

NIGERIAN ACCOUNTING STANDARDS BOARD

The Nigerian Accounting Standards Board (NASB, or the Board) has been in existence for several years. However, the Board was formally established by the National Assembly vide the Nigerian Accounting Standards Board Act, 2003 (signed 10th July, 2003).

Functions of the Board

The functions of the NASB, amongst others, are to:

- a) Develop and publish Statements of Accounting Standards (SAS) to be observed in the preparation of the financial statements (presently, there are 21 SASs listed in Appendix 1)*
- b) Promote the general acceptance and adoption of such standards by preparer (your Company accountant, Directors and external auditors) and users of the financial statements.*
- c) Promote and enforce compliance with the standards developed or reviewed by the Board.*
- d) Review, from time to time, the accounting standards developed, in line with the prevalent social economic and political environment.*
- e) Receive, from time to time, notices of non-compliance of the accounts with the standards from the preparer (with the lower), user, or auditor.*
- f) Receive copies of qualified audit reports together with detailed explanations for such qualifications from auditors of the accounts, within a period of 60days from the date of such qualification.*

The NASB Inspectorate Unit

The Inspectorate Unit of the NASB shall, amongst other functions:

- a) Enforce compliance with the standards developed and reviewed by the Board, by carrying out any examinations and enquiries to ascertain whether or not the provisions of the Act, or any regulation made, are being complied with.*
- b) Impose such sanctions as may be prescribed by the Board.*

The inspectors are empowered to obtain any information on any matters specified in a written notice served upon the Company and/or its auditors.

Offences and Penalties

Any person who fails to comply with any applicable SAS in the preparation of financial statements, and such non-compliance comes to the notice of the NASB, and such financial statement is not withdrawn and amended within 60 days of the date of NASB's written notice to that effect, shall be liable to:

- *A fine of N5, 000,000 and/or*
- *To imprisonment for a term not exceeding 1 year and*
- *Proscription or delisting (by the relevant professional institute) for such a period as the court may deem fit.*

Furthermore, any person who willfully obstructs or delays an inspector from exercising any power conferred on him by the Act is liable to:

- *a fine of N 100,000 and /or*
- *imprisonment of not more than 6 months*

Notes:

- i. the "persons" referred to in the foregoing are:*
 - *The Company Directors*
 - *The Company's Chief Accounting Officer*
 - *The Company's External Auditor*
- ii. The N 5,000,000 penalty is levied upon each of the persons above, who shall also individually suffer proscription and/or delisting*
- iii. Withdrawal and restatement of account- the accounts referred to here are Accounts which have already been*

- *Approved and signed by Directors*
- *Presented, approved and adopted at the Company's AGM.*

Withdrawal and restatement therefore imply that a fresh AGM be announced and Convened. This would have adverse consequences on the company, and in some Cases, the auditors.

Observations and Implications

a) In the present dispensation, the Directors of a company (who are the presenters of the Company's accounts) need to step up their responsibilities of care and diligence in ensuring that the accounts signed by them are in compliance with the SASs in every material particular.

b) The Chief Accounting Officer of a Company ought to be:

- *Aware,*
- *In possession*
- *In compliance*

Of all applicable SASs in his/her day to day accounting function.

(c) To the extent that an external auditor gives an unqualified (clean) audit report on an account found to be deficient compliance-wise with any SASs such an auditor becomes jointly liable with the Company's Director and staff.

(d) The NASB Act, 2003 contains several omnibus clauses which give the Board and its inspector's far-reaching scope and powers in the enforcement of compliance with SASs.

Auditor's Duty to Report to the NASB

Where there is a qualification of the Auditor's Report, in whatever regard, the auditor is under obligation to forward a copy of the qualified accounts to the NASB for review and investigation.

For more Details, contact Nigerian Accounting Standards Board, Elephant Cement House ASSBIFI Road, Alausa, Ikeja, Lagos.