



KWARA STATE INTERNAL REVENUE SERVICE

2019 ANNUAL REPORT



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KWARA STATE INTERNAL REVENUE SERVICE

Vision

To Mobilize Revenue for the Strategic Development of Kwara State.

Mission

To serve the residents of Kwara State using the most convenient strategies that will add value and integrity to the revenue mobilization process and actualize the developmental objectives of the Government

Core Values

S**Service****H****Honesty****I****Integrity****R****Responsibility****T****Trust**

STATUTORY INFORMATION - LEGAL EXISTENCE

Kwara State Board of Internal Revenue (BIR) was restructured to be known as Kwara State Internal Revenue Service (“here in referred to as the Service”) on 22nd June 2015 through Kwara State Revenue Administration Law No. 6 (as amended by Law No. 2 of 2016) is further amended in section 38 as follows:

- In subsection (3) after the word “court” insert “in chamber”
- In subsection (4) after the word “may” insert application made ex parte

This law may be cited as the Kwara State Revenue Administration (Amendment) Law 2017. The Service commenced on 1st October, 2015.

The board shall be responsible for:

- (a) Providing general policy guidelines regarding the functions of the Internal Revenue Service and supervising the implementation of such policies
- (b) ensuring assessment, the effective and optimum collection of all revenue, including taxes, levies and penalties due to the State Government under the relevant federal and state laws.

- (c) doing all such things that may deemed necessary and expedient for the assessment and collection of revenue.
- (d) accounting for all amounts so collected.
- (e) making recommendations, where appropriate to the Joint Tax Board on tax policy, tax reform and tax legislation.
- (f) tax treaties and exemptions as may be required from time to time.
- (g) appointing, promoting, transferring and imposing discipline on employees of Internal Revenue Service.
- (h) making recommendations to the Governor regarding the terms and conditions of employment and the remuneration of staff of the Internal Revenue Service;
- (i) controlling the management of internal Revenue Service on matters of policy, subject to provisions of any regulations setting up the Internal Revenue Service; and
- (j) doing such other things as are in the opinion of the Board necessary to ensure the efficient performance of the functions of the Internal Revenue Service under this law.

KWARA STATE

BRIEF HISTORY



account of the peaceful relations that exist among its multi-cultural and diverse population of about 2.5 million people (2006 Census Figure)

estimated to have grown to about 3.5 million now. Followers of the three great religious faiths to be found in Nigeria, Islam, Christianity and traditional, coexist within the State.

States in Nigeria enjoy a high degree of autonomy. Each State, for example, can set industrial policy and independently seeks to attract investment. This is normally located within a broader national policy and must naturally comply with federal rules (with regard to import duties, for example). Energy policy is the sole pressure of the Federal Government, although this is changing, as the option of using Independent Power Producers (IPP) becomes more attractive. Each State is divided into Local Government Areas (LGAs) and in the case of Kwara, there are 16 such LGAs, namely: Asa, Baruten, Edu, Ekiti, Ifelodun, Irepodun, Isin, Ilorin East, Ilorin South, Ilorin West, Kaiama, Moro, Patigi, Offa, Oke-Ero and Oyun.

Geography

Kwara State comprises rainforest in the southern parts with wooded savannah covering the larger part of the State. The soil is fertile and the State is well watered by the various tributaries of the Niger River which run through hills and valleys, none of

which rise to any great height. The western section of the State is at a slightly higher altitude than the eastern.

Kwara is a summer rainfall area, with an annual rainfall range of 1,000mm to 1,500mm. The month of December and January coincide with the cold and dry harmattan period. Average maximum temperatures vary between 300°C and 350°C.

Unique Selling Point

Kwara State is known for its peaceful character, its innovation and its strong educational sector. In recent years, it has come to be known as the home of commercial agriculture, as a result of the New Nigerian Farmers Initiative. Also known as the Shonga Farms Project, after the name of the town where the commercial farming is being practised, the New Nigerian Farmers Initiative has got Nigerians and foreigners talking about Kwara State in a new way.

Kwara State has changed in the public eyes from being a 'civil service' State to being the State where the Shonga Farmers are succeeding. Kwarans believe this could happen on a broader scale in the Federal Republic of Nigeria, a land of immense agricultural potential. Following the success of the Project, over 20 other commercial farm projects have been sited in the State successfully. Milk products and rice currently make up US\$1.2billion of the nation's US\$4billion food-importation-bill a situation that a well-organized commercial agriculture has the potential to reverse.

Kwara State is one of the 36 states that make up the Federal Republic of Nigeria, Africa's most populous country. Kwara shares her boundaries with the Republic of Benin on the West and the River Niger on the North, Ekiti and Kogi States on the East, and Oyo and Osun States on the South.

The capital city, Ilorin is situated 306km inland from the coastal city of Lagos and 500km from the federal capital, Abuja. Major towns include Offa, Ajase-Ipo and Jebba. Other towns include Patigi, Erin-Ile, Ilofa, Osi, Lafiagi, Afon, Kaiama, Isanlu-Isin, Omu-Aran, Share, Shonga, Ilesha Baruba and Igbaja.

Kwara State was created in May 1967, as one of the first 12 States to replace the nation's four regions. Originally, the State was known as West Central State, but the name was later changed to Kwara, a local name for the Niger River. The size of the State has been reduced over the years, as new States have been created within the Federation. The total landmass of Kwara State today is 32,500 square kilometres.

Kwara State is known as the State of Harmony on



Mallam AbdulRahman AbdulRazaq
Executive Governor, Kwara State



Kayode Alabi
Deputy Governor, Kwara State



Shade Omoniyi
Executive Chairman

KWARA STATE INTERNAL REVENUE SERVICE

CORPORATE INFORMATION

Manangement Staff		No of months served
Muritala Awodun, PhD. ACTI	Executive Chairman	9
Shade Omoniyi, ACTI, HCIB	Executive Chairman	3
Adenike Babajamu, ACTI	Director, Admin & Operations	9
Iyabo Abubakar, ACTI	Director, Other Revenue	9
Nuhu O. Muhammed, FCTI	Director, Corporate	9
Olusegun Olaniyi ACTI	Director, Special Duties	6
Olalekan Rotimi, ACTI	Director, MDA's	9
Lateef A. Okandeji, FCTI, ACIS	Director, Legal & Enforcement	12
Omolara M. Ojulari, ACA, ACTI	Assistant Director, Internal Audit	12
Mohammed Kabiru Rufai, FCA, ACTI	Principal Manager, Account and Finance	12

Registered Office:

27, Ahmadu Bello Way,
GRA, Ilorin.
Kwara State.

Auditors:

Messrs A. F Dawodu & Co.
(Chartered Accountants)
8, Mabinuori Dawodu Street,
Gbagada Phase 1,
Somolu, Lagos

Principal Bankers:

Guaranty Trust Bank Plc
First City Monument Bank Plc
First Bank Plc

KWARA STATE INTERNAL REVENUE SERVICE

THE MANAGEMENT



Muritala Awodun, PhD
Executive Chairman
(out-going)



Mrs. Adenike Babajamu
Director, Admin & Operations



Mr. Olusegun Olaniyi
Director, Special Duties



Mrs. Omolara Ojulari
Assistant Director, Internal Audit



Mrs. Iyabo Abubakar
Director, Other Revenue



Shade Omoniyi
Executive Chairman
(in-coming)



Mr. Mohammed Kabiru Rufai
Principal Manager,
Account & Finance



Mr. Nuhu Muhammed
Director, Corporate



Mr. Olalekan Rotimi
Director, MDAs

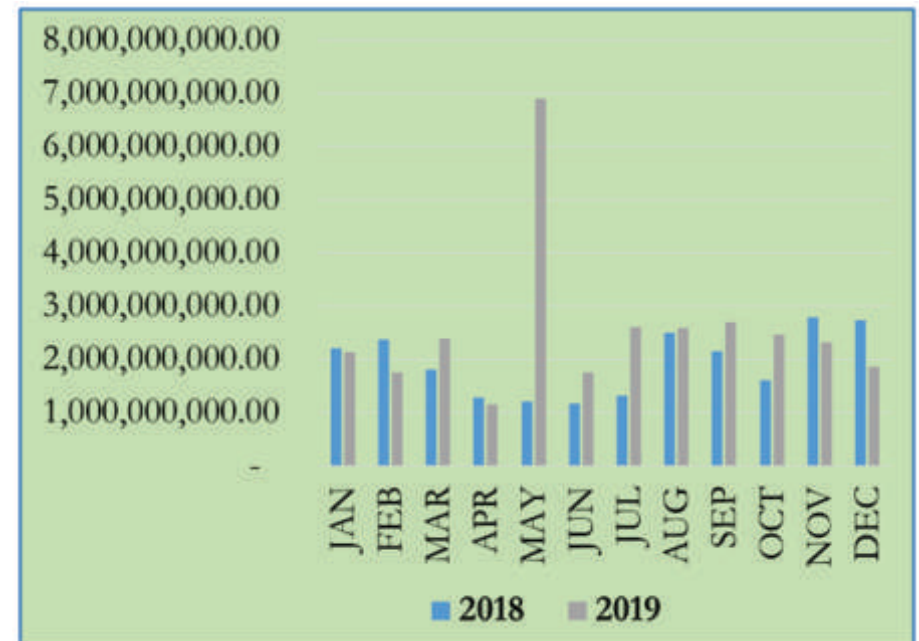


Mr. Lateef Okandeji
Director, Legal & Enforcement

KWARA STATE INTERNAL REVENUE SERVICE

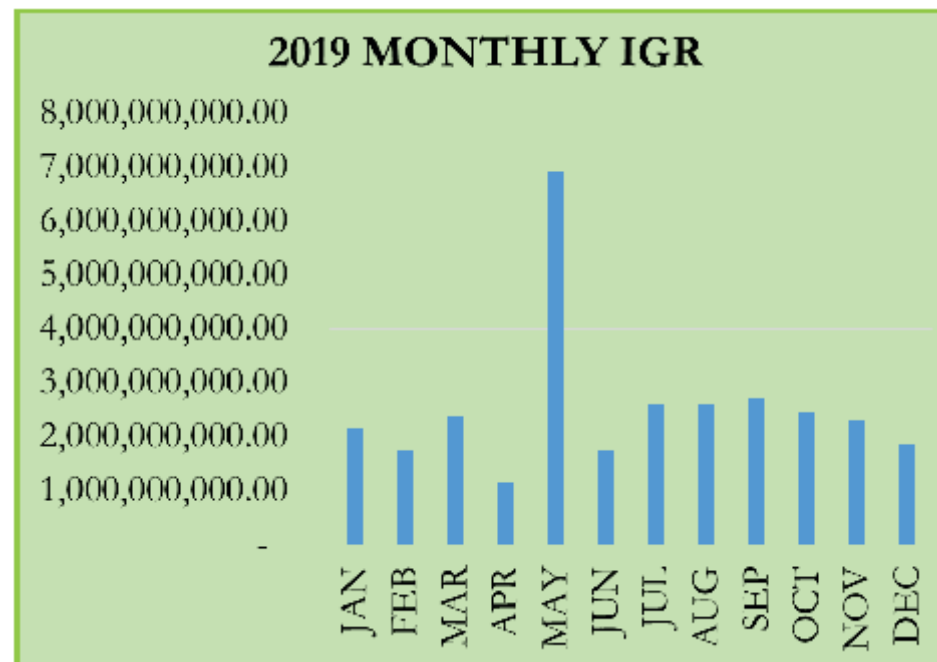
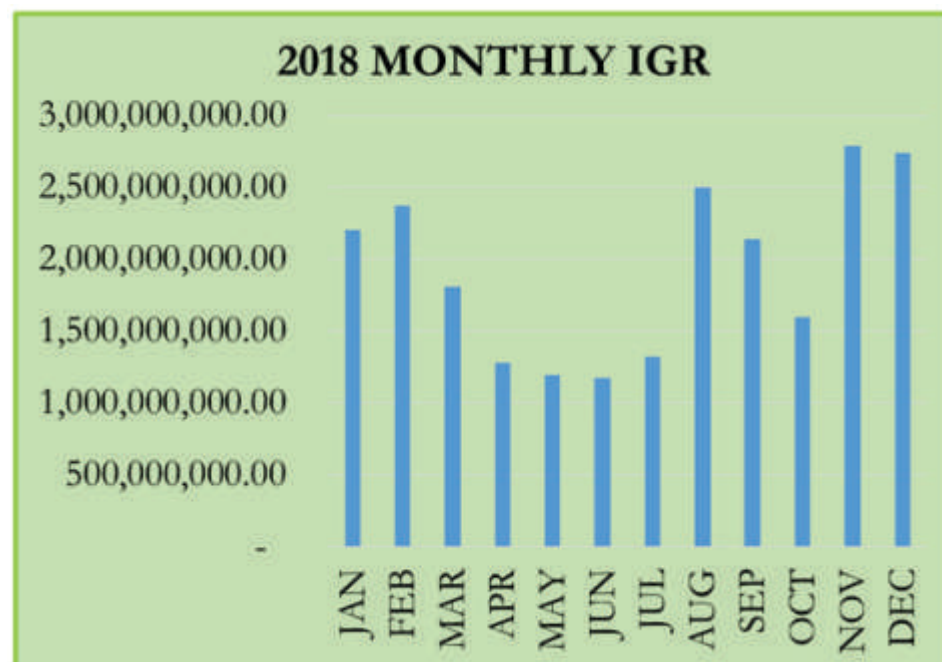
2018/2019 IGR REPORT

	2018	2019
JAN	2,206,654,861.23	2,139,328,296.98
FEB	2,372,653,995.13	1,756,027,689.82
MAR	1,808,574,120.20	2,380,397,117.93
APR	1,279,467,897.15	1,145,841,103.38
MAY	1,198,879,329.65	6,903,825,853.75
JUN	1,174,087,740.24	1,758,135,100.38
JUL	1,323,483,814.12	2,610,141,180.18
AUG	2,500,630,503.70	2,595,730,214.80
SEP	2,143,556,517.35	2,703,082,625.32
OCT	1,598,853,591.73	2,461,341,454.02
NOV	2,790,663,333.83	2,315,992,720.26
DEC	2,736,016,870.99	1,867,406,851.22
TOTAL	23,133,522,575.32	30,637,250,208.04



KWARA STATE INTERNAL REVENUE SERVICE

2018/2019 IGR REPORT

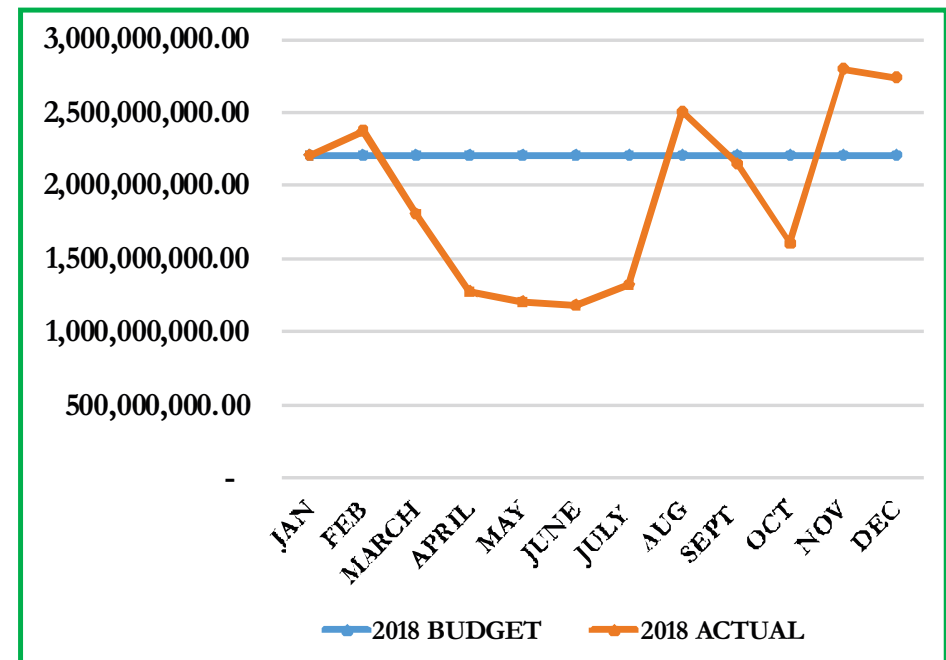


KWARA STATE INTERNAL REVENUE SERVICE

2018 IGR REPORT

BUDGET AND ACTUAL PERFORMANCE

	2018 BUDGET	2018 ACTUAL
JAN	2,210,520,307.19	2,206,654,861.23
FEB	2,210,520,307.19	2,372,653,995.13
MAR	2,210,520,307.19	1,808,574,120.20
APR	2,210,520,307.19	1,279,467,897.15
MAY	2,210,520,307.19	1,198,879,329.65
JUN	2,210,520,307.19	1,174,087,740.24
JUL	2,210,520,307.19	1,323,483,814.12
AUG	2,210,520,307.19	2,500,630,503.70
SEP	2,210,520,307.19	2,143,556,517.35
OCT	2,210,520,307.19	1,598,853,591.73
NOV	2,210,520,307.19	2,790,663,333.83
DEC	2,210,520,307.19	2,736,016,870.99
TOTAL	26,526,243,686.30	23,133,522,575.32



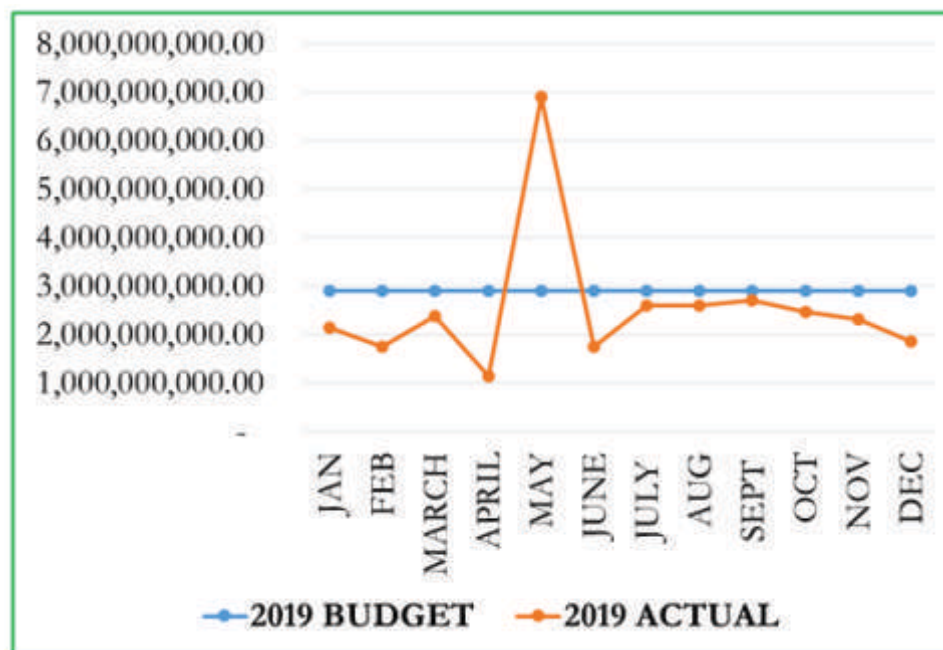
KWARA STATE INTERNAL REVENUE SERVICE

2019

IGR REPORT

BUDGET AND ACTUAL PERFORMANCE

	2019 BUDGET	2019 ACTUAL
JAN	2,914,648,665.17	2,139,328,296.98
FEB	2,914,648,665.17	1,756,027,689.82
MAR	2,914,648,665.17	2,380,397,117.93
APR	2,914,648,665.17	1,145,841,103.38
MAY	2,914,648,665.17	6,903,825,853.75
JUN	2,914,648,665.17	1,758,135,100.38
JUL	2,914,648,665.17	2,610,141,180.18
AUG	2,914,648,665.17	2,595,730,214.80
SEP	2,914,648,665.17	2,703,082,625.32
OCT	2,914,648,665.17	2,461,341,454.02
NOV	2,914,648,665.17	2,315,992,720.26
DEC	2,914,648,665.17	1,867,406,851.22
TOTAL	34,975,783,982.00	30,637,250,208.04



KWARA STATE INTERNAL REVENUE SERVICE

LIST OF AREA OFFICES

Abuja Liaison Office

Offa Area Office

Omuaran Area Office

Bode Sadu Area Office

Adewole Area Office

Lafiagi Area Office

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

REPORT OF THE BOARD

Director Report

The board members are pleased to submit their report together with the audited financial statements for the year ended 31 December, 2019.

Events after the Reporting year

In the opinion of the Directors, the state of the Service's affairs continues to be satisfactory and no events have occurred to date which would affect the financial statements presented.

Principal Activities

The Service's principal activities are collection of tax revenue, levies and penalties due to Kwara State Government

Result for the year (Income & Expenditure)

Revenue

Expenses

Surplus/(Deficit) for the Year

Internally Generated Revenue Performance

The Service generated a total sum of N30,637,250,208 during the year ended 31st December, 2019. Details of the statement of Internally Generated Revenue and disbursements for the year

ended 31st December, 2019 are shown on page 27 of this Financial Statements.

Independent Auditor

In accordance with Section 357(2) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, Messrs A.E. Dawodu & Co. have indicated their willingness to continue in office as Independent Auditor to the Service. A resolution will be proposed at the Meeting authorizing the Directors to fix their remuneration.

By Order of the Board



Lateef A. Okandeji, Esq.

Company Secretary/Legal Adviser
Ilorin, Nigeria

..... 2020

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

STATEMENTS OF RESPONSIBILITY OF THE BOARD

The Companies and Allied Matters Act (CAP C20) Laws of the Federation of Section 334 and 335 of Nigeria, 2004 requires the Board to prepare financial statements for each financial year that give a true and fair view of the financial affairs of the organization at the end of the year and of its surplus or deficit. The responsibilities include ensuring that the organization:

(a) Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the organization with the requirements of the companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria 2004.

(b) Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(c) Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with Standards issued by the Financial Reporting Council of Nigeria and the requirements of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004.

The Board is of the opinion that the financial statements give a true and fair view of the state of financial affairs of the organization and its Surplus or Deficits. The Board further accepts responsibility for the maintenance of the accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Board to indicate that the Organisation will not remain a going concern for at least twelve months from the date of this statement.



.....
Mrs. Shade Omoniyi
Executive Chairman
FRC/20/IMN/00000014515



.....
Mrs. Omolara Ojulari
Assistant Director (Finance & Accounts)

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

REPORT OF THE INDEPENDENT AUDITORS

To the Board Member of Kwara State Internal Revenue Service

Opinion

We have audited the accompanying financial statements of Kwar State Internal Revenue Service (KWIRS), which comprise the statement of financial position as at 31 December 2019, and the statement of financial performance, changes in net assets, cash flows and comparison between budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Board in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of Board Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of

financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Service or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We also obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control, and evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

REPORT OF THE INDEPENDENT AUDITORS

We conclude on the appropriateness of board management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the board financial statements. We are responsible for the direction, supervision and performance of the board audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably

be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the board has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) the Board's statement of financial position and statement of comprehensive income are in agreement with the books of account.

A.F Dawodu & Co.

(Chartered Accountants)

FRC/2016/ICAN/00000015420



Date: 27th July, 2020

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

EXECUTIVE CHAIRMAN'S STATEMENT FOR 2019

Since 2015 when it was charged with the responsibility of generating revenue internally, the Kwara State Internal Revenue Service (KW-IRS) has undergone several stages of development; these have culminated in the increased revenue drive in the State. The year 2019 was a seminal moment marked by the taking of positive steps towards advancement of revenue administration for the State.

Upon the expiration of the tenure of the pioneer Executive Chairman and Directors of Kwara State Internal Revenue Service (KW-IRS) on the 30th September 2019, I assumed office as the Executive Chairman on the 2nd of October, 2019. At the time, the total revenue collection for 2019 (January – September) was ₦23,999,369,116.98 (Twenty Three Billion, Nine Hundred and Ninety Nine Million, Three Hundred and Sixty Nine Thousand, One Hundred and Sixteen Naira, Ninety Eight Kobo).

In spite of the snags of transition in political power in 2019 and the change in the leadership of the Service, a remarkable growth in IGR was recorded at the end of the 2019, with total revenue at ₦30,744,462,321.91 (Thirty Billion, Seven Hundred and Forty Four Million, Four Hundred and Sixty Two Thousand, Three Hundred and Twenty One Naira, Ninety One Kobo) which was approximately 88% of the proposed budget of ₦34,975,783,982.00 for the year and a notable increase over 2018 revenue generation of ₦23,044,272,107.13.

The achievements of Q4 of 2019, were with one substantive Director, while handholding all other Directorates.

These significant feats within this period was characterized mostly with major game changing efforts which included the study and review of the processes, and strategic planning, including understanding of the business and peculiarities of the State. Some other immediate tasks taken up at assumption of duty as the Executive Chairman in 2019, included the study of the current organizational structure in line with best practice, review of the technology systems and infrastructure of all KW-

IRS offices and touch points across the State, to ensure all align with the Mission and Vision of the Service.

In October 2019, the staff strength was 940, spread across the offices within the State capital and five (5) Area offices; this number had about 230 new staff who were recruited within the same year. With the concentration of the work force in major cities without offices in all Local Government Areas of the State, the need for a major shift in the structure, became very evident.

In its continuous efforts to enact growth, profitability, and cost savings, therefore, the Kwara State Internal Revenue Service, (KW-IRS), in the year 2018, got certified into two International Standards (ISO 9001: 2015 – Quality Management System) and ISO 22301:2012 (Business Continuity Management System). The ISO 9001:2015 seeks to achieve an impeccable Customer Satisfaction, while ISO 22301:2012 seeks to achieve Business Continuity, even in the most challenging and turbulent periods.

This ISO certification has helped to manage our processes and allowed for planning in case of critical incidences and the Service will ensure continual development, implementation and maintenance of the Certification and all processes required and appropriate for enhancement of IGR for Kwara State, while looking at additional opportunities for improvement.

Looking ahead into the coming year, 2020, it is hitting the ground running with implementation of all planned revenue and administration reforms for the Kwara State Internal Revenue Service (KW-IRS).

Thank you.



Shade Omoniyi
Executive Chairman, KW-IRS

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

STATEMENT OF FINANCIAL POSITION

		2019	2018				
	Note	N'000	N'000				
ASSETS				Funds			
Current Assets				State government fund	9	1,733,055	1,533,055
Cash	3	130,597	203,865	Accumulated fund	10	(1,935,984)	1,316,267
IGR Collection Accounts Balances	5	1,371,633	-	IGR fund	27	1,371,633	-
Receivable and prepayment	6	874,054	4,017,025			1,168,704	2,849,322
Inventories	4	150,561	121,548				
		2,526,845	4,342,437			3,669,802	5,331,344
Non Current Assets							
Property, plant and equipment	21	1,142,957	988,907				
		1,142,957	988,907				
		3,669,802	5,331,344				
Current liabilities							
Payable & Other accrued	7	2,493,995	2,458,951				
Employee benefits	8	7,103	23,071				
		2,501,098	2,482,022				

The financial statements on pages 2 to 30 were approved by the Board of Directors on 2020 and signed on its behalf by:



.....
Shade Omoniyi
 Executive Chairman
 FRC/20/NBA/000000



.....
Omolara Ojulari
 Asst. Director, Finance and Accounts
 FRC/20/NBA/000000

The accompanying notes form an integral part of these financial statements.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

STATEMENT OF FINANCIAL POSITION

	Note	2019 N'000	2018 N'000
Total IGR generated for the year	21	30,637,250	23,047,699
Subvention from state government	11	4,005,673	5,842,379
Expenses			
Consultants' commission	13	1,868,819	3,289,649
Salaries, wages and benefits	12	1,280,099	1,018,944
Depreciation and amortisation	14	174,227	162,484
Supplies and consumables used	15	87,472	107,762
Other operating expenses	16	816,199	749,759
		4,226,816	5,328,598

Surplus/(deficit) for the period		(221,143)	513,781
Total Disbursement to State Ministry of Finance	27	29,682,376	23,508,031
Net IGR Payables/(Receivables) for the year		954,874	(460,332)
Percentage of Net IGR to operational income		13	25

The accompanying notes form an integral part of these financial statements.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

STATEMENT OF FINANCIAL POSITION

	Note	State Govt Fund N'000	Accumulated Fund N'000	IGR fund	Total N'000
Bal as at 1 Jan 2018		1,544,710	774,080	-	2,318,791
Surplus/(Deficit) for the period	10	-	513,781	-	513,781
Prior Adjustment	18 & 19	(11,656)	28,406	-	16,750
IGR fund		-	-	420,655	420,655
Surplus for the year	10	(11,656)	542,187	420,655	951,186
Balance as at 31 Dec 2018		1,533,055	1,316,267	420,655	3,269,977
Bal as at 1 Jan 2019		1,533,055	1,316,267	420,655	3,269,977
Capital grant fund	9	200,000	-	-	200,000
Surplus/(Deficit) for the period	10	-	(3,252,251)	-	(3,252,251)
IGR fund	27	-	-	950,978	950,978
Balance as at 31 Dec 2019		1,733,055	(1,935,984)	1,371,633	1,168,704

The accounting policies and notes the accounts on pages 15 to 27 form an integral part of these reports and accounts.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

CASHFLOW STATEMENT

	2019	2018
	N'000	N'000
Surplus/ (Deficit) for the year	(221,143)	513,781
Ajustment for Items not involving Movement of Fund		
Depreciation and amortisations	174,227	162,484
Prior year adjustment	(3,031,108)	28,406
Gain/loss on disposal of asset	7,000	-
	(3,071,024)	704,671
Changes in Working Capital		
(Increase)/Decrease in inventory	(29,013)	(121,548)
(Increase)/Decrease in Debtors and Prepayments	3,142,971	(1,186,330)
Increase/(Decrease) in Creditors and Accrued Expenses	35,044	804,060
Increase/(Decrease) in employee benefits	(15,968)	(25,171)
Net cashflow from operating activities	62,009	175,682
Cashflow from investment activities		
Acquisition of property, plant and equipment	(335,277)	(436,920)
Deposit for investment	-	37,670
Proceed from sales of investing activities		
	(335,277)	(399,250)

Cash Flows from Financing Activities:		
Grant from state government	200,000	425,265
IGR fund	950,978	420,655
Net cash used in Financing Activities	1,150,978	845,920
Net increase/(decrease) in cash and cash equivalents	877,710	622,351
Cash and cash equivalent as at January 1st, 2019	624,520	2,168
Cash and cash equivalent as at December 31st, 2019	1,502,229	624,520
Bank balances from grant account	130,597	203,865
Bank balances from IGR Collection accounts	1,371,633	420,655
	1,502,229	624,520

The IGR fund of 1.371 billion in the Cash-flow Statement does not from part of the operational fund of the Service, the IGR fund is reported as cash flow by the State Ministry of Finance but cash is collected and maintained by service on behalf of the Ministry of Finance.

The accounting policies and notes the accounts on pages 16 to 19 from an integral part of these reports and accounts.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

STATEMENT OF FINANCIAL POSITION

	Final (Revised) budget N'000	Actual on comparable basis N'000	Performance differences N'000	%
10% Operational income from retention				
Total IGR generated for the year	34,975,784	30,637,250	4,338,534	12
10% Operational income from retention	2,226,641	4,005,673	-	
15% Consultant's commission	3,304,346	-	-	
	5,530,987	4,005,673	1,525,314	28
Expenses				
Consultants' commission	3,304,346	1,868,819	1,435,526	57
Salaries, wages and benefits	1,097,718	1,280,099	(182,381)	117
Depreciation and amortisation	-	174,227	(174,227)	
Supplies and consumables used	101,745	87,472	14,273	86
Other operating expenses	-	816,199	(816,199)	
	4,503,809	4,226,816	276,992	
Surplus/ (deficit) for the period	(2,277,168)	(221,143)	(276,992)	

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES

1 General Information

1.1 Legal Form

Kwara State Board of Internal Revenue (BIR) was restructured to be known as Kwara State Internal Revenue ("here in referred to as the Service") on 22nd June, 2015 through Kwara State Revenue Administration Law No 6 by the Executive Governor of Kwara State. The Service commenced operations on 1st October, 2015. The Service office address is at 27, Ahmadu Bello Way, Kwara State.

1.2 Principal Activities

The Service's principal activities are collection of tax revenue, levies and penalties due to Kwara State Government.

1.3 Financial period

This set of financial statements covers the financial year from 1 January, 2019 to 31 December, 2019.

1.4 Basis of Measurement

"The financial statements have been prepared under the historical cost basis, except as otherwise stated."

2 Basis of Preparation- IPSAS 1

2.1 Statement of Compliance- IPSAS 1

The Service's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Naira, which is the functional and reporting currency of the Service. The accounting policies have been consistently applied to all the years presented. .

2.2 Basis of Preparation- IPSAS 1

The financial statements have been prepared on the basis of historical cost, unless

stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis

2.3 Functional and Presentation Currency

These financial statements are presented in Naira (N), which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand, except where otherwise stated.

2.4(i) Significant judgments and sources of estimation uncertainty

The preparation of the Service's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

2.4(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Service based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Service. Such changes are reflected in the assumptions when they occur. IPSAS1.140.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES

2.4(iii) Revenue from non-exchange transaction –IPSAS 23

a Transfer from other government entities

Revenue from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the assets (Cash, goods, services and property) if the transfer is free from conditions and it is possible that the economic benefits or service potential related to the asset will flow to the Service and can be measured reliably

b Revenue from exchange transactions-IPSAS 9

Rendering of services

The Service recognizes revenue from rendering of services by reference to the total amount of taxes and other revenue collected on behalf of Kwara State Government when the monthly outcome of the transactions/ revenue generated can be estimated reliably. The statutory retention as operational revenue is usually 10% of the monthly reconciled value of all the Internally Generated Revenue (IGR) collected by the Service

c Interest Income

Interest income is accrued using the effective yield method. The effective yield discount estimated future cash receipts through the expected life of the financial assets to that asset net carrying amount. The method applies this yield to the principal outstanding to determine interest each period.

d Rental Income

Rental income arising from operating leases on investment properties is accounted on a straight-line basis over the lease terms and included in the revenue. The Service does not currently earn Interest Income and Rental Income during the reporting year.

2.5 Budget Information- IPSAS 24

The annual budget is prepared on the cash basis that is all planned costs and income

are presented in a single statement to determine the needs of the Service. As a result of the adoption the accrual basis for budgeting purposes there is a need to require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts

2.6 Investment Property-IPSAS 16

Investment properties are measured initially at cost, including transaction cost. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over its estimated useful life period

Investment properties are derecognized either when they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal.

The difference between the net disposal proceeds and the carrying of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made from investment property only when there is change in use.

2.7 Property, Plant and Equipment- IPSAS- 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. When significant parts of property, plant and equipment are required to be replaced at intervals the

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES

Service recognize such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. When an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values on a systematic basis over their estimated useful lives. The average useful lives are as follows:

Land	-
Building	5%
Furniture & Fittings	20%
Computer Equipment	20%
Motor Vehicle	25%
Plant & Machinery	10%

The asset's residual values, useful lives and depreciation method are reviewed on an annual basis and are adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying is greater than its estimated recoverable amount. Each part of an item of office equipment, furniture and other tangible assets with a cost that is significant in relation to the total cost of the item is depreciated separately.

The asset's residual values, useful lives and depreciation method are reviewed on an annual basis and are adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying is greater than its estimated recoverable amount.

Each part of an item of office equipment, furniture and other tangible assets with a

cost that is significant in relation to the total cost of the item is depreciated separately.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included in the surplus or deficit under other operating expenses.

2.8 Intangible Assets - IPSAS-31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets excluding capitalized development costs are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. Useful life of the intangible assets is assessed as either finite or indefinite.

2.9 Research and development cost

The Service expenses research cost as incurred. Development costs on an individual project are recognized as intangible assets when the Service can demonstrate.

- 1) The technical feasibility of completing the asset will be available for use or sale.
- 2) Its intention to complete and its ability to use or sell the asset.
- 3) The technical feasibility of completing the asset will be available for use or sale.
- 4) The availability of resource to complete the asset.
- 5) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES

It is amortized over the period of expected future benefits. During the period of development the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

2.10 Financial Instruments - IPSAS 29

a Financial Assets

Financial assets within the scope of IPSAS 29 Financial Instrument Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets as appropriate. The Service determines the classification of its financial assets at initial recognition.

b Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted as an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the effective rate. Losses arising from impairment are recognized in the surplus or deficit.

c Held-to-Maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Service has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and less or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

d Impairment of Financial Assets

The Service assesses at each reporting date whether there is objective evidence that

financial asset or a service of financial assets is impaired. A financial asset or a service is deemed to be impaired if, and only if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial assets or the service of financial asset that can be reliably estimated.

Evidence of impairment may include the following indications:

- 1) The debtors or a service of debtors are expecting significant financial difficulty.
- 2) Default or delinquency in interest or principal payments
- 3) The probability that debtors will enter bankruptcy or other financial reorganization.
- 4) Observable data indicates a measurable decrease in estimated future cash flows (e.g changes in arrears or economic condition that correlate with default).

2.11 Financial liabilities

a. Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings as appropriate. The Service determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings plus directly attributable transaction costs.

b. Loan and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process IPSAS 29. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES

2.12 Inventories - IPSAS 12

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Inventories are recognized at an expense when deployed for utilization or consumption in the ordinary course of operations of the Service.

2.13 Provision- IPSAS 19

Provisions are recognized when the Service has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Service expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expenses relating to any provision is presented in the statement of financial performance net of any reimbursable.

2.14 Contingent liabilities

The Service does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

2.15 Contingent assets

The Service does not recognize contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Service in the notes to the financial statements. Contingent assets are assessed continually to ensure that development are appropriately reflected in the financial statements.

If it has become virtually certain that an inflow of economic or service potential will arise and the asset's value can be measured reliably, the asset and related revenue are recognized in the financial statements of the period in which the change occurs.

Nature and purpose of reserves

The Service creates and maintains reserves in terms of specific requirements. The Service states reserves maintained and appropriate policies adopted.

Changes in accounting policies and estimates - IPSAS 3

The Service recognizes the effects of change in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively is retrospective application is impractical.

2.16 Employee benefits-IPSAS- 25

Retirement benefit plans

The Service provides retirement benefits for its employees and Directors. Defined contributory plans are post-employment benefit plans under which Service pays fixed contributions into a separate Service (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employment benefits relating to employee service in the current and prior periods. The contribution to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS

Note

2.17 Foreign currency transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Payables or Receivables denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

2.18 Related parties – IPSAS 20

The Service regards a related party as a person or a Service with the ability to exert control individually or jointly, or to exercise significant influence over the Service, or vice versa. Members of key management are regarded as related parties and comprise the Board of Directors and senior management staff.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

	2019	2018
	N'000	N'000
3 Cash and Cash Equivalents		
Guaranty Trust Bank Plc	127,386	194,357
First Bank Plc	81	4,867
FCMB Plc	76	872
Credit Cards Accounts	2,000	2,000
Office Cash Account - Imprest	523	1,239
POS Imprest	530	530
	130,597	203,865
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.		
4 Inventories		
	2019	2018
	N'000	N'000
Stock - Security Store Items	131,125	107,856
Stock - Non Security Store Items	16,284	10,110
Stock - Stationery	3,152	3,582
	150,561	121,548

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS

Note		2019	2018			
5	IGR Collection Accounts Balances	N'000	N'000	6	Receivables and Prepayments	
	Access bank	52,792	871		Account Receivables - 10% Operational Income (Balance)	-
	Diamond bank	2,042	3,967		Account Receivables - 15% Consultants' Commission	-
	Eco bank	283,453	118,755		Staff Car Loans	20
	FCMB	99,698	3,792		Loan to government owned companies - KP3	13,419
	Fidelity bank	35,589	2,078		Staff Training Loan	1,059
	First bank	77,588	16,701		Advances to Local Governments	11,388
	GTB	241,949	179,281		Release to KWSG - Donation of transformer - MOF	279,500
	Heritage bank	92,039	2,012		KWSG (mass titling committee)	12,764
	Jaiz bank	12,287	3,552		Receivables - Kwara State Government (CAPEX)	436,920
	Keystone bank	12,027	8,048		KWSG (Advance to Kwara State Auditor General)	3,213
	Skye bank	92,312	24,653		Receivables - Ministry of Finance (Note 17)	110,646
	Stanbic IBTC	28,838	3,179		16 Local Government Council	5,124
	Sterling bank	211,013	12,263			874,054
	UBA	104,367	31,972			4,017,025
	Union bank	3,587	3,240			
	Unity bank	8,092	1,292			
	Wema bank	2,150	61			
	Zenith bank	11,810	4,937			
		1,371,633	420,655			
	IGR Collection Accounts Balances represents cash balances maintain by State Ministry of Finance which is not under the supervision of kwara state internal revenue services but serves as collecting agent					

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS

Note		2019	2018
7	Payables & Other Accounts	N'000	N'000
	Consultants Commission (7.1)	23,529	1,626,766
	Consultants Tama	8,147	30,174
	Outstanding Operating Expenses	4,689	26,575
	Velox Enterprise Payable	1,799,353	-
	Provision Staff Annual Bonus	-	206,015
	Muslim Community	-	133
	CSCD payables	370,232	-
	MAZARS consulting payables	130,520	-
	BOL Enumerator Bonus	-	4,190
	TUC Union Dues	-	180
	KWIRS PAYD	-	136
	Other Payables	50,645	99,299
	VAT Payable	-	106,193
	FGN-WHT Payable	-	26,727
	Payables to State Government (Dev.Levy,PAYE,WHT)	-	159,379
	16 Local Government Council	66,756	5,641
	Contractors	35,287	167,114
	Accrued Audit Fee	4,838	428
		2,493,995	2,458,951
	Consultants' Commission- This represent the unpaid balances in respect of the Revenue Collection Consultants engaged by the Service on behalf of the State Government. The Consultants 'Commission is 15% of the revenue collected.		
8	Employee Benefits		
	Defined Contribution Plan	-	-
	Contributory pension	7,103	21,632
	Unpaid Leave allowance	-	1,439
		7,103	23,071

	Defined Contribution Plan - The balance on the pension payable accounts represents the amount due to Pension Fund Administrators which are yet to be remitted at year end.		
9	Fund Capital		
	At January 1st	1,533,055	1,107,790
	Prior Year Adjustment Note 19	-	(11,656)
	Additional Capital Fund from Ministry Of Finance	200,000	436,920
		1,733,055	1,533,055
10	Accumulated Fund		
	At January 1st	1,316,267	774,080
	Prior Year Adjustment Note 19	-	28,406
	Reserve	(3,031,108)	-
	Surplus of Income Over Expenditure	(221,143)	513,781
		(1,935,984)	1,316,267
11	Income		
	Operational Income	3,963,219	5,761,925
	Other Income	42,454	80,455
		4,005,673	5,842,379
	The Operational Income represents 10% Operational fund and 15% Consultancy commission for the year, while other income denotes the amount received from LGA Account (Citizenship) with regards to the IGR Collected on their behalf and other miscellaneous Income.		

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS

Note		2019	2018			
12	Salaries wages and employee benefits	N'000	N'000	16	Other Operational Expenses	
	Salaries and Allowances	1,053,298	704,155	16.1	Transport & Travel	
	Performance Bonus	101,323	200,000		Local Transport & Travel	69,068
	Responsibility Allowance	45,057	47,202		International Transport & Travel (Training)	37,512
	Contributory Pension	80,420	67,587			106,580
		1,280,099	1,018,944	16.2	Utilities – General	
13	Consultants' Commission				Electricity Charges	8,275
	Consultants' Commission	1,868,819	3,289,649		Internet Access Charges	19,868
		1,868,819	3,289,649			28,143
14	Depreciation and Amortization			16.3	Maintenance service – General	
	Depreciation	174,227	162,484		Maintenance of Motor Vehicle/Transport Equipment	16,827
		174,227	162,484		Maintenance of Office Furniture	-
15	Supplies and Consumables used				Maintenance of Building & Residential QTRS	7,037
	Office Stationeries/Computer Consumable	8,318	3,639		Maintenance of Office/IT Equipments	7,255
	Books and Journal	440	424		Maintenance of Plant/Generators	983
	Magazines & Periodicals (Kwareve Publications)	29	2,827			32,102
	Printing of Non Security Documents	25,652	34,932	16.4	Training – General	
	Printing of Security Documents	53,032	65,941		Local Training	53,853
		87,472	107,762		Foreign Training	28,347
					Seminar, Workshops and Conferences	33,405
						115,606
						98,756

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS

Note		2019	2018			
16.5	Other Services – General			17	Receivables – Ministry of Finance	
		N'000	N'000			
	Security Expenses	14,373	8,939		Balance brought forward	849,784 -
	Cleaning & Fumigation Services	13,748	14,103		Opening balance adjustment	(5,740) -
		28,121	23,042		Construction of Phase 2	- 267,833
16.6	Fuel & Lubricant – General				Office Equipment	- 75,295
	Motor Vehicle Fuel Cost	31,357	28,839		Motor Vehicles	- 75,102
	Plant/Generator Fuel Cost	20,106	10,772		Stabilization Funds – RAMFAC	- 50,000
		51,463	39,611		Surveyor General Office	- 18,466
16.7	Financial Charges – General				Essential Mass Tilting	- 22,840
	Audit Fee	4,838	5,040		Kwara State Health Insurance Scheme	- 44,403
	Bank Charges (Others than Interest)	6,371	6,142		Ilorin West LGA Casual Workers/Cleaners Salaries	- 10,000
	Insurance Premium	1,433	10,646		Release to MOF (Augmentation of FAAC Allocation)	- 300,000
		12,641	21,827		Installation of Internet, Intercom & Video surveillance	-
16.8	Miscellaneous Expenses – General				System Mast for Kwara State Health Insurance	12,652
	Refreshment & Meals	4,594	4,983		Ifelodun LGA -Intallation of New Sub-station and repair	-
	Publicity & Advertisements	119,584	99,999		of Water System	2,500
	Postages & Courier Services	1,735	1,415		Transfer to MOF to offset loan owned by Offa LGA	46,650
	Welfare Package	26,256	11,200		Essential Drugs Project	- 130,846
	Subscription to Professional Bodies	3,421	6,224		Refund in respect of Government owned properties	-
	Annual Budget Expenses & Administration	265	300		Victoria Island	104,800
	Operational Expenses	137,887	153,352		Installation of New Substation and Repair of Water	- 5,000
	Monitoring & Evaluation (Community Impact)	135,675	99,999		Total	1,010,646 999,784
	Meeting/Visitation Expenses	12,125	33,855		Less: Refund during the year	(900,000) (150,000)
		441,542	411,327			110,646 849,784

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS

Note	2019	2018
18 Prior Year Adjustment (Statement of Fin. Performance)*	N'000	N'000
Staff Leave Allowance	-	(1,614)
KWIRS IGR Pay as You Drink	-	(1)
Union Dues (Trade Union Congress)	-	(1)
Health Management Scheme	-	(73)
Staff Loan and Advances	-	(4,398)
Local Government Payables	-	5,196
Local Government Loan Account	-	(10,667)
Ecobank	-	(37,066)
Security Documents	-	72,286
Non Security Documents	-	4,906
Stationeries	-	237
Staff Car Loan	-	(400)
	-	28,406
*Prior Year Adjustment (Statement of Comprehensive Income). All prior year adjustments in the Statement of Income and Expenditure relates to amendments that		
19 Prior Year Adjustment (Capital Fund)		
Refund Printing of Souvenir	-	(90)
Accrued Pension August to November 2016	-	100
Difference in Commission on Land Charge	-	12,551
Centralized Imprest Omitted in 2017	-	(905)
	-	11,656

All prior year adjustments in the Capital Fund relates to amendments that were not effected in 2018 Financial Statements on events that occurred but not properly captured now amended in 2019		
20 Related Party information		
Identity of Related Parties		
Kwara State Ministry of Finance	166,602	850,117
Kwara State Government (Others)	-	458,861
	166,602	1,308,979
The advances granted to Ministry of Finance during the year is N166,601,893.76 excluding the carrying amount from the previous years.		

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS

Note		Land	Building	Furniture's & Fittings	Plant & Machinery	Office Equipment	Motor Vehicle	Total
21		N'000	N'000	N'000	N'000	N'000	N'000	N'000
	Cost							
	As at January 31, 2019	200,000	529,983	50,854	15,565	129,054	393,785	1,319,241
	Additions for the year	-	319,648	4,966	-	10,664		335,277
	Disposal for depreciation						(56,000)	(56,000)
	As at 31 December, 2019	200,000	849,631	55,820	15,565	139,718	337,785	1,598,519
	Cost							
	As At 1st January, 2018	200,000	325,413	45,150	6,000	104,440	201,318	882,321
	Additions for the year	-	204,571	5,705	9,565	24,614	192,466	436,920
	As at 31 December, 2018	200,000	529,983	50,854	15,565	129,054	393,785	1,319,241
	Depreciation							
	As At 1st January, 2019	-	53,980	25,937	3,356	48,743	198,318	330,335
	Charge for the year	-	41,916	10,595	1,556	27,546	92,613	174,227
	Accumulated Depreciation on disposed vehicles						(49,000)	(49,000)
	At December 31, 2019	-	95,897	36,532	4,913	76,289	241,931	455,561
	Depreciation							
	As At 1st January, 2018	-	27,481	15,766	1,800	22,932	99,872	167,851
	Charge for the year	-	26,499	10,171	1,556	25,811	98,446	162,484
	At December 31, 2018	-	53,980	25,937	3,356	48,743	198,318	330,335
	Carrying Amount							
	At December 31, 2019	200,000	753,734	19,288	10,652	63,429	95,854	1,142,957
	Carrying Amount							
	At December 31, 2018	200,000	476,003	24,917	12,208	80,311	195,467	988,907

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS

Note		2019	2018
22	Information Regarding Directors and Employees		
22.1	Director	N'000	N'000
	The Aggregate Emolument of the Director was:		
	Remuneration		
	Highest paid Director	13,501	13,501
		13,501	13,501
	The number of Director with gross emolument within the stated bands was:	Number	Number
	N5,000,000 - N7,000,000	6	7
	Above N7,000,000	1	1
		7	8
22.2	Employees		
	The average number of employees engaged in the year were as follows:	Number	Number
	Managenial	6	
	Senior	59	81
	Junior	865	551
		930	669
	The costs relating to the above were:	N'000	N'000
	Salaries and allowances	1,053,298	704,155
	Other Costs	226,801	314,789
		1,280,099	1,018,944

Financial Statements for the Year Ended 31st December, 2019		
Notes to the Financial Statements		
Below shows the salary bands and number of employees of the year		
N300,000 - 1,000,000	Number	Number
	672	454
N1,000,001 - 2,000,000	193	44
N2,000,001 - 3,000,000	41	22
Above N3,000,000	24	11
	930	531
23	Financial Commitments	
	The Directors are of the opinion that all known commitments which are relevant in assessing the state of affairs of the Service have been taken into consideration in the preparation of these financial statements.	
24	Contingent Liabilities	
	The Directors are of the opinion that there were no contingent liabilities against the Service for the year ended 31 December, 2019.	
25	Events after Reporting Period	
	There is no any post-reporting date event that can have material effect on the state of affairs of the Service as at 31 December, 2019.	
26	Approval of Financial Statements	
	The Financial Statements were approved by the Board of Directors on	

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS

Note 27		2019	2018
		N'000	N'000
	Current year IGR		
	Directorate of Corporate	12,443,094	7,529,565
	Directorate of Informal Sector	103,779	113,358
	Directorate of Property & Land Charges	132,597	176,158
	Directorate of MDA's (MLA)	505,543	389,109
	Ministries	4,690,580	4,409,701
	Parastatals	751,187	300,235
	Tertiary Institutions	12,010,471	10,129,573
	Total Internally Generated Revenue	30,637,250	23,047,699
	Disbursement		
	Sweeping to TSA Account	8,103,523	6,625,837
	Operational Fund from IGR	626,557	3,665,631
	Retained Collections	12,010,471	10,129,573
	Ministerial Retained Collection	5,621,336	379,895
	Bank Charges	11,257	16,826
	IGR Refund	10,410	20,494
	Kwara E.D.P	143,174	47,916
	Stabilization Funds - RMAFC	-	-
	Hajj/Christian Pilgrims Accounts	3,110,765	2,508,896
	Release to Kwara State Govt (Ecobank)	44,883	112,964
	Total Fund Disbursed	29,682,376	23,508,031

Net IGR Payables/(Receivables) for the year	954,874	(460,332)
IGR Fund brought forward	416,759	880,987
IGR Fund carried forward	1,371,633	420,655

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS

Particulars	2019 N'000 =N=	%	2018 N'000 =N=	%
Generation of Value Added:				
Subvention from Government	4,005,673		5,842,379	
Total Subvention from Governments	4,005,673		5,842,379	
Less Bought in Material and Services Cost				
Supplies and consumables used	87,472		107,762	
Other operating expenses	816,199		749,759	
Consultants' commission	1,868,819		3,289,649	
Total Bought in Material and Services Cost	2,772,490		4,147,171	
Gross Value Added (GVA)	1,233,183	100	1,695,209	100

Statement Showing Application of Value Added:		% of GVA		
Payment to Employees				
Receipt by Workers/Employees	1,280,099	104	1,018,944	60
Payment to Provider of Capital				
Payment to contractors	-	-	-	
Payment to Government				
Tax Paid to FIRS	-	-	-	
Future				
Depreciation	174,227	14	162,484	10
Surplus/(Deficit) for the year	(221,143)	(18)	513,781	30
	1,233,183	100	1,695,209	100

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2019

NOTES TO FINANCIAL STATEMENTS

	2019 N'000	2018 N'000	2017 N'000	2016 N'000	2015 N'000
STATEMENT OF FINANCIAL POSITION					
Non-current asset	1,142,957	988,907	752,140	615,055	360,199
Current asset	2,526,845	4,342,437	2,832,863	951,158	5,570
Current liabilities	(2,501,098)	(2,482,022)	(1,703,133)	(675,291)	(300)
Net assets	1,168,704	2,849,322	1,881,870	890,922	365,470
Capital and reserves					
Fund Capital	1,733,055	1,533,055	1,107,790	589,560	358,530
Accumulated Fund	(1,935,984)	1,316,267	774,080	301,362	6,940
IGR Fund	1,371,633	-	-	-	-
	1,168,705	2,849,323	1,881,870	890,922	365,470
COMPREHENSIVE INCOME STATEMENT					
Subvention	4,005,673	5,842,379	4,940,088	3,669,999	35,640
Expenses	4,226,816	5,328,598	5,271,953	3,375,577	28,700
Surplus for the year	(221,143)	513,781	(331,866)	294,423	6,940



**North Central Regional Flag-off of the
new TIN Registration System**



**The EC with the Deputy Governor during
the handing over ceremony**



CITN Annual Tax Week 2019



KW-iRS
KWARA STATE INTERNAL REVENUE SERVICE