

IO & Co News

A Bi-Annual Newsletter of Ifeanyi Opara & Company, Chartered Accountants and Tax Consultants
www.iopara.com

December 2009

Principal's Brief

A Christmas and New Year Message

There is perhaps no better time than Christmas and no avenue more appropriate than this December edition of IO & Co News to say how very grateful we at Ifeanyi Opara and Co are to our numerous clients and friends, whose loyalty and kindness have continued to sustain us, even in the face of the current deep economic recession.

As we all look forward to better times in the New Year, we:

- Pray that the Almighty God will continue to protect you all, and to bless your endeavours
- Pledge not to relax our efforts in striving to retain your trust
- Renew our commitment to serving you even better in the coming year

Ifeanyi Opara & Co Re-locates Office

On December 18, 2009 Ifeanyi Opara & Company ended an eight year sojourn at number 28/30 Bukuru Bye Pass, Jos, an office space that we moved into in the aftermaths of the September 2001 Jos crises; we had hitherto dwelt for sixteen years at number 27, Murtala Muhammed Way, in the city. We are now located at **Plot number 11216, Shaka Road, Gold and Base, Jos**, a place we hope to finally make our permanent abode. This edition of IO & Co News is the first to be produced from our new location.

Shaka Road is the recently constructed road that connects Gold and Base area and the far end of Liberty Boulevard, through Shaka village. Plot number 11216 is located opposite Kings and Queens Academy along Shaka Road,

and two blocks away from the new mini-estate that the roofs of the buildings are blue-coloured. Our new offices are therefore accessible through either Rayfield Road or Liberty Boulevard.

It is our hope that the serene environment of the new location, and the improved utilities (power/water supply, etc) will provide more convenience and comfort for our valued clients and friends, as well as position us properly in our quest to continually improve our services.

Our post office address and telephone numbers remain unchanged:

P. O. Box 1018, Jos

Telephone: 08037038285; 08059148325

Turning Twenty-Five

In April 2010 Ifeanyi Opara & Co will be 25 (yes, twenty five) years!

The mustard seed that was planted, almost fortuitously, in April 1985 has grown over the years to what it is today through the special grace of the Almighty God, the goodwill of our numerous clients and friends and the dedication and loyalty of our staff. We have come a long way, weathering the turbulent storms that are constantly precipitated by Nigeria's political, social and economic uncertainties, and more recently, the ongoing global economic crises.

The June 2010 edition of IO & Co News will carry a feature story on the firm's journey through life thus far.



Maurice I. Opara FCA

Missed Past Editions of IO Co News?

If you would like to read past editions of IO Co News, you may do so at <http://www.iopara.com/newsletters>.

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Address: Plot number 11216, Shaka Road, Gold and Base, Jos; Telephone: 08037038285; 08059148325.
Email: info@iopara.com

Borrowing Without Sorrow

Recent occurrences in the banking sector of the country's economy have once again highlighted the challenges that are faced by lenders and borrowers alike, especially at times of financial crises such as have been experienced globally in the past 30 months. We have all been witnesses to the unfolding scenario:

- the publication by the Central Bank of the names of 'non-performing' bank debtors, the prosecution of some of the debtors and the embarrassment that they (many of them high profile personalities) have suffered as a consequence
- the intervention in the affairs of the affected banks by the Central Bank, including the removal and harassment of members of Boards of Directors (among them founders/sponsors of the banks) and their replacement by appointees of the Central Bank
- customers' migration in droves from the banks officially declared 'weak' to other banks, following the perception that the 'weak' banks have become hazardous for deposits
- massive job losses and uncertainties in the banking sector, including the ones officially certified as 'strong'
- general dislocations in the economy and the society at large

Borrowing is normal, so also lending, especially for business financing purposes; most tangible projects or business ventures in our present world would not conceivably be undertaken without some form of bank financing. In normal situations lending/borrowing relationships usually prove to be mutually beneficial to the parties, but matters can go dramatically awry if economic turbulence suddenly sets in, as the entire world, Nigeria inclusive, has recently experienced.

Here are some thoughts for those who must borrow:

- a) Never borrow because you were persuaded by a banker friend or relation, or some marketing officer from a neighbourhood bank branch; borrow only because you have a convincing need for the facility, and restrict the amount you borrow to what is required to meet that need. Your banker friend or relation who presents you with a borrowing proposition may be primarily motivated by their own interests rather than yours.
- b) Remember that borrowing always comes at a cost. The quoted interest rate is often only but a part of the overall cost, as there would usually be other hidden 'administration' costs (which would be charged to your account even before the loan is disbursed); these extra charges could amount to as much as 5% of the amount you borrow, and there would also invariably be the (sometimes quite tricky) matter of collateral and the dilution of your freedom in the running of your business while the facility subsists.
- c) Aim to repay what you borrow in the shortest possible time, regardless of the contracted tenure of the facility; the outstanding balance of your indebtedness will normally be charged interest on compound basis, and delayed repayments can considerably aggravate the interest burden and impair your ability to ultimately meet your obligation.
- d) As much as possible, avoid 'refinancing' (a rescheduling of your indebtedness, when you have difficulty in repaying) because it simply immerses you deeper in the debt trap; you may require further collateral and be made to pay additional 'administration' charges!

Greatness is not achieved by never falling, but by rising every time we fall. *Confucius*

SOME IMPORTANT TAX RATES

1. Withholding Tax Rates:

	Rate (%) for Companies	Rate (%) for Others
Rent, Dividend, Interest, Directors' fees	10	10
Commissions/Agency/Consultancy/Professional/Technical services	10	5
Contracts for supplies and services	5	5
Royalties	15	15

2. Personal Income Tax Rates:

5% to 25% on graduated scales, calculated on income after deduction of approved reliefs, subject to minimum tax of 0.5% of total income.

3. Company Tax Rates: 30% normal rate and 20% 'small companies' rate for income tax (actual income tax payable is subject to minimum tax that is calculated on turnover, net assets, gross profit, etc); additional 2% education tax.

4. Value Added Tax (VAT): 5% flat rate on all qualifying goods and services.

5. Capital Gains Tax: 10% on capital gains arising from disposal of qualifying capital assets

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