



NIGERIAN BAR ASSOCIATION

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26 July 2019

NBA FINANCIAL YEAR CHANGE RESOLUTION

1. Motivation for Change

1.1 This Concept Note proposes a change in the Financial Year of the NBA in the terms of the Resolution in paragraph 4 hereof, notably, from the current Financial Year periods (August of each year to July of the succeeding year) to a period that starts from 1st January of each calendar year and terminates on 31st December of that year.

1.2 The current NBA Financial Year period is not codified in the Association's Constitution or anywhere else; it is also not statutorily stipulated. Indeed, there is no statutory stipulation on financial year fixtures for organizations like the NBA. The considerations for determining the financial year of organizations vary from one organization to another.

1.3 In the case of the NBA, it would appear that our motivation was to fix the financial year-end as close as possible to the NBA Annual General Meeting ("AGM") which is traditionally held during our Annual General Conference ("AGC") in August of each year. In Election Years, the newly elected officers of the Association traditionally take over the reins of the Association at the end of the AGC and it may have been thought convenient for the financial year-end to also coincide with these events.

1.4 In point of fact, August-July Financial Year is most inconvenient and not the best for the Association for the following inexhaustible reasons:

- i. The Association's Audited Accounts are required to be presented to the AGM which, as earlier stated, is constitutionally held during the AGC and the Notice therefor ought to be circulated between 21 to 30 days before the date of the meeting. Governance requirements dictate that Members ought to receive and study the audited financial statements within the same Notice period if they must make meaningful contributions to the discussions of the financial statements at the AGM.
- ii. The implication of the preceding point *vis-à-vis* a 31st July NBA Financial Year End is that our auditors ought to and must produce and present to us the audited financial statements of the Association, in bound volumes, ready for circulation to members not later than 21 days to the AGM date. Illustratively,

NATIONAL OFFICERS:

Paul Usoro, SAN President;

Jonathan Gunu Taidi, General Secretary; Imo Stanley Chidozie, 1st Vice President; Dr. Dada Foluke Olayemi, 2nd Vice President; Igba Theophilus, 3rd Vice President; Banke Victoria Olagbegi-Oloba, Treasurer; Anosike Elias Emeka, Financial Secretary; Eze Nnamdi Innocent, Legal Adviser; Edun Olukunle, Publicity Secretary; Usman Joshua Enemali, Welfare Secretary; Ewenode William Onoriode, 1st Assistant Secretary; Obasi Chinyere Gladys, 2nd Assistant Secretary; Pepple Iniobong Irene, Assistant Financial Secretary; Lawal Akorede Habeeb, Assistant Publicity Secretary

this means that for the 2019 AGM which would hold on 29 August 2019, the audited financial statements ought to be on hand and circulated to members by but not later than 09 August 2019 i.e. 21 days to the meeting date (and that calculation is meeting date inclusive).

- iii. Flowing from the preceding points, our auditors in effect would have not more than 8 (eight) days from Year-End date of 31 July when our books will be closed to complete the NBA's full-year audit of our financial activities. It really does not take an accountant to decode that timeframe as a recipe for auditing disaster, sloppiness and near-impossibility. If we must entrench financial integrity in our accounting procedures and the administration of our Association, we must move away from the current unacceptable Financial Year fixture and transmute to a Financial Year period that would allow for a rigorous and transparent auditing and of our financial activities for the year and consequential review of the audited accounts by our members in the terms of an entrenched governance procedure.

2. Advantages of January-December Financial Year

- 2.1 January-December Financial Year period eliminates the current pressure-cooker situation that has been illustratively showcased in the preceding subparagraphs under paragraph 1.4 above and allows for proper governance procedures in the preparation and review of the Association's audited financial statements ahead of presentation before the AGM.
- 2.2 Ideally, the audited financial statements ought to be reviewed and discussed with the external auditors, ahead of its presentation before the NBA AGM, by (i) the elected National Officers; (ii) an Audit Committee; and (iii) the NBA's National Executive Committee. With a January-February Financial Year period, NEC could review the audited financial statements at its 2nd Quarter meeting of the succeeding year (i.e. April-June of each year) well ahead of the AGM in August of that year.
- 2.3 Budgets are usually prepared to span the financial year of an organization. We unfortunately seem to be complying more in the breach with budget preparations and planning and the reason therefor cannot be isolated from our current Financial Year Periods – amongst other possible reasons. A new administration that takes over the administration of the Association in August after the AGM, in truth, has no idea the budget assumptions that should underpin its budget preparation. That at least was the experience of the current administration. It is, in that circumstance unreasonable to expect the new administration to produce a budget plan upon assumption of office.
- 2.4 It is in that wise better and reasonable for the outgoing administration to have prepared a full year's budget covering January-December of the Election Year which would be inherited and implemented by the new administration – not any different from what obtains in our national lives. Of course, the new administration could prepare a supplementary or revised budget after settling into office, as necessary and/or required. However, the new administration would not be without a budget plan from Day 1 in office.



3. Ancillary and Transition Arrangements

3.1 For Election Years in particular, apart from the full-year audited financial statements for the preceding Financial Year, the following financial statements shall be presented to the AGM as part of governance procedures:

- a. Half Year (January-June) Audited Statements; and
- b. Unaudited Management Report for the period ended one week to the AGM date.

These additional financial statements and reports would help members to ascertain with minimal disputations the financial status of the Association and, in particular, the opening balances that would be inherited by the incoming NBA administration.

3.2 For the 2019 AGM we are working on producing and presenting the audited financial statements based on the existing financial year period (i.e. August 2018 to July 2019). With the adoption of our proposed Resolution for the change in Financial Year, as set out in the succeeding paragraph 4, we would still produce an audited financial statement for the period August-December 2019 which would be presented to members at the 2020 AGM alongside the financial statements/reports listed in the preceding paragraph 3.1 above.

4. Change of Financial Year Resolution

“BE IT RESOLVED AND IT IS HEREBY RESOLVED THAT

- I. “With effect from Year 2020, the NBA Financial Year shall commence from January of each year and end in the December of that year and the year-end audit shall be conducted for the said Financial Year.
- II. “As part of the transition arrangement following the adoption of Resolution I above, the audited financial statements for the period August to December 2019 shall be prepared by the NBA’s external auditors and presented by the Treasurer to members at the NBA AGM that shall be held in 2020.
- III. “In respect of any Election Year, the Treasurer shall, in addition to the audited financial statements for the preceding year, also present to the AGM the following financial statements and reports:
 - a. “Half-Year (January-June) Audited Financial Statements; and
 - b. “Unaudited Management Report for the period ended one week to the AGM date.”



Paul Usoro, SAN
NBA President