

2018 ANNUAL REPORT



KW-IRS

KWARA STATE INTERNAL REVENUE SERVICE

Mobilizing revenue for the strategic development of Kwara State



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**PLAY YOUR PART
PAY YOUR
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KW-iRS
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

KWARA STATE INTERNAL REVENUE SERVICE

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



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

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 30°C and 35°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.



Alhaji (Dr) Abdulfatah Ahmed
Executive Governor, Kwara State



Elder Peter Kisira
Deputy Governor, Kwara State



Muritala Awodun, PhD
Executive Chairman

KWARA STATE INTERNAL REVENUE SERVICE

CORPORATE INFORMATION

Board

1.	Muritala Awodun, Ph.D	Executive Chairman
2.	Mrs. Adenike Babajamu	Member
3.	Mr. Babatunde Idris Mahmud	Member
4.	Dr. Ismail K. Waheed	Member
5.	Mr. Joshua F. Afolayan	Member
6.	Alh. Rasaq Olorunmako	Member
7.	Alh. Muhammed R. Umar	Member
8.	Alh. Mudashiru A. Oladapo	Member
9.	Mr. Ahmed Abu Mohammed	Member
10.	Mallam Issa Ndaman Ibrahim	Member
11.	Mr. Shola Johnson Ogunbiyi	Member
12.	Jimoh A. Mumini Esq.	Member
13.	Alh. Ibrahim Salaudeen	Member
14.	Alh. Nuhu O. Muhammed	Member
15.	Mr. Lateef A. Okandeji Esq.	Secretary/Legal Adviser

Manangement Staff

Muritala Awodun, PhD. ACTI	Executive Chairman
Adenike Babajamu, ACTI	Director, Admin & Operations
Iyabo Abubakar, ACTI	Director, Other Revenue
Nuhu O. Muhammed, FCTI	Director, Corporate
Olusegun Olaniyi ACTI	Director, Special Duties
Olalekan Rotimi, ACTI	Director, MDA's
Lateef A. Okandeji, FCTI, ACIS	Director, Legal & Enforcement
Omolara M. Ojulari, ACA, ACTI	Assistant Director, Internal Audit
Mohammed Kabiru Rufai, FCA, ACTI	Principal Manager, Account and Finance

Registered Office:

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

Auditors:

Adeboye Taiwo & Co, (Chartered
Accountants),
Office Road, Opp National Population
Commission,
Off Ahmadu Bello Way, GRA, Ilorin, Kwara
State

Principal Bankers:

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

KWARA STATE INTERNAL REVENUE SERVICE

THE BOARD



Muritala Awodun, PhD
Executive Chairman



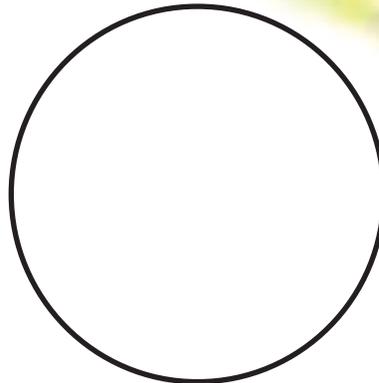
Mrs. Adenike Babajamu
Member



Mr. Babatunde Idris Mahmud
Member



Dr. Ismail K. Waheed
Member



Mr. Joshua F. Afolayan
Member



Alh. Rasaq Olorunmako
Member



Alh. Muhammed R. Umar
Member

KWARA STATE INTERNAL REVENUE SERVICE

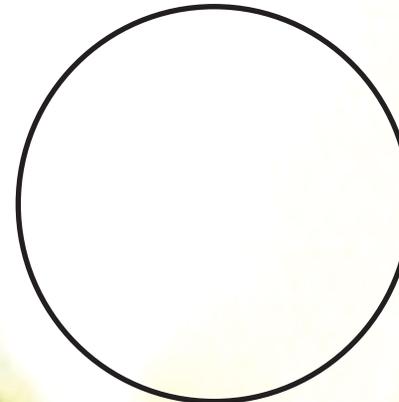
THE BOARD



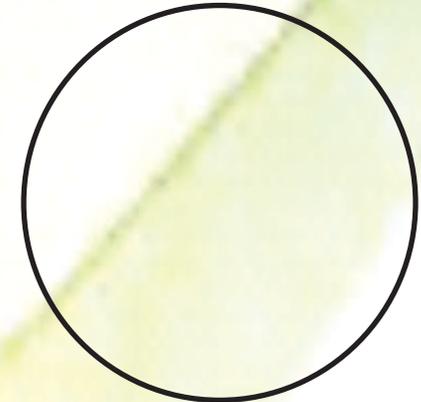
Alh. Mudashiru A. Oladepo
Member



Mr. Ahmed Abu Mohammed
Member



Mallam Issa Ndaman Ibrahim
Member



Mr. Shola Johnson Ogunbiyi
Member



Jimoh A. Mumini, Esq.
Member



Alh. Ibrahim Salaudeen
Member



Alh. Nuhu O. Muhammed
Member



Mr. Lateef A. Okandeji, Esq.
Secretary/Legal Adviser

KWARA STATE INTERNAL REVENUE SERVICE

THE MANAGEMENT



Muritala Awodun, PhD
Executive Chairman



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



Mr. Mohammed Kabiru Rufai
Principal Manager, Account & Finance



Mr. Nuhu Muhammed
Director, Corporate



Mr. Olalekan Rotimi
Director, MDAs

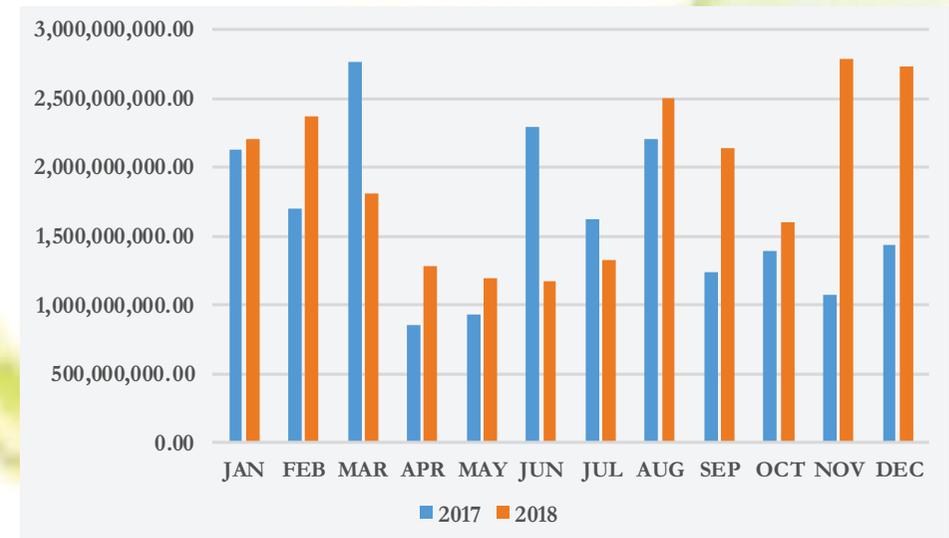


Mr. Lateef Okandeji
Director, Legal & Enforcement

KWARA STATE INTERNAL REVENUE SERVICE

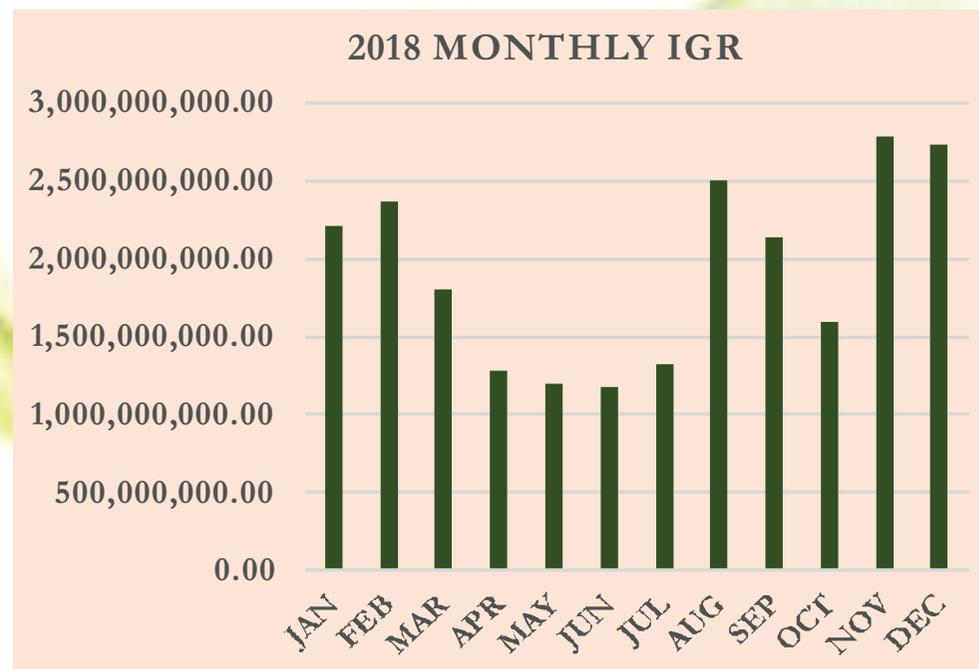
2017/2018 IGR REPORT

	2017	2018
JAN	2,129,585,168.88	2,206,654,861.23
FEB	1,703,499,804.17	2,372,653,995.13
MAR	2,761,882,349.45	1,808,574,120.20
APR	856,699,870.61	1,279,467,897.15
MAY	931,339,128.30	1,198,879,329.65
JUN	2,293,483,279.02	1,174,087,740.24
JUL	1,623,547,631.50	1,323,483,814.12
AUG	2,205,980,537.05	2,500,630,503.70
SEP	1,234,993,457.75	2,143,556,517.35
OCT	1,390,453,093.68	1,598,853,591.73
NOV	1,070,561,163.68	2,790,663,333.83
DEC	1,435,848,028.43	2,736,016,870.99
TOTAL	19,637,873,512.22	23,133,522,575.32



KWARA STATE INTERNAL REVENUE SERVICE

2017/2018 IGR REPORT



KWARA STATE INTERNAL REVENUE SERVICE

2017 IGR REPORT

BUDGET AND ACTUAL PERFORMANCE

	2017 BUDGET	2017 ACTUAL
JAN	2,671,429,533.50	2,129,585,168.88
FEB	2,671,429,533.50	1,703,499,804.17
MAR	2,671,429,533.50	2,761,882,349.45
APR	2,671,429,533.50	856,699,870.61
MAY	2,671,429,533.50	931,339,128.30
JUN	2,671,429,533.50	2,293,483,279.02
JUL	2,671,429,533.50	1,623,547,631.50
AUG	2,671,429,533.50	2,205,980,537.05
SEP	2,671,429,533.50	1,234,993,457.75
OCT	2,671,429,533.50	1,390,453,093.68
NOV	2,671,429,533.50	1,070,561,163.68
DEC	2,671,429,533.50	1,435,848,028.43
TOTAL	32,057,154,402.00	19,637,873,512.22

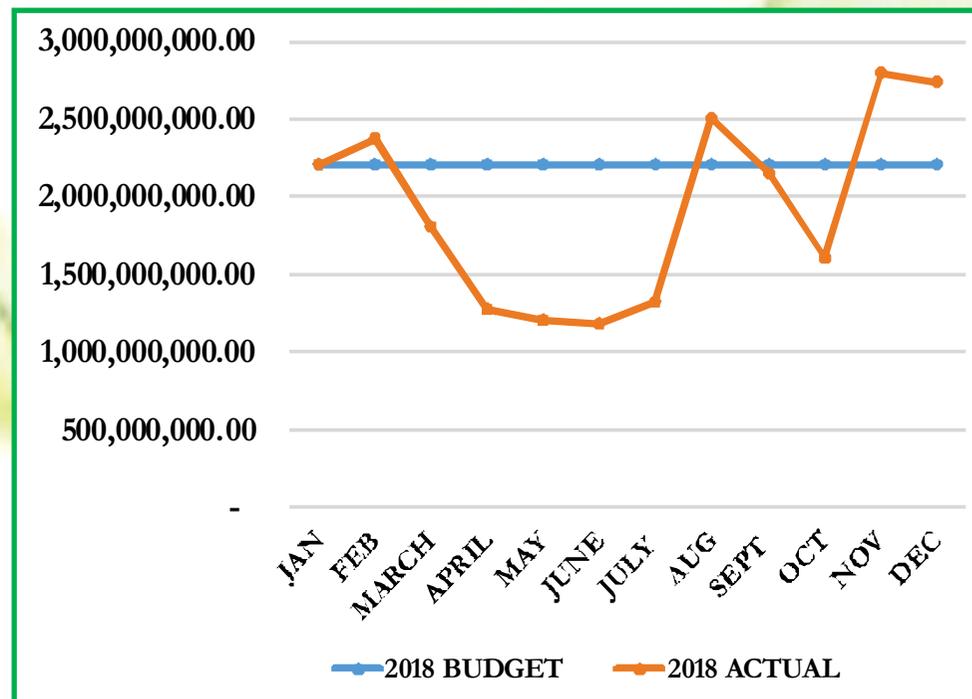


KWARA STATE INTERNAL REVENUE SERVICE

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

Financial Statement for the Year Ended 31st December, 2018

DIRECTOR'S REPORT

The Directors have pleasure in presenting to the members of the Service their report together with the audited financial statements for the year ended 31st December, 2018

Legal Form

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 by the Executive Governor of Kwara State. The Service commenced on 1st October, 2015.

Principal Activities

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

State of Affairs

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

Result for the year (Income & Expenditure)	₦
Revenue	5,842,379,252
Expenses	(5,328,598,138)
Surplus/(Deficit) for the Year	513,781,114

Internally Generated Revenue Performance

The Service generated a total sum of N23,047,698,925 during the year ended 31st December, 2018.

Details of the statement of Internally Generated Revenue and disbursements for the year ended 31st December, 2018 are shown on page 30 of this Financial Statements

Auditors

The Auditors, Adeboye Taiwo & Co, (Chartered Accountants), having indicated their willingness to continue in office will do so in accordance with section 357(2) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004

**By Order Of the Board
Secretary**



Lateef A. Okandeji Esq.
Company Secretary/Legal Adviser
Ilorin, Nigeria
FRC/20/NBA/000000

..... 2018.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

DIRECTOR'S REPORT

Statements of Director's Responsibilities

The Kwara State Revenue Administration Law No 6 of 22 June 2015 as amended requires the directors to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs of the Service at the end of the year and of its Statement of Financial Performance. The responsibilities include ensuring that the Service:

- (a) Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Service and comply with the requirements of the Kwara State Revenue Administration Law No. 6 of 22 June 2015 as amended;
- (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 directors accept 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 International Public Sector Accounting Standards issued by the International Federation of Accountants as adopted by the Financial Reporting Council of Nigeria and the requirements of the Kwara State Revenue Administration Law No. 6 of 22 June 2015 as amended.

The directors are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Service and of its financial performance. The directors further accept responsibility for the maintenance of 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 directors to indicate that the Service will not remain a going concern for at least twelve months from the date of this statement.



.....
Muritala Awodun, PhD
Executive Chairman
FRC/20/IMN/00000014515



.....
Mr. Lateef A. Okandeji, Esq.
Company Secretary/Legal Adviser

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

REPORT OF THE INDEPENDENT AUDITORS

We have audited the accompanying financial statements of **Kwara State Internal Revenue Service** as at 31st December, 2018, set out on pages 2 to 30 which have been prepared on the basis of the significant accounting policies on pages 13 to 20 and other explanatory notes on pages 13 to 30.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Kwara State Revenue Administration Law No. 6 of 22 June 2015 as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

Auditors' Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Auditing Standard issued by Institute of Chartered Accountants of Nigeria and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control

relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

Opinion

In our opinion, the financial statements give true and fair view of the state of affairs of the Service as at 31st December 2018 and of the statement of financial performance and cash flows for the year ended on that date, and have been properly prepared in accordance with International Public Sector Accounting Standards, Financial Reporting Council of Nigeria Act No. 6 of 2011 and the requirement of the Kwara State Revenue Administration Law No. 6 of 22 June 2015 as amended.

For: Adeboye Taiwo & Co.,
(Chartered Accountants)



Adeboye Joseph Taiwo, FCA, CISA, ACTI
Managing Partner



KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

STATEMENT OF FINANCIAL POSITION

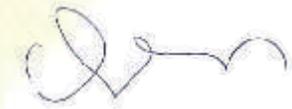
ASSETS	Note	2018 =N=	2017 =N=
Current Assets			
Receivables and Prepayments	6	4,017,024,741	2,830,694,810
Cash and Cash Equivalents	3	203,864,893	2,168,467
Inventories	5	121,547,711	-
Total Current Assets		4,342,437,344	2,832,863,277
Non-Current Assets			
Property, Plant and Equipment	18	988,906,524	714,469,665
Deposit For Investment Property	4	-	37,670,000
Total Non-Current Assets		988,906,524	752,139,665
Total Assets		5,331,343,868	3,585,002,942
LIABILITIES			
Current Liabilities			
Payables & Other Accounts	7	2,458,950,997	1,654,890,958
Employee Benefits	8	23,070,886	48,241,578
		2,482,021,883	1,703,132,535
Non-Current Liabilities			
Borrowings		-	-
Total Liabilities		2,482,021,883	1,703,132,535

FUNDS			
Fund Capital	9	1,533,054,557	1,107,790,037
Accumulated Fund	10	1,316,267,428	774,080,369
		2,849,321,985	1,881,870,407
Total Funds and Liabilities		5,331,343,868	3,585,002,942

The financial statements on pages 2 to 30 were approved by the Board of Directors on 2018 and signed on its behalf by:



.....
Muritala Awodun, PhD
 Executive Chairman



.....
Lateef Okandeji, Esq
 Company Secretary/Legal Adviser

The notes on page 12 to 29 are integral part of these financial statements.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2018 N	2017 N
Income	11	5,842,379,252	4,940,087,841
		5,842,379,252	4,940,087,841
Expenses			
Salaries wages and employee benefits	12	1,018,943,899	659,602,876
Consultants' Commission	13	3,289,649,414	3,596,448,116
Depreciation and Amortization	14	162,483,531	98,505,989
Supplies and Consumables used	15	107,762,104	196,614,518
Other Operating Expenses	16	749,759,190	720,781,881
		5,328,598,138	5,271,953,380
Surplus/(deficit) for the period		513,781,114	(331,865,539)

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

STATEMENT OF CHANGES IN NET FUNDS

	Notes	Fund Capital =N=	Accumulated Fund =N=	Total =N=
Balance at 01 January 2018		1,107,790,037	774,080,369	1,881,870,406
Transaction Recognized Directly in Funds				
Capital grant (Take off)	9	436,920,390	-	436,920,390
Total Transactions Directly in Funds		1,544,710,427	774,080,369	2,318,790,796
Surplus/(deficit) for the period	10		513,781,114	513,781,114
Prior Year Adjustments	21&19	-11,655,871	28,405,945	16,750,074
Total Income and Expenses Recognized for the Period		-11,655,871	542,187,059	530,531,189
Balance at 31 December 2018		1,533,054,557	1,316,267,428	2,849,321,985

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

STATEMENT OF CASH FLOWS

	2018 =N=	2017 =N=			
Cash Flow From Operating Activities			Cash Flow From Financing Activities		
Surplus/ (deficit) for the period	513,781,114	(331,865,539)	Capital Grant	425,264,519	518,230,494
Adjustment for Non-Cash Transactions:			Net Cash Flow from Financing Activities	425,264,519	518,230,494
Depreciation and Amortizations	162,483,531	98,505,989			
Prior Year Adjustment	28,405,945	804,583,779	Net Increase / (Decrease in Cash & Cash Equivalent)	201,696,426	(431,988,976)
Working Capital Changes:			Cash and Cash Equivalent at the beginning of the Year	2,168,467	434,157,443
(Increase)/decrease in Store Items	(121,547,711)	-	Cash and Cash Equivalent at the End of the Year	203,864,893	2,168,467
(Increase)/decrease in Receivables & Prepayments	(1,186,329,931)	(2,313,694,544)			
Increase/ (decrease) in Account Payables	804,060,038	1,011,018,660			
Increase/ (decrease) in Employee Benefits	(25,170,691)	16,823,169			
Net Cash flow From Operating Activities	175,682,296	(714,628,485)			
Cash Flow From Investing Activities					
Purchase of PPE	(436,920,390)	(215,590,985)			
Deposit of Investment	37,670,000	(20,000,000)			
Proceed from sale of Investment	-	-			
Net Cash Flow from Investing Activities	(399,250,390)	(235,590,985)			

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

STATEMENT OF COMPARISON OF ACTUAL AND BUDGET AMOUNTS

	Original Budget	Adjustments	Final (Revised) Budget	Actual On Comparable Basis	Performance Variance
Income	=N=	=N=	=N=	=N=	=N=
10% Operational Income from Retention*	1,767,027,584	189,240,204	1,956,267,788	1,956,267,788	-
15% Consultants' Commission	5,773,102,198	-1,586,279,670	4,186,822,528	1,709,363,016	2,477,459,512
	<u>7,540,129,782</u>	<u>-1,397,039,466</u>	<u>6,143,090,316</u>	<u>3,665,630,796</u>	<u>2,477,459,512</u>
Expenses					
Wages, salaries and Employee Benefits	888,832,618	136,025,898	1,024,858,516	-1,018,943,899	5,914,617
Consultants' Commission	5,773,102,198	-1,586,279,670	4,186,822,528	-3,289,649,414	897,173,114
Supplies and consumables used	117,756,373	6,000,000	123,756,373	-107,762,104	15,994,269
Other Expenses	760,438,593	47,214,307	807,652,900	-749,759,190	57,893,710
	<u>7,540,129,782</u>	<u>-1,397,039,466</u>	<u>6,143,090,317</u>	<u>-5,166,114,606</u>	<u>-976,975,710</u>

*The 10% Operational income of N1,767,027,584 as originally approved for the year represents the 50% of 10% of Budgeted revenue that was expected to be moved to Retention Account. This is the directive from His Excellency.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

1. Reporting Entity

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’s principal activities are collection of tax revenue, levies and penalties due to Kwara State Government. The Service office address is at 27, Ahmadu Bello Way, Kwara State.

1.1 Statement of Compliance and Basis of Preparation– 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. 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. Summary of Significant Accounting Policies

a) Revenue Recognition

1 Revenue from non-exchange transaction –IPSAS 23

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.

2 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

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.

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NOTES TO FINANCIAL STATEMENTS

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.

b) 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.

c) 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.

d) 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 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.

Deprecation 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	Nil
Building	5%
Furniture & Fittings	20%
Computer Equipment	20%
Motor Vehicle	25%
Plant & Machinery	10%

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

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.

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.

e) 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.

f) 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) How the asset will generate future economic benefit or service potential.
- 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. 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.

g) Financial instruments- IPSAS 29

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.

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.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

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.

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).

Financial liabilities

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.

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.

h) 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.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

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

i) 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.

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 out flow of resources embodying economic benefits or service potential is remote.

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.

j) 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.

k) 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 if retrospective application is impractical.

l) 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.

m) 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.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

n) 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.

o) 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.

For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized persons which were not surrendered or accounted for at the end of the financial year.

p) Significant judgments and sources of estimation uncertainty – IPSAS 1

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.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

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

3	2018	2017
Cash and Cash Equivalents	=N=	=N=
Guaranty Trust Bank Plc	194,356,591	94,803
First Bank Plc	4,867,293	671,808
FCMB Plc	871,856	871,856
Credit Cards Accounts	2,000,000	-
Office Cash Account - Imprest	1,239,152	-
POS Imprest	530,000	530,000
	203,864,893	2,168,467

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	Deposit For Investment		
	HHL Investment & Property	-	37,670,000

This represent part deposit made for the purchase of Hub Mall Shops/ Office spaces from HHL Investment & Property Development Company Limited.

5	Inventories	=N=	=N=
	Stock - Security Store Items	107,855,555	-
	Stock - Non Security Store Items	10,110,379	-
	Stock – Stationery	3,581,777	-
		121,547,711	-

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Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

6	2018 =N=	2017 =N=
Receivables and Prepayments		
Account Receivables - 10% Operational Income (Balance)	-	908,897,352
Account Receivables - 15% Consultants' Commission	2,639,537,315	1,363,346,028
Staff Car Loans	2,794,953	6,750,000
Staff Loan	-	4,397,917
Staff Training Loan	1,832,727	-
Advances to Local Governments	64,214,319	37,678,751
HMO (Royal Exchange)	-	500
KWIRS (PAYD)	-	87,855
Receivables - Kwara State Government	458,861,390	-
Union Due (Trade Union Congress)	-	600
Receivables - Ministry of Finance (Note 17)	849,784,036	509,535,806
	4,017,024,741	2,830,694,810
7		
Payables & Other Accounts		
Consultants Commission (7.1)	1,626,766,080	1,155,597,754
Consultants Tama	30,174,057	-
Outstanding Operating Expenses	26,575,126	-
Provision Staff Annual Bonus	206,015,476	-
Muslim Community	133,400	-
BOL Enumerator Bonus	4,189,792	-
TUC Union Dues	179,989	-
KWIRS PAYD	136,150	-

7.1	Other Payables	99,298,719	19,061,099
	VAT Payable	106,192,765	117,363,010
	FGN-WHT Payable	26,726,969	35,008,369
	Payables to State Government (Dev.Levy,PAYE,WHT)	159,379,128	162,668,842
	16 Local Government Council	5,641,432	5,196,000
	Contractors	167,114,415	152,593,384
	Accrued Audit Fee	427,500	7,402,500
		2,458,950,997	1,654,890,958
	7.1 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.		

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

8	Employee Benefits	2018 = N=	2017 = N=
	Defined Contribution Plan		
	Contributory pension (8.1)	21,631,974	47,498,588
	Unpaid Leave allowance	1,438,912	742,989
		23,070,886	48,241,578
8.1	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	1,107,790,037	589,559,543
	Prior Year Adjustment Note 21	(11,655,871)	-
	Additions During the Year	436,920,390	518,230,494
		1,533,054,557	1,107,790,037
10	Accumulated Fund		
	At January 1st	774,080,369	301,362,129
	Prior Year Adjustment Note 19	28,405,945	804,583,779
	Surplus of Income Over Expenditure	513,781,114	(331,865,539)
		1,316,267,428	774,080,369

11	Income		
	Other Operational Income (FCMB)*	76,800,000	-
	10% Operational Income from Retention	1,956,267,788	1,972,676,099
	15% Consultants' Commission	3,805,656,943	2,959,014,149
	Other Income	3,654,521	8,397,593
		5,842,379,252	4,940,087,841
	*This represents the amount received from LGA Account (Citizenship) with regards to the IGR Collected on their behalf.		
12	Salaries wages and employee benefits		
	Salaries and Allowances	704,155,043	605,514,718
	Performance Bonus	200,000,000	-
	Responsibility Allowance	47,201,569	-
	Contributory Pension	67,587,287	54,088,158
		1,018,943,899	659,602,876
13	Consultants' Commission		
	Consultants' Commission	3,289,649,414	3,596,448,116
		3,289,649,414	3,596,448,116

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

14	Depreciation and Amortization	2018	2017			
		=N=	=N=			
	Depreciation	162,483,531	98,505,989			
		162,483,531	98,505,989			
15	Supplies and Consumables used					
	Office Stationeries/Computer Consumable	3,638,965	17,710,314			
	Books and Journal	423,500	2,420,000			
	Newspapers	-	-			
	Magazines & Periodicals (Kwareve Publications)	2,827,100	17,936,120			
	Printing of Non Security Documents	34,931,839	82,937,994			
	Printing of Security Documents	65,940,700	75,610,090			
		107,762,104	196,614,518			
16	Other Operational Expenses					
16.1	Transport & Travel					
	Local Transport & Travel	57,506,637	57,571,284			
	International Transport & Travel (Training)	43,583,259	44,320,857			
		101,089,895	101,892,141			
16.2	Utilities – General					
	Electricity Charges	7,668,302	6,378,746			
	Internet Access Charges	24,419,604	14,914,562			
		32,087,906	21,293,308			
16.3	Maintenance service – General					
	Maintenance of Motor Vehicle/Transport Equipment	10,077,962	6,804,076			
	Maintenance of Office Furniture	875,000	227,200			
	Maintenance of Building & Residential QTRS	5,356,225	4,133,783			
	Maintenance of Office/IT Equipments	5,000,790	2,261,370			
	Maintenance of Plant/Generators	708,000	694,700			
		22,017,977	14,121,129			
16.4	Training – General					
	Local Training	58,978,594	28,674,559			
	Foreign Training	13,460,288	56,859,478			
	Seminar, Workshops and Conferences	26,317,255	71,938,255			
		98,756,137	157,472,292			

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

16.5	Other Services – General	2018 =N=	2017 =N=		
	Security Expenses	8,939,300	8,785,334		
	Cleaning & Fumigation Services	14,102,690	8,082,557		
		23,041,990	16,867,891		
16.6	Fuel & Lubricant – General				
	Motor Vehicle Fuel Cost	28,838,893	20,252,653		
	Plant/Generator Fuel Cost	10,771,728	7,507,592		
		39,610,621	27,760,245		
16.7	Financial Charges – General				
	Audit Fee	5,040,000	4,500,000		
	Bank Charges (Others than Interest)	6,141,680	-		
	Insurance Premium	10,645,500	6,355,570		
		21,827,180	10,855,570		
16.8	Miscellaneous Expenses – General				
	Refreshment & Meals	4,983,149	4,981,136		
	Publicity & Advertisements	99,999,050	102,195,035		
	Postages & Courier Services	1,415,149	1,385,100		
	Welfare Package	11,199,795	30,475,710		
	Subscription to Professional Bodies	6,224,250	6,224,100		
	Annual Budget Expenses & Administration	300,000	331,500		
	Operational Expenses	153,352,313	74,213,844		
	Monitoring & Evaluation (Community Impact)	99,999,158	133,429,419		
	Meeting/Visitation Expenses	33,854,620	17,283,463		
		411,327,484	370,519,306		
	Grand Total	749,759,190	720,781,881		
17	Receivables – Ministry of Finance				
	Construction of Phase 2	267,833,264	267,833,264		
	Office Equipment	75,294,857	75,294,857		
	Motor Vehicles	75,102,373	75,102,373		
	Stabilization Funds – RAMFAC	50,000,000	50,000,000		
	Surveyor General Office	18,465,688	18,465,688		
	Essential Mass Tilting	22,839,625	22,839,625		
	Kwara State Health Insurance Scheme	44,402,500	-		
	Ilorin West LGA Casual Workers/Cleaners Salaries	10,000,000	-		
	Release to MOF (Augmentation of FAAC Allocation)	300,000,000	-		
	Essential Drugs Project	130,845,730	-		
	Installation of New Substation and Repair of Water System in Ifelodun LGA	5,000,000	-		
	Total	999,784,036	509,535,806		
	Less: Refund during the year	(150,000,000)	-		
		849,784,036	509,535,806		

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

18	Property, Plant and Equipment	Land	Building	Furniture's & Fittings	Plant and Machinery	Office Equipment	Motor Vehicle	Total
		=N=	=N=	=N=	=N=	=N=	=N=	=N=
	Cost							
	As At 1st January, 2018	200,000,000	325,412,699	45,149,846	6,000,000	104,439,878	201,318,469	882,320,892
	Additions for the year	-	204,570,663	5,704,570	9,564,550	24,614,395	192,466,213	436,920,390
	As at 31 December, 2018	200,000,000	529,983,362	50,854,416	15,564,550	129,054,273	393,784,682	1,319,241,282
	Depreciation							
	As At 1st January, 2018	-	27,481,171	15,766,137	1,800,000	22,932,185	99,871,734	167,851,227
	Charge for the year	-	26,499,168	10,170,884	1,556,455	25,810,855	98,446,170	162,483,531
	At December 31, 2018	-	53,980,339	25,937,020	3,356,455	48,743,040	198,317,904	330,334,758
	Carrying Amount							
	At December 31, 2018	200,000,000	476,003,022	24,917,396	12,208,095	80,311,233	195,466,777	988,906,524
	Carrying Amount							
	At December 31, 2017	200,000,000	297,931,528	29,383,710	4,200,000	81,507,693	101,446,734	714,469,665

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

19	Prior Year Adjustment (Statement of Fin. Performance)*	2018 =N=	2017 =N=
	Staff Leave Allowance	(1,613,949)	
	KWIRS IGR Pay as You Drink	(600)	
	Union Dues (Trade Union Congress)	(500)	
	Health Management Scheme	(73,289)	
	Staff Loan and Advances	(4,397,917)	
	Local Government Payables	5,196,000	
	Local Government Loan Account	(10,666,780)	
	Ecobank	(37,066,093)	
	Security Documents	72,286,430	
	Non Security Documents	4,905,643	
	Stationeries	237,000	
	Tax Payer Fund	-	150,250
	KWIRS Vehicle Registration	-	701,975
	Payables Others	-	16,586,934
	Consultants' Commission	-	13,090,872
	Local Government IGR	-	81,124,703
	Local Travel Prior Year Adjustment	-	109,000
	VAT on Audit Fee	-	(15,000)
	Account Receivable -15% Consultants' Commission	-	682,148,486
	KWIRS WHT	-	4,779,060
	KWIRS Development Levy	-	1,433,718
	FIRS VAT	-	480,709
	FIRS WHT	-	398,122
	Staff Loan	-	(126,771)
	Contractor	-	(4)

Office Equipment	-	100
Staff Car Loan	(400,000)	-
GTB Expenditure Account (Sundry Income)	-	3,721,625
	28,405,945	804,583,779

***Prior Year Adjustment (Statement of Comprehensive Income)**

All prior year adjustments in the Statement of Income and Expenditure relates to amendments that were not effected in 2018 Financial Statement on events that occurred but not properly captured now amended in 2019

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

20	Prior Year Adjustment (IGR Fund)	2018 =N=	2017 =N=	21	Prior Year Adjustment (Capital Fund)		
	Keystone Bank	-	101		Refund Printing of Souvenir	(90,128)	-
	Sterling Bank	-	1		Accrued Pension August to November 2016	100,148	-
	First Bank of Nigeria Plc	-	853,276		Difference in Commission on Land Charge	12,551,180	-
	Ecobank	-	(41)		Centralized Imprest Omitted in 2017	(905,330)	-
	Guaranty Trust Bank	-	(165,708)		11,655,871		-
	Unity Bank	-	(1,549,340)		All prior year adjustments in the Statement of Income and Expenditure relates to amendments that were not effected in 2018 Financial Statement on events that occurred but not properly captured now amended in 2019		
	Access Bank	-	(5,327,716)				
	Diamond Bank	-	(6,594,567)				
	Wema Bank	-	(10,500)				
		-	(12,794,494)				
	*Prior Year Adjustment (Statement of Comprehensive Income)						
	All prior year adjustments in the Statement of Income and Expenditure relates to amendments that were not effected in 2018 Financial Statement on events that occurred but not properly captured now amended in 2019						

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

22	Related Party information	2018 =N=	2017 =N=
	Identity of Related Parties		
	Kwara State Ministry of Finance	850,117,370	
	Kwara State Government (Others)	458,861,390	509,535,806
		<u>1,308,978,760</u>	<u>509,535,806</u>
	<p>The Service is whole established Parastatal under the Kwara State Government Ministry of Finance. During the year, the Service granted an advance of N1,178,133,030 to the State Government</p>		
23	Information Regarding Directors and Employees		
23.1	Director		
	The Aggregate Emolument of the Director was:		
	Remuneration		
	Highest paid Director	13,501,209	13,501,209
		<u>13,501,209</u>	<u>13,501,209</u>
	<p>The number of Director with gross emolument within the stated bands was:</p>		
		Number	Number
	N5,000,000 - N7,000,000	6	7
	Above N7,000,000	1	1
		<u>7</u>	<u>8</u>

23.2	Employees	2018	2017
	The average number of employees engaged in the year were as follows:		
	Managerial	24	37
	Senior	37	81
	Junior	678	551
		<u>739</u>	<u>669</u>
	<p>The costs relating to the above were:</p>		
	Salaries and allowances	704,155,043	423,335,108
	Other Costs	314,788,855	38,196,513
		<u>1,018,943,899</u>	<u>461,531,622</u>

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2018

NOTES TO FINANCIAL STATEMENTS

Below shows the salary bands and number of employees of the year

	Number	Number
N300,000 - 1,000,000	546	454
N1,000,001 - 2,000,000	132	44
N2,000,001 - 3,000,000	37	22
Above N3,000,000	24	11
	739	531

24 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.

25 Contingent Liabilities

The Directors are of the opinion that there were no contingent liabilities against the Service for the year ended 31 December, 2018.

26 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, 2018.

27 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, 2018

NOTES TO FINANCIAL STATEMENTS

	2018 =N=	2017 =N=			
IGR Fund B/F	880,987,020	1,102,067,633	DISBURSEMENTS:		
Prior Year Adjustment (Note 19)	-	(12,794,493)	Sweeping to TSA Account	6,625,837,426	6,547,042,221
	880,987,020	1,089,273,140	Kw. St. Project Acct. (Access Bank)	-	5,900,000
Total IGR for the year 2018	23,047,698,925	19,731,013,744	Local Governments IGR (70% - 2018)	-	194,295,589
Total IGR fund	<u>23,928,685,945</u>	<u>20,820,286,884</u>	Operational Fund from IGR	3,665,630,796	3,427,589,144
CURRENT YEAR IGR			Retained Collections	10,129,573,198	6,612,185,647
Directorate of HNI	7,259,564,906	6,561,923,283	Ministerial Retained Collection	379,895,252	
Directorate of Informal Sector	113,358,202	227,718,560	Bank Charges	16,825,909	9,330,636
Directorate of Property & Land Charges	176,157,723	124,707,698	IGR Refund	20,493,749	3,108,007
Directorate of MDA's	389,108,543	287,980,279	Kwara E.D.P	47,915,735	184,827,036
Ministries	4,409,700,989	2,194,962,650	Stabilization Funds - RMAFC	-	50,000,000
Parastatals	300,235,364	3,697,500,520	Hajj/Christian Pilgrims Accounts	2,508,895,559	2,955,021,583
Tertiary Institutions	10,129,573,198	6,636,220,754	Release to Kwara State Govt (Ecobank)	112,963,751	-
Total Internally Generated Revenue	<u>23,047,698,925</u>	<u>19,731,013,744</u>	Total Fund Disbursed	<u>23,508,031,376</u>	<u>19,989,299,864</u>
			IGR Fund Carried Forward	<u>420,654,569</u>	<u>880,987,020</u>



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