Global Journal of Applied, Management and Social Sciences (GOJAMSS); Vol.16, January 2019; P.195 - 213 (ISSN: 2276 – 9013)

AN EVALUATION OF THE ACCOUNTING SYSTEMS AND CONTROL OF PENSION FUNDS IN ABIA STATE

EMEKA OBIORA PETERS
Department of Accountancy, Faculty of Management Sciences
Chukwuemeka Odimegwu Ojukwu University.
Anambra State
Obiorapeters919@gmail.com

Abstract

This research work highlights the evaluation of the accounting systems and control of pension fund with Abia State Government in focus. This study is motivated by the inadequacy in the collection of pension fund by the pensioners with Abia state Government. The problem is defined by the inadequacy in the provision of pension to past and resent employees, treatment of actuarial gains and losers. The objective of the study was to identify various ways by which accounting system control pension funds and to identify the effectiveness of control measures on the pensions. Four research questions were raised for the study and foure hypotheses were formulated. The survey research design was adopted for the study with a sample of 60. Questionnaire was the main instrument used for data collection. The data collected was subjected to simple validity and reliability tests. The analysis of the data was based on statistical frequency tables, and chi square (x-2) technique was used to test the level of significance. Some of the findings are that accountant through the use of actuarial method determine the specific amount of funding pension cost and that pension benefit are payable many years later when the employees retire one after the other, the total cash paid in the service credits (funding) is significantly made for pension benefits and also that the standard of living of pensioners can be raised through the use of accounting system and control. Based on the findings, recommendation such as providing other benefit to the workers on retirement, acknowledgment of the importance of the money to the retired workers, special programme should be designed solely for retired workers to urgument the delayed money paid.

Introduction

Old age is one of the most constant and indelible sources of economic insecurity, and involves a combination of risks. To feel secure, a person needs that provision. According to Lagos Organization Review (2006) the importance of pension provision in Nigerian will continue to grow as individuals begin to place reliance on family to look after them in old age and begin to face the reality that they need to look after themselves by building a nest egg for the future.

The challenges of DC pension provision have only just begin. Numerous stakeholders all have a role to play from the government, which sets out the regulatory framework to the regulator PENCOM, to financial institutions that will manage and administer contributions to individuals who need to play enough into their account, to employer who must also contribute an adequate amount for their employees?

Therefore a pension is a periodic payment of allowance to an individual or to his family, given because of some meritorious work or when certain condition such as age, length of service compulsory retirement etc, have been fulfilled.

A pension fund is an accumulated amount from which pensioners are paid as they meet the condition set out in the pension fund.

For the purpose of this study, we will use pension funds and pension plans interchangeable. A pension plan sets out its funding management and accounting requirements.

In practice, the provisions and terms of pension plans vary widely. In some of the pension plans, the employee make contribution in addition to the federal and state governments pension scheme face a lot of problems as they have to pass through several ordeals before they can lay their hands on their entitlement.

The issue of pension in Nigeria has become one of the thorniest issues in the country today with millions of retired Nigerian workers, living in abject poverty and neglect as a result of the failure of the country's pension system.

Statement Of The Problem.

The study takes a multi-disciplinary approach to the problems of pensions; Firstly, it addresses the provisions of inadequate pension to past and present employees which is regarded as social responsibility of the employer.

Secondly, it addresses the most important accounting issues, namely, the determination and treatment of past services costs and current cost of funded pension scheme amortization of past services cost, and current treatment of actuarial and losses and disclosure of relevant information about pension plans.

Thirdly, analytical framework is presented that makes it easy to analyze, in a practical pension problems.

Fourthly, mention is made of the standard on employee retirement benefits by the Nigeria Accounting Standard Board (NASB).

Research Question.

For the purpose of this study the following research questions are posed.

i. Can accounting system control pension funds?
ii. Will the standard of living of pensioners be raised through the use of accounting system and control?
iii. Can the new pension Reform encourage savings towards retirement?
iv. What is the impact of the new pension reform on pension's funds?

Statement Of Hypothesis.

The following hypotheses are formulated in the course of this study:

1. HO: There will be no increase in the standard of living of pensioners using accounting system.
   Hl: There will be an increase in the standard of living of pensioners using accounting system.
2. Ho: The new pension reform will have no impact on Pensioners
   Hl: The new pension reform will have an impact on pensioners.
3. Ho: The new pension reform will not encourage savings toward retirement.

Statement of Hypothesis.

The following hypotheses are formulated in the course of this project:

I. HO: There will be no increase in the standard of living of pensioners using accounting system.
   H1: There will be an increase in the standard of living of pensioners using accounting system.
2. Ho: The new pension reform will have no impact on Pensioners. HI: The new pension reform will have an impact on pensioners.
3. Ho: The new pension reform will not encourage savings toward retirement. Hl: The new pension reform will encourage savings toward retirement.

The issue of pension in Nigeria originated during the colonial era in 1951, where benefits for the first time was introduced into the Nigeria Public service with retrospective effect from 1946 which brought about a major attraction for employment in the Public Service. After Successive pension Schemes have been introduced in the country, pension payment to retired employee have been so erratic and irregular, this has led to frustrations and miserable end to retirees who dreads retirement for fear of decline in their standard of living. In recent years, pensioners even fall dead on endless queues for unpaid pension and retirement benefits. The mass-retrenchment exercise of 1984 and 1985 led to many untold hardship to the civil servants affected in the exercise. This as a result led to public concern and expression of their feelings on the matters.

Thus Ogunbambo Sina commenting on the matter revealed that: "People who worked in the public service that is those establishments under the federal Government Pension scheme face a lot of problem as they have to pass through several ordeals before they can lay their hands on their entitlement."

In a Similar write-up Ben Oyeachonam wrote that "the plight of Pensioners deserves more consideration than it had hither to receive. After all, old age will come willy-nilly to every one. And the civil servant of today will be the pensioner of tomorrow".

Still commenting on the problems encountered by retired workers in the course of reaping this long awaited benefit. The National concord stated that "After having faithfully served this country on various capacities over several years or even decades, it should be natural for the nation's pensioners to look forward to regular payment of their pensions as they enjoy their retirement

The Recent Nigerian Pension Reforms

The federal government finally attempt to tackle the practical issue surrounding pension payment in Nigeria which led to the drafting of a pension reform for the country known as the "Pension Reform Act: "2004" on the **24th** of June 2004 was signed into law by Mr. President (Olusegun. Obasanjo) which brought a defined contribution system that was fully funded, privately managed and based on individual account for both the public and private sector employees. The act also established the National Pension Commission as the sole regulator and supervisor on all pension matters in the country.

Resulting from inadequacies and inefficiencies experienced in the erstwhile Pay-As-You-Go Defined benefit scheme operated in Nigeria coupled with huge unsustainable pension deficit which was estimated at about 2trillion naira before the new pension system came into being.

The new reform conceived certain objectives which are first to overcome huge unsustainable pension deficit, secondly to ensure that every person who has worked in either the public or private sector receives his/her benefit as and when due, thirdly, to assist employees by ensuring that they save to cater for their livelihood during their old age , fourthly to establish a uniform set of rules and regulations and standard for the administration and payment of pension fund in Nigeria, lastly, to stem the growth of outstanding pension liabilities.

The new pension scheme is contributory, full, funded and based on individual accounts, privately managed by PFAS with the pension assets hold by the PFC.

The new scheme mandates employers and employees to contribute a minimum of 7.5% each of employee's monthly remuneration i.e. Basic salary, housing and transport allowance with the federal government contributing 12.5%. However employers may decide to bear the full burden by contributing not less than 15% of employee's monthly emolument by deducting contributions from individuals' monthly salaries and forward the funds to the PFC of the employees PFA.

Retirement savings Account (RSA) belong to the employee for life and can be moved from one job to another, while employee determine which licensed PFA manages the RSA, which can only be changed once a year. Withdrawals can only be changed once a year. Withdrawals can only be made from RSAs upon retirement or upon attaining the age of 50, More so, withdrawal mode could be monthly or quarterly usually calculated on the basis of employees expected life span. On the other hand, the retire can also purchase annuity for the life from insurance companies, otherwise withdrawal of a lump sum can be done but is always subject to a limit (PRA 2004).

PENSION FUNDING

This is the act of making contribution to a pension plan, including setting aside contribution and investing these funds to accumulate pension benefits to pay the employee during retirement. Usually, the employee sends funds whether paid by the employer, paid by withholdings from the employee's pay or both to the pension trustee. The trustee has the responsibility to safeguard and invest contributed funds to earn a return on the amount invested.

PENSION PLANS DIMENSIONS

Non-Contributory pension plan are funded solely by employers with no contribution from employees. For contributory pension the employees contributes some or all the finding for the plan. Both contributory and non-contributory plans are further categorized into Defined contribution and Defined Benefit plan. Defined contribution pension set out the amount to be contributed to the plan, but do not specify the benefits to be paid to the employee during retirement. Defined benefit pension plans maintained that:

1) The employers set up a pension plan, specifying the eligibility of employees, the type of promises to employees, the method of funding and the pension plan administration.
2) The employer computes a pension expenses each period according to some formula. The employer debits pension Expenses for that amount and credits pension liability. This process is called "expensing pension obligations".
3) The employer transfer cash to the plan each period according to some formula. The employer debits pension liability and credits cash. The process is called "Funding pension liability". The amount funded in this step is usually but not necessarily, the same as the amount expensed each period in step.

The proceeding steps comprise the employers accounting for pensions. The employer is sometime called the "plan sponsor". The following steps are carried out by the pension plan.

1) The plan receives cash each period from the plan sponsor. In the accounting records of the pension plan, cash debited and liability for payments to employee is credited
2) Funds received are invested to generate income. The income is not part of the employer's (sponsor's) income for the period, but is reported in separate financial statement of the pension plan. The fund debits its investment asset account and credit investment revenue.
3) The plan makes payments to those entitled to receive them. The plan debits liability for payments to employees and credits cash.

Accounting System For Pension.

Accounting System for pension plans should generally ensure

a. Pension plans are charged to operations annually and not to be considered discretionary as going concern — organization should be able to do same.
b. The entire cost of benefit payment should alternatively be shared between income of the period and retained earnings.
c. Estimate and assumptions as to the future may be changed as experience evolves, for example, funds contributed may earn interest at a higher or lower rate mortality estimates are revised.

Since these charges are classified as actuarial gains or losses, they should be given effects in the provision for pension costs in a consistent manner that reflects long- range nature of pension cost. Thus discounted cash flow methods have been funded as useful tools, for its analysis.

PENSION COST ANALYSIS

Pension cost problem could be analyzed in the following way.

PAST AND NORMAL SERVICE ANALYSIS

ABM COY	Inception of pension	1990	1999

Organized 1980	Plan 1985		
(5 years) past service cost (A)	Normal pension cost funding period for past service cost (B) 5 years Accounting Amortization period for past service cost According to SAS — (NASB) it accounts for 5 years (c)		

The accounting entries by the accountant are too complex but the computation of the normal pensions cost for the period, the past service cost and its amortization and the amount of funding required to meet the need of employees are very complex because they are done by actuary.

ANALYSIS:

A. The past service is a one-time lump-sum representing past due liability. It may be calculated on a present value basis
B. This represents funding under actuarial computation and must be on present value basis. However, Accounting amortization period may be longer than the funding periods.
C. Connotes statement of Accounting Standards issued by Nigerian Accounting Standard Board (NASB)

Let us take simple independent case to illustrate the Accounting entries that should be made. In this case, we are trying to emphasize the substances of the accounting entries rather than the complexity of calculation that lead to the figure used. Such figures are usually supplied by actuarial estimate. The funding and amortization of past service cost will be illustrated

ILLUSTRATION 1

A new Elex Coy initiated a non-funded pension plan in the first year of operation. In this case, there are no past service costs. The normal pension cost are estimated in the first and second year to be 11,000,000 and 11,500,000 respectively.

The accounting entries will be presented as follows;

	Year **1**		Year 2	
	N	N	N	
Pension cost Liabilities under pension plan for the retirement of an employee in year 15 who has retirement benefit of N65,000, it will be:	1,000,000	1,000,000	1,500,000	1,500,000
Liability under pension plan cash			65,000	65,000

ILLUSTRATION II

Let us assume that the same fact presented in illustration 1 above valid except that the plan is now funded.

The accounting entries will be presented as follows;

	Year 1		Year 2	
	N	N	N	
Pension cost Cash (practice trustee)	1,000,000	1,000,000	1,500,000	1,500,000

For the retirement of an employee in 15 years has an accumulated benefits of N65,000, there will be no accounting entries made in the book of the company because of the fact that payment will be made by the independent agent or insurance company as the trustee managing the funds.

ILLUSTRATION III Assume the company Elex in illustration 1 was established several years age **(1998)** and thus can be called an old company. In 2006 it introduced a new plan that was properly funded. For this purpose, the management of the company employed the service of actuarial experts who determined the past service of cost to amount to N1,800,000 in order to record the pension cost and funding (assuming a 5 years amortization and 5 years funding period), the accounting entries will be;

	Year 1		Year 2	
	N	N	N	N
Pension cost	1,360,000		1,860,000	
Liabilities under pensions plan		1,360,000 1,860,00		
Computation:				
Normal pension cost	1,00,00 1,500,00			
N1800,000 allocated over 5 years				
Period on a straight line basis	360,000 1,360,000		360,000 1,860,000	

ILLUSTRATION IV

Assume the same facts as illustrated in III above except that according to actuarial computation, the funding of the plane has been more than adequate and in fact it needs to be reduced by N240,000 every (3) three more years and will still be adequate to cover retirement benefits of employees. Recall that the periodic pension costs as determined in illustration II are N1, 360,000 (yr 1) and (yr 2).

Year 1 Year 2

	N	N	N	N
Pension cost	1,360,00		1,860,00	
Liabilities Pension Cost				
In excess of payment		240,000		240,00
Cash		1,120,000		1,620,090

ILLUSTRATION V

Assume the same facts as in illustration iii above except that according to actuarial consumption, the funding of the plan has to be increased to meet future retirement benefit of employees because it had for the same time been under funded, for simplicity, we have to retain the same figures. Assume therefore that N240, 000 was the amount of funding which has to be effected in the next year, three years to correct the fund balance the accounting entries will be.

	Year 1		Year 2	
	N	N	N	N
Pension Cost	1,360,000		1860,00	
Deferred charge payment	240,000		240,000	
In excess of pension cost		1,600,000		2,100,000

It should be noted at this point that the fact of these illustrations are simplified to illustrate the critical aspect of accounting for pension plan.

These two critical aspects are of the correct determination of

i. The periodic pension cost for accounting purposes and not for economic planning or maintenance at minimum standard of living of the retiring employees.
ii. Secondly, the funding requires each period (in the case of funded plans) to ensure that there are enough funds to meet the obligations owed to the retiring employees.

Again, the funding is not predicted in any study aimed at ensuring that retiring employees do not fall below an expected standard of living obviously, accounting issues are different from political and motivational issues. Accountants generally agree that pension costs should be accounted for on accrual basis. That fund should be maintained specifically for the purpose of taking care of retirement benefits employees and preferably such funds should be managed by professional agencies.

ACTUARIAL COST METHODS

Actuarial science is a highly developed scientific methodology for determining specific amount for periodic funding of pension costs.

Actuarial cost methods are approaches that have been developed primarily as funding techniques and are used by insurance companies, trusted (trust agreements) or self administered plans.

Actuarial cost method for accruing periodic plan is classified into:

- Accrual benefit cost method
- Projected benefit cost methods

ACCRUED BENEFIT COST METHOD; Under this method, the amount assigned to the current year usually represents the present value of the increase in present employee's retirement benefits resulting from that year's service

This method incorporation increase in the benefits of the individual employee as he approaches his retirement age. In most plans, the retirement benefits may be related to salary level which may increase from year to year. The aggregate retirement cost for the workforce increase with any increase in its average age.

PROJECTED BENEFIT COST METHOD: Under this group are four methods such as;

a. Entry age normal
b. Individual level premium normal
c. Aggregate normal Attained age normal

In each of these methods, the current year pension cost is the projected retirement benefits over the service lives of the employee in the aggregate individual employees, or the employee group, depending on the method selected. Generally, the amount assigned to the current year usually represents the level of amount that will provide for the estimated retirement benefits over the service lives of either the individual employees or the employees' group. Costs computed under this method tend to vary year by year depending on the actuarial assumptions made.

Some actuarial cost methods assigned to subsequent years the cost arising at the adoption or amendment of a plan. Other methods assign a portion of the cost to years prior to the adoption or amendment of a plan and assign the remainder to subsequent years. At the adoption of a plan, the portion of cost assigned to prior years is known as past service cost, whilst the cost assigned to subsequent years is known as normal cost. For accounting purpose, past service cost are usually accrued and a liability is established such a liability is extinguished through funding.

Often, a valuation is made at a later date after the adoption of a scheme in which additional cost may be assigned to the prior years. This cost is known as prior service cost which is accrued like past service. Past service cost may be fully funded, partially funded or not at all funded, depending on the requirement of a scheme. It is usually more advantageous to fund past or prior service costs. For accounting purposes such cost are included in the accounts as part of current operating cost.

Actuarial cost methods that are used are those that measure retirement benefit of employees systematically from year to year. Methods that result in huge differences between actual employees' annual remuneration and actuarial calculation are therefore avoided.

ACTUARIAL GAINS OR LOSSES:

Actuarial gains or losses result from the divergence between actual remuneration of employees and the one projected. Several factors can be responsible for the divergence among which are assumptions about: Salary, turnover of employees, mortality rate, inflation and rate return on investment earnable by the fund. In order to recognize difference between estimated future events and actual, reviews are made periodically. This periodic review, usually between three years and five years, to help to make actuarial assumptions more realistic.

The primary concern with respect to actuarial gains or losses is the time to recognize them in the accounts. In practice, three methods are in use:

Immediate recognition in which gains are immediately taken as deduction from current or future retirement costs whilst losses are treated as additions.

ii. Spreading in which the net gains or losses are applied to current and future costs either through the normal cost or through the past service cost.

iii. Average in which case, an average is taken of net annual gains or losses developed from past experiences but projected on future events and applied to normal cost.

Unrealized appreciation and depreciation in the funds are often considered as forms of actuarial gains or losses. In practice, they are not consistently treated as deduction or additions to current or future retirement benefit expenses.

Some employee retirement benefit plan make provision for employee to be eligible immediately they are employed, some other plans put restrictions on age or length of service before qualification, whilst the rest state different conditions that must be met by employees before they qualify. Coverage may be detailed or broadly outlined. Depending on the provisions of the retirement benefit plan, actuarial calculations may exclude employees on the basis of age, probability or retirement, disability or death.

If provision are made for employee at the time of employment and actuarial assumption turn out to be unduly favourable, over funding occurs. In such a situation, employees current retirement cost may be reduced by the over funding, whilst any under-funded amount is added to the current retirement cost. It is safer to include all potential beneficiaries of a retirement benefit and to make provision for turnover, mortality, inflation and other factors if fluctuations in funding are to be minimized.

Retirement Benefit Standards

In compliance with the provision of SA|-Disclosure of accounting policies, every enterprise should disclose in the notes to the accounts, the following information.

a. The existence of a retirement provident or pension plan and the categories of employees covered.
b. The accounting, actuarial and funding methods used, and changes there to, where a defined contribution or benefit plan exist, and
c. The provision made for retirement provident made for retirement, provident or pension cost for the year.

The statement of accounting standards covers employee's retirement, scheme or provident pension plans in which there are formal or implied contrast between employers and employees specifying benefits or specific amounts due to employees upon the attainment of a retirement age or due to disability, early leaving or death. Furthermore, the provision of the statement covers unfunded plans, insured and uninsured plans, trust fund plans, defined contribution plans and defined benefit plans.

According to the statement, in determining the cost of benefit-based plans or schemes:

a. Calculations should be made such that full retirement benefit are accrued to cover the active working lives of employees with reporting employer
b. The basis for the calculations in (a) above should be consistently applied
c. The assumptions on which the calculations are based should be realistic and reviewed regularly.

COMPUTATION OF RETIREMENT ENTITLEMENT

When a pension or retirement scheme is introduced or an improvement is made on an old scheme, retirement entitlement due to employees many be computed as the new scheme or the improvement had been applicable from the commencement of their service. If there are past service costs associated with employees such costs should be deferred and charged to current and future operations over a period not more than five years in a systematic and consistent manner.

Funds for retirement of pension entitlement should be provided under the advance financing system pay-as you go system and unfunded scheme are unacceptable because they fail to anticipate and provide in advance the entitlement of employees upon their retirement; withdrawal or death. A funded retirement benefit scheme or a defined benefit plan with the characteristics of each properly documented and understood by the employees and employers. A funded retirement benefit scheme or plan may be self-administered by a third party.

In order to match properly with revenue generated, full retirement benefit costs should be accrued and charged to operation in the periods to which they relate where vested past service benefits are unaccounted or only partially accounted for, such vested service cost should be charged to current operation with a corresponding liabilities recognized. The liability should be reduced by related periodic funding payment until extinguished.

ACCOUNTS OF DEFINED BENEFIT PLANS

Under the defined benefits plan, assets, liabilities and revenue accounts should be maintained. General purpose financial statement such as income and expenditure accounts, balance sheet and statement of source application of funds should be prepared and forwarded to the employers and the employees or their trustee at least once a year.

Assets of defined benefits plan should be measured at the market value or cost whichever is lower, unless a current actuarial validation is available. Where a plan invests in insurance policies in order to meet members' benefits, such should be valued at their current net realizable values which are actuarially determined. In the measurement of liabilities for members' benefits, all benefits due to all beneficiaries either related to past or current service should be taken into consideration. Such a liability created should be funded by transfer of funds to the plans or scheme within period not exceeding five (5) years.

The liability of a defined benefit plan in respect of benefit payable should be calculated on the basis of the present value of expected future payments that arise from membership up to the reporting or balance sheet date. Relevant actuarial assumption should be the basis for such calculations. At the balance sheet date, liability for members' benefits should include benefits which are vested. For accounting purposes, all future benefits should be provided for and funded.

Revenue of a defined benefit plan should include, investment income, property rentals, profit from sales of investment contributions from members and employers, insurance policy payments, short-term gains or investments including foreign currency gains and losses and all other income. All these items should be reported in the revenue accounts of the fund.

Expenses of a defined benefit plan should include general administrative expenses, premium paid or payable, investment-related expenses, benefit-related expenses and others accrued with a view to reflecting benefit due to members in the future. All these expenses should be shown in the appropriate section of the revenue of the fund. For defined benefit plans, separate financial statement should be prepared in accordance with relevant statement of accounting standard and sent to the employers and employees or their trusted at least once a year.

Most enterprises in Nigeria do not disclose any information about the existence or non- existence of retirement or pension plans for their employees. The few of retirement or pension plans for their employees. The few that make any disclose do so in the notes to the Accounts.

- The existence of retirement or pension plans specifying the categories of employees that are covered by the plans.
- The company's accounting and funding policies; Provision made for pension cost in the year;
- The actuarial gains or losses in the year, If any, and how treated;
- Whether separate accounts are prepared for the scheme

The cost of providing post-retirement benefits is determined on a consistent actuarial basis and charged to the profit and loss account. To the extent that such costs do not equate to the cash contribution, a provision or retirement is constituted in the balance sheet.

a. Staff Costs

	2008 Nm.	2007 Nm.
Total employment cost ware:		
Wages and salaries.	227.4	229.0
Social security costs	30.9	32.1
Pension credits net of pension		
Costs (including ex-gratis pension)	(1.1)	(9.1)
Posts retirement benefits		
Other than pensions.	7.8	7.1
	267.0	259.1

Presentation of data collected during the exercise

S/N	VARIABLES	RE SP ONDENT	PERCENTAGES
1.	**SEX**		
	Male	35	58
	Female	25	42
	Total	60	100
2.	**LITERACY LEVEL**		
	Illiterate	15	25
	Partially educated	20	33
	Fully educated	25	
	Total	60	100
3.	**AGE**		
	30-50	40	
	50 AND ABOVE	20	
	Total	60	100
4.	**Marital status**		
		15	25
	Single	30	50
	Married		
	Divorced		
		15	25
	Total	60	100

SOURCE: Field Survey 2009.

S/N	VARIABLES	RESPONDENTS	PERCENTAGE
5	Are you aware of the on going pension reform? Yes Not sure	 40 5	 6 8
	Total	60	100
6.	Do you see the reform as a good idea? Yes Not sure No	 45 3 12	 75 5 20
	Total	60	100
7.	Does the new reform have any impact on pensioners? Yes Not sure No	 42 12 6	 70 20 10
	Total	60	100
8.	Do you think pensioners are still facing problem in collection of their pension fund? Yes Not sure No	 20 15 25	 33 25 42
	Total	60	100
9.	Will the standard of living of pensioners be raised through the use of accounting system and Control Yes Not sure No	 49 6 5	 82 10 8
	Total	60	100
10.	Does the pensioners get their benefit as at the time due Yes Not sure No	 29 24 7	 48 40 12
	Total	60	100
11.	Does the pensioners get their rightful benefit? Yes	 25 20	 42 33

	ıot sue No	15	25
	Total	60	100
12.	Has the new pension reform encourage savings among pensioners? Yes Not sure No	 35 10 15	 58 17 25
	Total	60	100
13.	Has the retirement age increase as a result of the new reform? Yes Not sure No	 25 5 30	 42 8 50
	Total	60	100
14.	Has Accountant been able to control pension fund? Yes Not sure No	 36 13 11	 60 22 78
	Total	60	100
15.	Which is preferable to the pensioners? Old scheme New scheme None	 22 26 12	 31 43 20
	Total	60	100
16.	In your own view does the new pension reform hold a brighter future for the pensioners? Yes Not sure No	 27 18 15	 45 30 25
	Total	60	100

SOURCE: Field survey 2009.

Analysis Of Research Question I.
Can accounting system control pension funds?

TABLE 1

Response	No of Respondents	Proportion %
Yes	36	60
Not sure	13	22
No	11	18
Total	60	100

The table above shows a total of respondents of which 36 representing 60% are saying that accounting system can control pension fund, 22% are not sure about it while 18% said No.

Question 2
Will the standard of living of pensioners be raised through the use of accounting system and control?
Table 2.

Responses	No of Respondents	Proportion%
Yes	49	82
Not sure	6	10
No	5	8
Total	60	**100**

82% of the respondents are of the support that the standard of living of pensioner are raised through the use of accounting system and control, 10% are not sure while 8% says that standard of living of pensioners cannot be raised through the use of accounting system and control.

Question 3

Can the new pension reform encourage saving among pensioners. **Table 3**

Responses	No of Respondent	Proportion%
Yes	35	58
Not sure	10	17
No	15	25
Total	60	100

From the table above 58% representing 35 respondents said Yes that new pension reform encourage saving among pensioners, 17% are not sure if it encourage savings while 25% say No that it does not encourage savings.

Question 4.

Does the new reform have any impact on pensioners? **Table 4.**

Responses	No of Respondent	Proportion%
Yes	42	70
Not sure	12	20
No	6	10
Total	60	100

The above table shows that 70% representing 42 respondents agreed that the new pension reform has an impact on pension fund, 20% are not sure if it has impact on pension fund while **10%** said No to that

TEST OF HYPOTHESIS

The hypothesis is framed as a guide to the conduct of the research.

TEST 1

Will the use of standard of living of pensioners be raised through the use of accounting system and control?

Hypothesis

Ho; there will be no increase in the standard of living of pensioners through the use of accounting system and control.

HI: There will be an increase in the standard of living of pensioners through the use of accounting system and control

Test:

Responses	**Respondents**	**Percentage %**
Yes	49	82
Not sure	6	10
No	5	8
Total	60	100

Chi-square — x^2— n (O_z-E_L1^2

El

Where 0 = Observed frequency

E = Expected frequency

Degree of freedom = n-1

= 3-1 =2

Level of significance =5% =0.05

0	**E**	**O-E**	**$(0\text{-E})^2$**	**$\frac{(0\text{-E})^2}{E}$**
49 6 5	29 4 3	20 2 2	400 4 4	13.8 2 2
60	36	24	480	17_8

X^2 calculate =17.8

X^2 critical value —5.991

Decision: X^2 calculate > X^2 critical value, we accept the alternative (H_I) and reject the null hypothesis **(11_0).**

Therefore we accept of there will be an increase in the standard of living of pensioners through use of accounting system and control.

TEST 2

Will the new reform have any impact on pensioners? hypothesis

Ho: the new reform will have no impact on pensioners. Hi: the new reform will have an impact on pensioners.

Response	Respondents	Percentage
Yes	42	70
Not sure	12	20
No	6	10
Total	60	100

chi-square = x^2 — nElf
E_i
Where 0= observed frequency E=
Expected frequency Degree of freedom = n-1
= 3-1 =2
Level of significance = 5% = 0.05

0	E	0-E	$(0\text{-}E)^2$	$\frac{(0\text{-}E)^2}{E}$
42	25	17	289	11.6
12	7.2	5	25	3.5
6	4	2	4	1
60	36	24	318	16.1

X^2 calculate = 16.1 X^2 critical value = 5.991 Decision: X^2 calculate > X^2 critical value we accept the alternative (11 ₁) and reject the null hypothesis (Ho).

Therefore we accept that the new pension reform will have an impact on pensioners.

TEST 3

Will the new pension reform encourage savings among pensioners? **Hypothesis**

H_i: the new pension reform will encourage savings among pension **Test**

Responses	Respondents	Percentage
Yes	35	58
Not sure	10	17
No	15	25
Total	60	100

Chi-square = x^2 = n $(1^{-}E1.1^2$
1 E_i

2

Where 0 = Observed frequency E

Expected frequency

Degree of freedom frequency = n-1

= 3-1

=2

Level of significance = 5% = 0.05

0	E	0-E	$(0-E)^2$	$\frac{(0-E)^2}{E}$
35	21	14	196	9.3
10	6	4	16	2.7
15	9	6	36	4
60	36	24	248	16

X^2 calculate =16

X^2 critical value =5.991

Decision: X^2 calculate > X^2 critical value, we accept the alternative (H_1) and reject the null hypothesis (H_o). Therefore we accept that the new pension reform will encourage savings among pensioners.

Conclusion

Conceptually, the approach taken in this study is to analyse the social, economic and motivational benefit from establishing pension plans for the benefit of presently active retiring and retired employees of government establishments.

Technically, Accountants are concerned with accurate definition of pensionable workforce, determination of past and present pension costs. Incorporation into accounts, the actuarial gains and losses for proper assessment of the funding needs of the plan and proper accounting and reporting of the operational results of the plan.

The use of different actuarial methods is complicated because of the combination of various economic social and demographic factors but computers are now readily available to make sure computations are easy and their interpretation understandable.

The need for establishment and proper management of pension fund is greater today than before in the light of the ravaging effects of inflation on pensioner's purchasing power.

Besides, there are no other social welfare schemes in Nigeria that pensioners can fall back on to augment their income.

This study has made a very strong case for the establishment of social security or welfare schemes for the benefit of the elderly or retired in our society. Infact the benefit should be extended to all as a right. The need is now and here and then scope for applying this approach in government is very great.

Recommendation

The study made the following recommendation with hope that if implemented, will go a long way in total annihilation of the detected problems associated with retirement benefits to employees.

That government at all levels should revise the pension laws so as to give room for inflation rate to be lower or worst still at par, not higher than the pension rate of the pensioners so as to make this government laudable goal a meaningful thing to the beneficiaries.

That government should restructure the management of the establishment so as to give room for efficiency and consequently provide other financial benefits to the workers on retirement as this will in turn increase the morale of the workers who will in turn work with full vigor.

The establishment should allow pensioners and their children enjoy the medical facilities of the establishment not-with- standing the fact that they have retired from active service.

References

kdekanye Femi (1983) The Element of Baking in Nigeria. Marina-Lagos: F&A Publishers

Ileigs, Walter B et al: (1978) Intermediate Accounting. New York: McGraw Hill Book

Jwabukei, P.O (1986) Fundamentals of statistics Nigeria. Enugu Koruna Book.

3kigbo, P.N.C. (1981) The Nigerian's Financial System, Structure and Growth. U.K. long Group

Jzoaga, W.0 (1981) Money and Banking in Nigeria. Enugu, Fourth Dimension Publishers.

Julius, et (2002), Private Pension Plan-strategy and Benefit Policy. USA; Northeast decision Sciences institute, Pittsburgh, Pennsylvania Vol 29 No 1

1igeria University Joint Super Annuation scheme. Fifth Reprint July 1974

3gunbambo, Sina (1996) 'Pensioners Lay Siege at Federal Secretariat" The Guardian

3nyeachonam Ben, (1996) " The plight of pensioners National Concord

[3]ension decree No 102 of 1979.

Legislations of National Pension Fund 1961-1978. the Association of pension fund and investment managers at the Nigerian institute of international Affairs, Lagos