80% of federal government revenue, 87% share of the country's export value and 90% of foreign exchange earnings, resulting in a non-diversified economy. The world is moving away from fossil fuels to renewable energy which will spark fiscal crises for Nigeria.

k.The conference noted that intangible assets now constitute about 87% of corporate value in the private sector. Governments around the world are focusing on driving efficiency through e-government. These are based data and information which requires privacy, security and trusted governance.

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Given the preceding observations, the conference therefore r ecommends the following:

I.The entrenchment of public accountability and transparency in the public and private sectors and increased citizens and civil societies' demand for accountability and transparency.

II.A cultural reorientation such that the level of impact political leaders is not measured by their wealth but by how much they have transformed citizens' lives.

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III. Government must invest in its youth to unleash its human capital and intangible assets. A situation where youths are allowed to migrate to other countries means their potentials for innovation are lost. Youths constitute 77% of Africa's population and must not be lost to developed countries.

IV. Governments should make deliberate efforts to fulfil their social contracts with their citizens and provide a conducive environment to improve their quality of life. Responsible business conduct should be embraced by all businesses in Nigeria.

V.Institutional reforms are needed to ensure that governments and businesses recruit and retain the right caliber skills. To achieve this, there is the need to review the quality of capacity building which must match market requirement. This will stem the tide of young persons and professionals migrating to countries of economic prosperity.

VI. Strong institutions are needed to improve trust in governance. In the public sector, government should be more committed to the rule of law and should reform and strengthen the judiciary. Corporate governance Regulatory authorities should ensure strong corporate governance among private sector organisations which will ensure accountability and transparency, diversity and inclusivity. where there is a violation of this, the regulators must enforce this.

VII. The political will to enforce the reforms called forth by Government through the Government Integrated Financial Management and Information System, Treasury Single Account, Integrated Personnel and Payroll System, IPSAS Accrual Basis, etc., must be developed.

VIII.Governments' policies must be well thought out and consistent to avoid policy somersault. Governments must respect contracts irrespective of which administration signed them. There is trust in governance where successive governments' respectcontracts, especially public private partnerships contracts.This has potentials to attract investors to address the infrastructural decay in the country.**IX**.Stakeholders must demand accountability from those entrusted with authority to act in the interest of the common good of the people both in the public and private sector. Non-governmental-organisations, civil society organisations, activist shareholders, and citizens must demand stewardship accounts from those in position of authority. The Audit Regu lation should apply to both public and private sectors. The President needs to assent to the Federal Auditbill passed by the National Assembly. The annual financial statements of all entities, both in the public and private sector, should be hosted on their websites to enable citizens have easy access to them to be able to demand for this accountability. Professional Accountancy and Civil Society Organisations must create awareness and engage in citizen sensitization to enable this happen.

X.The tax system should be streamlined to avoid the multiplicity of taxes and tax enforcement agencies at the federal and state levels in Nigeria.

XI. In line with social contract theory, government should provide the basic necessity of life for the citizens such as roads, electricity, water, security, health care services and basic education as obtainable in other countries. This will reduce the implicit tax borne by citizens.

XII. There should be deliberate policies backed by political will to diversify the economy. Agriculture, entertainment and tourism industries should be promoted to generate foreign exchange earnings for the country. To drive this, there is the need for government to provide adequate security and the necessary infrastructure.

XIII.Government must intensify effort to institutionalise e-government and leverage on this to enhance government transactions.

3. Conclusion

The 51st Annual Accountants conference revealed that entrenching trust in governance is the responsibility of government and citizens, the public and private sectors, listed businesses, public interest entities, small, medium and micro enterprises. Building the national prosperity that is desirable is the joint effort of all stakeholders in Nigeria

What Are Antioxidants and How They Can Benefit Your Health Here's What a Nutritionist Says

- Cynthia Sass

You've probably seen the word "antioxidant" referenced hundreds of times in food and nutrition articles and advertising. A Google search of the term generates a staggering 132 million results. But what exactly are antioxidants, how do they benefit your health, and what are the best ways to consume them? Here's a primer on antioxidant basics.

What are antioxidants?

Antioxidants are molecules present in the body and found in plant-based foods that counteract oxidative stress. In a nutshell, oxidative stress occurs when there is an imbalance between the production of cell-damaging free radicals and the body's ability to counter their harmful effects.

Free radicals form as a byproduct of normal metabolism and in response to exercise, sun exposure, and environmental pollutants like smog and cigarette smoke. The oxidative stress triggered by free radicals damages healthy cells and is thought to play a role in a variety of diseases, including cancer, diabetes, Alzheimer's disease, Parkinson's disease, and heart disease. Oxidative stress also negatively affects aging.

Antioxidants essentially serve as bodyguards to protect healthy cells from free radical attacks. By doing so, they help maintain proper physiological function and guard your health.

Top sources of antioxidants

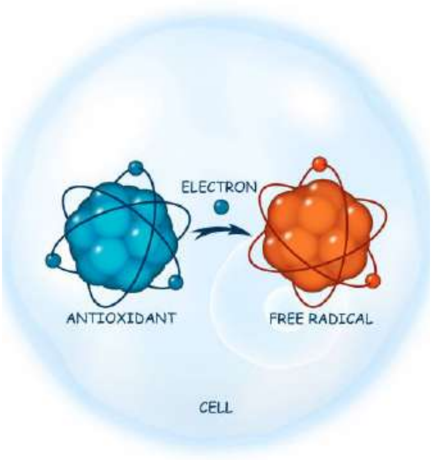
There are hundreds, if not thousands, of substances that act as antioxidants, from vitamin C to flavonoids and polyphenols. A wide range of plant-based foods provide antioxidants, so they're easy to come by. Some of the top sources include berries, cocoa, herbs and spices, beans, artichokes, apples, nuts and seeds, cherries, dark leafy greens, coffee and tea, whole grains, grapes, tomatoes, potatoes and sweet potatoes, avocado, and pomegranate.

How to boost your antioxidant intake

To take in a broader spectrum of antioxidants, as well as vitamins, minerals, and fiber, aim for a variety of plant-based food groups of different colors. I advise my clients to build five cups of veggies and two cups of fruit into each day's worth of meals. For example, include one cup of veggies at breakfast, two at lunch and two at dinner, in addition to a cup of fruit at breakfast, and another as part of a daily snack.

Another way to up your antioxidant intake is to replace processed foods with whole, plant-based foods. Trade a breakfast pastry for a bowl of 'zoats' (zucchini oatmeal) topped with fruit and nuts. In place of a sandwich or wrap, go for a bowl made with a generous base of greens topped with beans, brown rice, and seasoned guacamole. Snack on fruit with nuts or seeds, or veggies with hummus. Satisfy your sweet tooth with dark chocolate. Sprinkle cinnamon into your morning coffee, and infuse water or tea with antioxidant-rich herbs and bits of fruit. It's impossible to take in too many antioxidants from whole foods. Plus, choosing antioxidant-rich foods can elevate the overall nutritional quality of your diet.

Too many antioxidants via supplements could be harmful



The goal isn't to load up on as many antioxidants as possible, though. There are high-dose antioxidant supplements out there, but they aren't the best way to protect your body. In fact, some research has linked the use of high-dose beta-carotene supplements to an increased risk of lung cancer in smokers. Taking high-dose supplements of the antioxidant vitamin E has been associated with an increased risk of both hemorrhagic stroke (a type of stroke caused by bleeding in the brain) and prostate cancer.

The best way to consume antioxidants is in whole, plant-based foods. This is partly because antioxidants work in synergy with one another and with other bioactive compounds. In other words, they're one ingredient in a complex recipe for health protection.

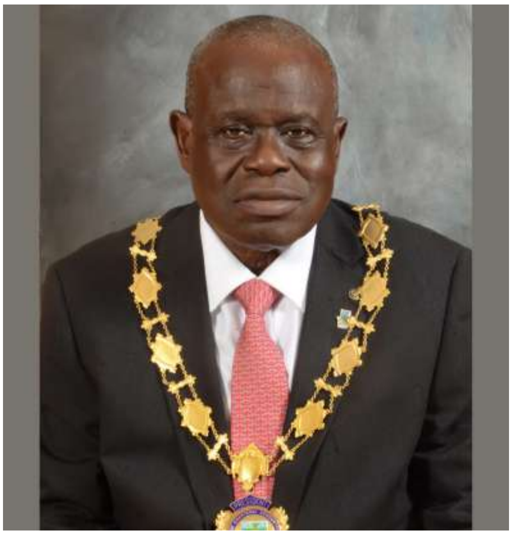
Bottom line on antioxidants

Antioxidants are an important aspect of proactive nutrition and may help to fend off aging and chronic disease. For these reasons, they may help you look and feel better. But antioxidants aren't a cure-all, and they shouldn't be used in supplement form to treat a medical condition without the supervision of your doctor. To best reap the benefits of antioxidants, source them from whole foods or products made from whole food ingredients-it's also the most delicious and satisfying way to get your daily dose.

Culled from: www.health.com

TRIBUTE IN HONOUR OF LATE OTUNBA SAMUEL OLUFEMI DERU, FCA, 51ST ICAN PRESIDENT (PRESIDENT 2015 – 2016)

Death is not extinguishing the light; it is only putting out the lamp because the dawn has come. - Rabindranath Tagore



Indeed, the dawn has come for our own Revered Past President, Otunba Samuel Olufemi Deru, FCA, MB000709, the 51st President of The Institute of Chartered Accountants of Nigeria (ICAN). Otunba Deru was a strong proponent of our noble accounting profession and, by his death, he has left a big professional shoe that may be difficult for anyone to step into. He was an ardent believer in promoting the welfare of the generality of the people as well as a mentor who guided several professional accountants on their journeys to career fulfillments. He practically lived a selfless life of Accuracy and Integrity as espoused in the motto of our great Institute.

He served the Institute meritoriously. Otunba Deru faced life's challenges headlong, proved his mettle and turned stumbling blocks into stepping stones of lofty achievements. He had the unbroken record as the only Administrator (Chief Executive) of the Institute who would later become a President. He unarguably paid his dues as he served in different capacities, as a thoroughbred Chartered Accountant, both within and outside the shores of the country.

He served the Institute's meritoriously in the following cpacities among many others. 51st President,2015/2016 Presidential year, Governing council member from 2002 to 2017, Administrator of the Institute's secretariat in 1994 and Honorary Treasurer 2007/2008 and 2009/2010.

Throughout his professional life, Otunba Deru was an uncompromising sticker for professional excellence, administrative competence, accountability, transparency and sacrifice. He was not just a father-figure to many of us who were his younger professional colleagues, but his special interest in our progress cannot be matched. His fatherly counsel is what we will sorely miss in addition to his willingness to go the extra mile for the Institute. I wish to particularly put on record that our late revered Past President was physically present at my investiture on June 1, 2021 as the 57th President of The Institute of Chartered Accountants of Nigeria (ICAN).

We know he has gone to meet his Maker where there will be no more death or pain… (Revelation 21:4). Baba Deru has gone to a place of eternal rest from the labour and toil of this turbulent world.

May Otunba Deru's illustrious soul continue to rest in perfect peace and may he enjoy eternal repose with his Maker. I want the children, family and members of the noble accounting profession to find consolation in the lasting legacies he left behind.

Adieu Otunba Samuel Olufemi Deru, FCA! Adieu a father and dotting grandfather!! Adieu our mentor!!!

Mrs Comfort Olu Eyitayo, CFA, CFE, mni, FCA
57th President, ICAN
September 24, 2021

Your **ICAN Membership** offers you the following benefits.

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- Sheraton Hotel, Abuja
- Childa International, Abuja
- Angeles Hotel, Abuja
- Rockview Hotel, Abuja
- Premier Hotel, Ibadan
- Richton Hotel, Ogun

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- FBN Life Nigeria Ltd.
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- Medical expenses; and
- Permanent disability.

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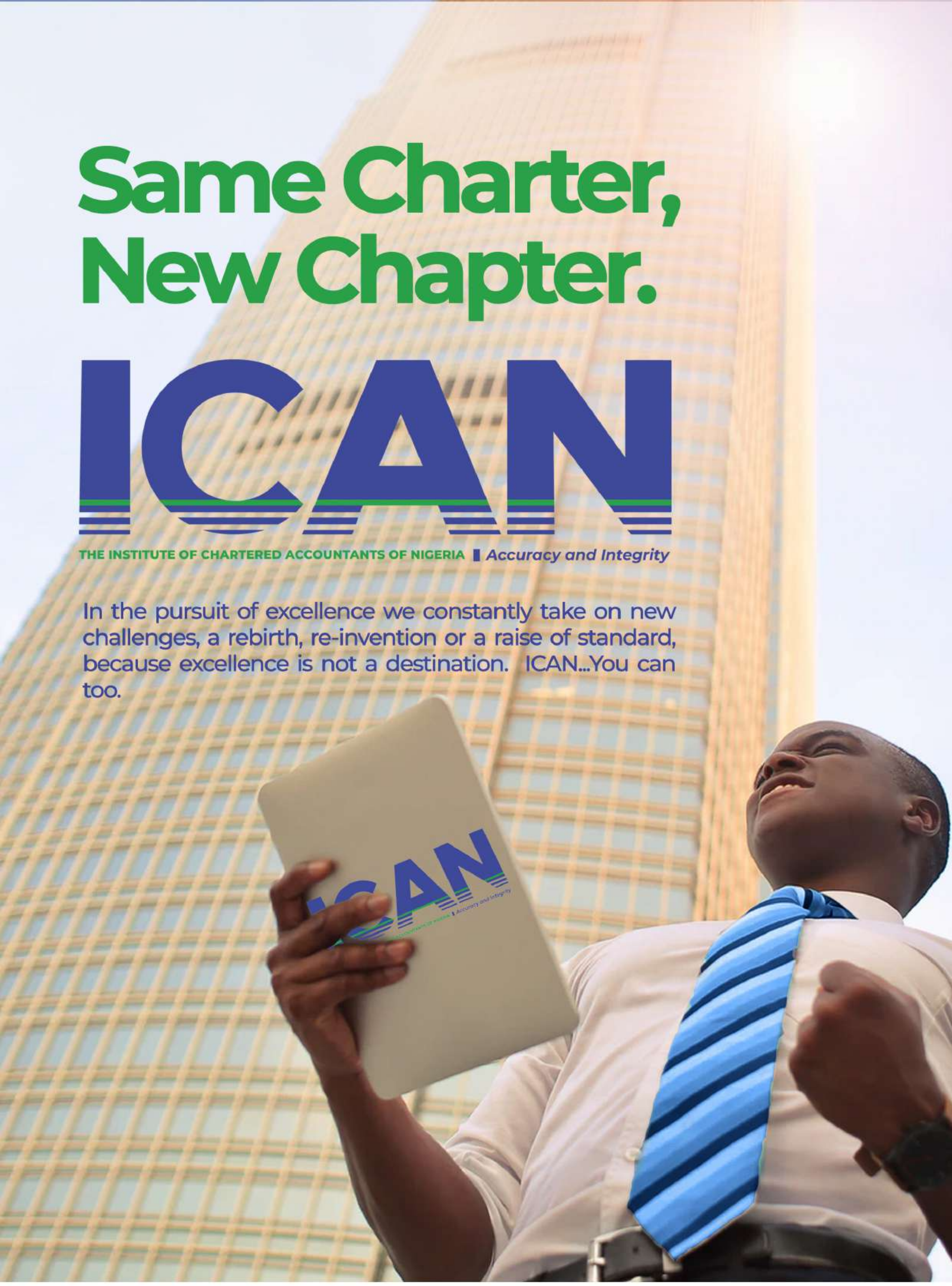
For more information contact:
finance@ican.org.ng, membershipaffairs@ican.org.ng,
or call 0905384710 or 09053847511

Signed:
Registrar/Chief Executive



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA