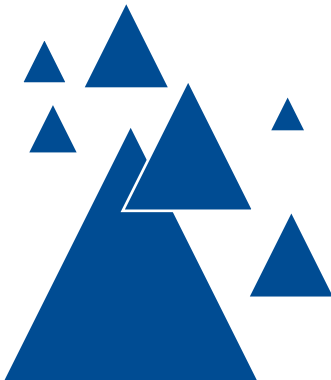


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The Accounting Profession in British West Africa

Executive Summary



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EXECUTIVE SUMMARY

In recent times, there has been a rising interest in the emergence of accounting professions (Chua and Poullaos, 1994, 1998; Walker, 1995; Boys, 1990). Based on such studies, it has been found that professional associations often define, organise, secure and advance the interest of their members, as well as the public interest. Perhaps the most important factor in the determination of the ability of professions to achieve their objectives is the influence of the State. The reaction of the State to the objective of professions could depend on factors such as: public expectations; developmental requirements of the State; knowledge base of the profession; social relationships; and professional lobbying.

Despite recent advances in the study and knowledge of the accounting profession, there has been very little research along these lines in developing countries. This is in part because of the relative youth of the accountancy profession in these countries. For instance, the first registered professional accounting body in British West Africa: the Association of Accountants in the Gold Coast (Ghana) was established in 1954. This body metamorphosed into the Institute of Chartered Accountants Ghana (ICAG) in 1963. In neighbouring Nigeria the Association of Accountants in Nigeria, which was incorporated in 1960, transformed into the Institute of Chartered Accountants of Nigeria (ICAN) in 1965. Similarly, in Sierra Leone, the Association of Accountants of Sierra Leone, which was established in 1960, transformed into the Institute of Chartered Accountants of Sierra Leone (ICASL) in 1988. Although these indigenous bodies have commissioned or supported some of its past presidents and members to research the history of the accounting profession in the various countries, many of their reports have tended to follow the official or partisan line. The works almost always stress the technical qualities of accounting while underplaying the social and political formation of its practices and standards (Cf. Annan, 1988; Awuku-Darko, 1988; Boakye, 1988; Ani, 1990; Anibaba, 1990; Williams, 1990; Oni, 1991; Wallace, 1992; and ICASL, 2003).

This study, which is exploratory, by contrast, takes the view that the development of the accounting profession in these countries cannot be adequately understood independent of their political and social environment. It therefore traces the development of the accounting profession in Ghana, Nigeria and Sierra Leone in the context of their various political and social environments. To achieve its objectives, the report is divided into six chapters. Chapter one introduces the study and lays the theoretical foundation for understanding the various forces which motivate professional action and the entwining of accounting and economic development. Chapters two to four are case studies of the emergence and structure of the accounting profession in the Gold Coast (Ghana), Nigeria and Sierra Leone. Chapter five explores the various attempts at co-operation amongst the various professional bodies in West Africa and the motivations behind such attempts, while chapter six concludes the report.

In the main, the study shows that the development of company law and the accounting profession in all the three countries followed closely the development in the United Kingdom. The major difference is that in British West Africa, members of all the recognised professional accounting bodies, united in a marriage of convenience, to form one umbrella accounting body. In all cases, the difficulties caused by such an arrangement have been resolved in the interest of the wider goal of ensuring monopoly over the regulation and control of the accounting profession.

Perhaps because of the small size of the Ghanaian and Sierra Leonean economies and accounting professional bodies, there has been little serious challenge to the concept of one accounting body training accountants with the ability to practice all aspects of accounting ranging from management accounting to auditing and taxation. The same however cannot be said about Nigeria, where such diverse expertise and specialities has become a major issue for bodies other than ICAN. This has led to the proliferation of accounting bodies claiming speciality in specific aspects of accounting. As at 2004, ICAN had identified nine such bodies, making its President conclude that 'the proliferation of professional associations within the accountancy profession had assumed frightening proportions'. The

Association of National Accountants of Nigeria (ANAN) and the Chartered Institute of Taxation of Nigeria (CITN), which have both achieved Government recognition, now represent accountants as well as ICAN.

Perhaps the most formidable of the new entrants is the Institute of Certified Public Accountants of Nigeria (ICPAN). Despite representations by ICAN, the House of Representatives unanimously passed the ICPAN Bill in October 2005. After unsuccessfully trying to defend its unitary status, ICAN is now in the process of devolving its membership into faculties. How this will work in practice and how effective this scheme will be in recruiting new members remains to be seen.

Another challenge to the indigenous accounting bodies in British West Africa, particularly ICAN and ICAG, comes from professional accounting bodies operating internationally, especially the Association of Chartered Certified Accountants (ACCA). The emergence of indigenous accounting bodies in British West Africa was essentially a bi-product of political independence. Post independence nationalism fuelled the concept of indigenisation and nationalisation, which the indigenous accounting professions benefited from immensely. The consistent poor economic performance in these post independence African countries resulted in these policies being reversed. The result is that the initial advantages gained by indigenous accounting bodies in these countries have been lost. Accounting bodies, like ACCA, have now increased the tempo of their membership drive in these countries, to the detriment of the indigenous bodies. The fact that the recognition granted to these international accounting bodies by their West African counterparts is not reciprocated, has further reinforced the supremacy of such international professional accounting bodies.

Perhaps because of the widespread consensus that the accounting needs of a particular country depends on the level of its social and economic development, the ACCA has now adapted its examinations to specific local conditions in a bid to ensure that its qualifications are both local and global.

However, African laws and taxes are too simple to be examined by the ACCA. This was the case in Sierra Leone where the local institute is

partnering ACCA to conduct professional accounting examinations, but ACCA does not set local tax and law examinations unless these local laws are broadly in line with British practices. However, the accounting needs of businesses in Sierra Leone may be totally different from those in the United Kingdom.

Nigeria and Ghana have done little to adapt the company and tax laws inherited from the United Kingdom to their specific local conditions, and the professional bodies and their members, perhaps because of their training and origins, have become replacements for expatriate accounting personnel. Thus, indigenous accounting bodies like ICAG and ICAN have failed to positively impact on their environment by promoting and developing accounting expertise in areas relevant to their socio-economic environment.

Despite the push towards globalisation, the peculiarities of accounting expertise relevant for economic growth in developing countries like Nigeria, Ghana and Sierra Leone remain ever present. Indigenous accounting bodies need to understand this fact and try to develop along the above lines to remain relevant and ensure that their qualifications are not inferior to those of international accounting bodies.

The concept of regional accounting co-operation has been championed by ICAN and ICAG: two professional accounting bodies that have tried to mimick western practices and develop the accounting practices in their respective territories. Thus, not surprisingly, the Association of Accountancy Bodies in West Africa (ABWA) has sought recognition by the International Federation of Accountants (IFAC). In its attempt to recruit members in order to meet IFAC's minimum requirement for the recognition of regional bodies, it has approached accounting bodies in both Francophone and Anglophone countries, with little attempt to understand the similarities and peculiarities of their various accounting systems. Based on the above, it is not surprising that ABWA has hailed its attainment of regional membership of IFAC as a great achievement. In reality, however, such a status is of no consequence as explicitly shown by the letter from the IFAC President to the Chief Executive of ABWA dated August 4, 2003. Thus, membership of IFAC by ABWA is, in practice, futile.

Given the threat to ABWA members' territorial jurisdictions by international professional accounting bodies, especially the ACCA, there is need for the indigenous accounting bodies to re-invent themselves in order to remain relevant by encouraging and training accounting expertise in areas most relevant to their economic development. It is only when these indigenous accounting bodies adopt this strategy that they can meaningfully start thinking of regional co-operation. In this direction, the logical first step will be to study the differences and similarities in the real accounting needs of the West African states. When this is done, the professional bodies will be in a position, through the umbrella of ABWA, to make a strong case at IFAC for the need to recognise the accounting requirements of developing countries like Nigeria, Ghana and Sierra Leone.

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