

KW-IRS

KWARA STATE INTERNAL REVENUE SERVICE

Mobilizing revenue for the strategic development of Kwara State

2020 ANNUAL REPORT

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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, Lafagi, 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. Kwara State 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.



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

Shade Omoniyi, MBA, HCIB, ACTI	Executive Chairman	12
Lateef A. Okandeji, FCTI, ACIS	Director, Legal & Compliance	12
Omolara M. Ojulari, ACA, ACTI	Director, Accounts & Finance /Ag. Director, Income Tax	12
Olatunji A. Balogun, FCA, MBA, MSc, ACI, ACTI	Director, Admin and Operations / MDAs	4

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



Shade Omoniyi
Executive Chairman



Mrs. Omolara Ojulari
Director, Accounts & Finance/
Ag. Director, Income Tax



Mr. Olatunji Balogun
Director, Admin & Operations/ MDAs

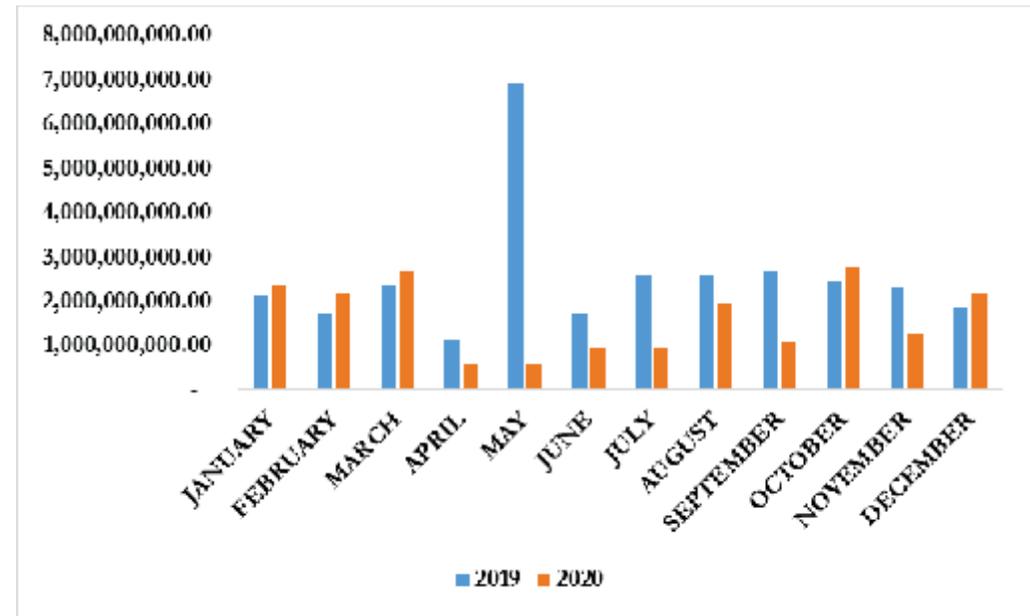


Mr. Lateef Okandeji
Director, Legal & Compliance

KWARA STATE INTERNAL REVENUE SERVICE

2019/2020 IGR REPORT

	2019	2020
JAN	2,139,328,296.98	2,379,265,250.94
FEB	1,756,027,689.82	2,182,973,047.95
MAR	2,380,397,117.93	2,673,916,546.57
APR	1,145,841,103.38	596,804,460.02
MAY	6,903,825,853.75	607,021,512.97
JUN	1,758,135,100.38	941,732,269.21
JUL	2,610,141,180.18	961,003,235.92
AUG	2,595,730,214.80	1,954,501,513.87
SEP	2,703,082,625.32	1,099,674,222.76
OCT	2,461,341,454.02	2,765,485,579.54
NOV	2,315,992,720.26	1,278,202,252.78
DEC	1,867,406,851.22	2,183,412,141.10
TOTAL	30,637,250,208.04	19,623,992,033.62



KWARA STATE INTERNAL REVENUE SERVICE

2019/2020 IGR REPORT

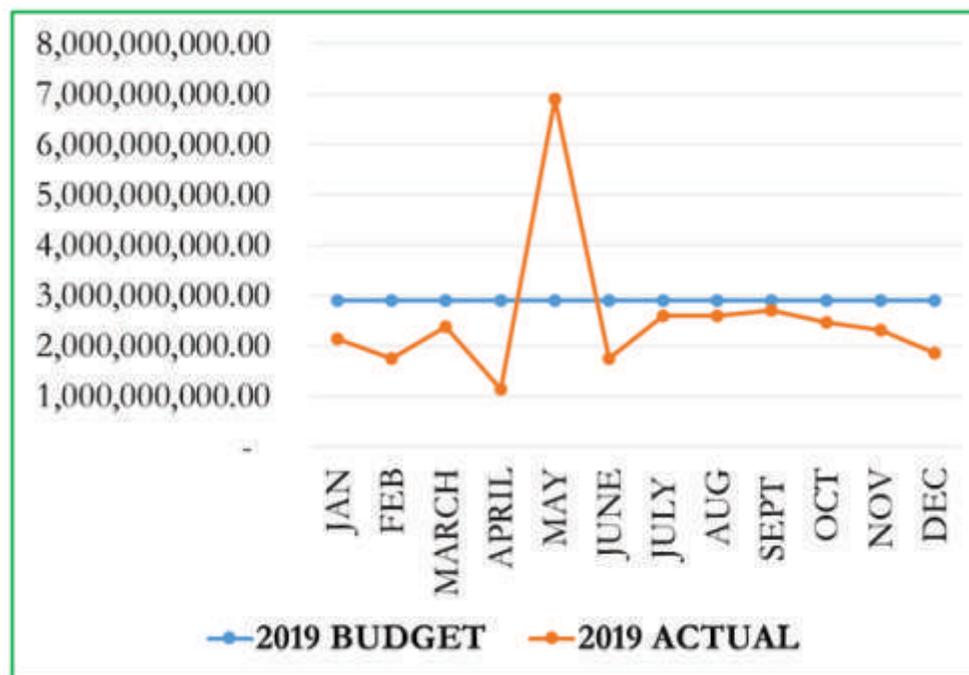


KWARA STATE INTERNAL REVENUE SERVICE

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

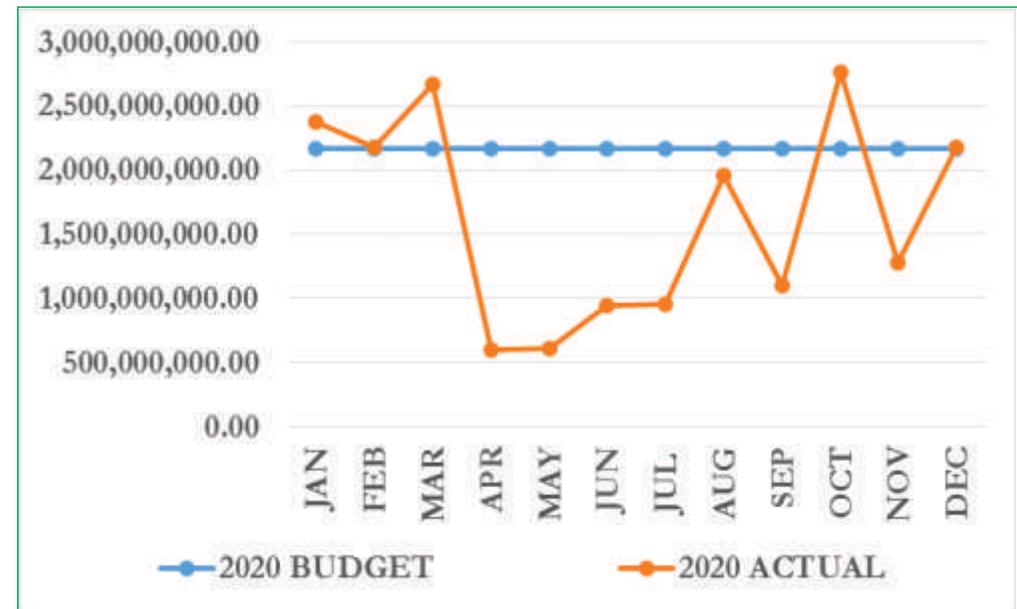


KWARA STATE INTERNAL REVENUE SERVICE

2020 IGR REPORT

BUDGET AND ACTUAL PERFORMANCE

	2020 BUDGET	2020 ACTUAL
JAN	2,166,464,441.33	2,379,265,250.94
FEB	2,166,464,441.33	2,182,973,047.95
MAR	2,166,464,441.33	2,673,916,546.57
APR	2,166,464,441.33	596,804,460.02
MAY	2,166,464,441.33	607,021,512.97
JUN	2,166,464,441.33	941,732,269.21
JUL	2,166,464,441.33	961,003,235.92
AUG	2,166,464,441.33	1,954,501,513.87
SEP	2,166,464,441.33	1,099,674,222.76
OCT	2,166,464,441.33	2,765,485,579.54
NOV	2,166,464,441.33	1,278,202,252.78
DEC	2,166,464,441.33	2,183,412,141.10
TOTAL	25,997,573,296.00	19,623,992,033.62



KWARA STATE INTERNAL REVENUE SERVICE

LIST OF AREA OFFICES

Abuja Liaison Office

Isin Area Office

Asa Area Office

Kaiama Area Office

Baruten Area Office

Moro Area Office

Edu Area Office

Offa Area Office

Ekiti Area Office

Oke-Ero Area Office

Ifelodun Area Office

Oyun Area Office

Irepodun Area Office

Patigi Area Office

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

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, 2020.

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)	(N,000)
Revenue	3,710,154
Expenses	<u>2,894,855</u>
Surplus/(Deficit) for the Year	<u>815,299</u>

Internally Generated Revenue Performance

The Service generated a total sum of N19,701,577,615 during the year ended 31st December, 2020. Details of the statement of Internally Generated Revenue and disbursements for the year ended 31st December, 2020 are shown on page 26 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.F. 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



Shehu Mogaji Abdullahi Esq
 Company Secretary/Legal Adviser
 Ilorin, Nigeria
 NBA/SCN/028154
 2021.....

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

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.



.....
Shade Omoniyi

Executive Chairman
FRC/20/IMN/00000014515



.....
Omolara Ojulari

Asst. Director (Accounts & Finance)

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

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, 2020

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: 29th May, 2021

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

EXECUTIVE CHAIRMAN'S STATEMENT FOR 2020

The Quarter One of the year 2020 started on a good note, with commencement of implementation of strategies towards improving the processes and systems of Kwara State Internal Revenue Service (KW-IRS) for an enhanced revenue generation for Kwara State.

These strategies included looking at the existing structure, blocking revenue leakages through automation of all revenue lines, deployment of technological initiatives to drive all our collections and ensure seamlessness in payment of revenue.

Creation of a unified database that captures all eligible taxpayers in both formal and informal sectors; ensuring KW-IRS has viewing rights to the Systems of Tertiary Institutions in the State for proper monitoring and accounting; focusing on our core responsibility of revenue generation and allowing government agencies who have direct responsibility do their legitimate assignments became our focus.

Other activities of the year included:

i. Organizational restructuring and reforms for a more hierarchical structure was implemented, reducing the Executive Chairman direct reports from 20 to 9. We merged all similar functions under the same Directorates/ Departments to help in the seamless integration of reforms and for ease of coordination of activities for the effective and efficient running of the Service.

This helped to streamline the activities of the Service for strategic focus on the business of revenue generation.

- ii. Re-orientation of the general populace on their perception about KW-IRS as a goldmine where all requests could be attended to;
- iii. Strategic move towards the Community Impact Programmes (CIP) by ensuring a loopback of revenue from CIP;
- iv. Ensuring that our cost of collection is reduced through contract re-negotiation and pricing;
- v. Developing partnership that will make collections beneficial to all parties and using monitoring apparatus to get feedback on how to improve our activities;
- vi. Eradication of arbitrary charges as observed on Admin charges added by MDAs to State collections, Personal Income Tax being collected by the Local Government as a

requirement for Citizenship processing, but not being remitted to the State, Admin and Association fees added by Local Government to Citizenship processing, additional payments collected at the court premises when court affidavits are being processed, etc.

The year 2020 for KW-IRS also witnessed the drive to improving the share of taxes and levies as against other revenue in the Service collection through:

- i. Executive support.
- ii. Support from all stakeholders.
- iii. Ability to identify and acquire both human and material resources required for efficiency.
- iv. Ability to run a Service with Financial and Administrative Autonomy as approved by the Act setting up the Service.
- v. Leverage on staff strength especially in tasks handled by Consultants.
- vi. Expansion of operations through opening of Area Offices and touch points in Local Government across the State.

In a bid to be more accessible to taxpayers; the Service established additional Area Offices. Before October 2019, there were Five Area offices, but effective January, 2020, the total number of Area offices across the State increased to 13; all outside the State capital (Asa, Oke-Ero, Kaiama, Offa, Ekiti, Ifelodun, Baruten, Moro, Edu, Isin, Patigi, Oyun and Irepodun). These are in addition to the three offices located on Ahmadu Bello Way, GRA, Commissioner's Lodge way, GRA and New Yidi Road, Ilorin and other touch points and Motor Licensing Authority offices.

The year 2020 been a peculiar year with the COVID-19 pandemic and other challenges which had great negative impacts on KW-IRS, like many other organizations, we however, recorded a remarkable progress in our primary responsibility.

For the entire year 2020, a total revenue of ₦19,638,093,516.56 (Nineteen Billion, Six Hundred and Thirty Eight Three Million, Nine Hundred and Ninety Two Thousand, Thirty Three Naira, Sixty Four Kobo Only), being 75% performance of the ₦25,997,573,296.00 revised annual budget was generated.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

EXECUTIVE CHAIRMAN'S STATEMENT FOR 2020

The revision of the 2020 budget was necessitated by the imbalances in commercial activities created by the lockdown in March through July, resulting in an extreme plunge in IGR collections from 111.53% performance in the first quarter to 33.24% in the second quarter of the year.

It is worthy of note that, the Service had a remarkable Q1 before the COVID-19 pandemic took full effect on the economy. Due to the lack of physical contact with most taxpayers for collections, there was a huge dip in revenue generated in Q2 of 2020 which extended into Q3 of the same year. By the last quarter of 2020, there was a substantial recovery from the crippling effect of the pandemic on businesses and Internally Generated Revenue (IGR).

The beginning of the year 2020 for KW-IRS also saw the scrapping of the former Tax Administration platform being used by the Service and the commencement of a new platform. This was due to the conclusion that the former platform could not serve the needs of the Service after a thorough appraisal.

The implementation of the new platform was however delayed due to the COVID-19 lock down, but became expedited towards the end of the year.

This new automation of KW-IRS is aimed at re-engineering the current business processes to improve taxpayers' compliance, block revenue leakages, implement multiple payment channels, optimize our internal business processes, develop a robust taxpayers' database for ease of identification and consequently increase Internally Generated Revenue (IGR).

Furthermore, the new Tax Administration platform is to bring about the integration of all departments and business processes of KW-IRS in line with the best practices. It is also to create platforms where Taxpayers could get notices of assessment and make payment from the comfort of their homes and offices and thereby improve voluntary tax compliance.

Similarly, the year 2020 was marked with quick implementation of various measures to cushion the effects of the COVID-19 pandemic on taxpayers, safeguard the lives of staff, and ensure business continuity as an ISO Certified organization.

Palliatives given during the pandemic included:

- i. Provision of palliatives to taxpayers, stakeholders and staff;
- ii. Extension of the deadline for filing Annual Tax Returns from 31st March to 30th September, 2020;
- iii. 30% waiver on Arrears on ground rent and land charge for property owners and land occupiers;
- iv. Granting of moratorium to Informal Sector taxpayers;
- v. Suspension of all enforcement activities;
- vi. Waiver of penalty and interest for High Net Worth Individuals (HNIs) and corporate organizations;
- vii. Over 30 Community Impact Programmes (CIP) across the State.
- viii. Deployment of Personal Protective Equipment (PPE)- Nose masks, Face shields and hand sanitizers to taxpayers, stakeholders and staff;
- ix. Introduction of virtual meetings for KW-IRS management team, staff and different committees;
- x. Suspension of the use of biometric machine for staff sign-in and out;
- xi. Reduction of the number of staff in attendance in the office at any time to maintain physical distancing;
- xii. Deployment of temperature monitors, wash hand basins with running water and soap and hand sanitizers across our offices;
- xiii. Temporarily shut down of all Area Offices to avoid and stop the spread of the pandemic;
- xiv. Encouragement of taxpayers to make payments to the Kwara State IGR Accounts through online platforms;
- xv. Continuous sensitization on the importance of staying at home to curb the spread via our various social media platforms, among several others.

As evidenced in the achievement of \$16.9m in SFTAS Annual Performance Assessment (APA) for 2019/2020 by Kwara, KW-IRS has ensured accountability and transparency in our internal processes and reporting. The Service has also improved significantly in our sequential and systematic reporting through the social, print, and electronic media platforms.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

EXECUTIVE CHAIRMAN'S STATEMENT FOR 2020

As the year went by, the Kwara State Government announced the appointment of two new Directors for the Service, Omolara Mulikat Ojulari and Olatunji Ahmed Balogun.

The Kwara State Internal Revenue Service, (KW-IRS) in its continuous efforts to carry out its mandate of revenue mobilisation for the strategic development of Kwara State, also in the year 2020, commenced plans to introduce the Harmonized Bill as a tool of collection of all revenue due for payment from taxpayers across the State.

The Harmonized bill which is one of the automation strategies of the Service is to improve collection activities, bring all eligible entities or businesses in the State into the tax net. The harmonized bill possesses ability to compute, consolidate and communicate all payable tax and non-tax revenue as applicable to each eligible taxpayer in the State, within any assessment year. It will also stop illegal negotiation between taxpayers and revenue officers in the Ministries or KW-IRS, as well as avoid diversion of government's money into personal pockets.

Other benefits of the Harmonized Bill include blockage of most of the revenue leakages by displaying all tax due for payment by a tax payer; education on double and multiple taxation, by showing that a single entity could be charged to different taxes, depending on nature of business.

The harmonized bill gives indication on level of tax compliance by showing both current and outstanding liabilities of taxpayer in a single document; sensitises that there has been no review in revenue rates or introduction of new taxes since the current administration took over in 2019 and that all revenue lines currently being collected are same and as provided for in the law.

The introduction of the harmonised bill of KW-IRS ensures required and legitimate tax due are paid by taxpayers and collected as appropriate into the coffers of the State Government. These benefits, not only ease payment of taxes, but improve tax compliance and bring about an enhanced revenue generation which is a veritable support for the Federal allocation in ensuring the government meets its responsibilities and the desires of Kwarans.

The Kwara State Internal Revenue Service continues to collaborate with all MDAs and Stakeholders in the State for effective and efficient collection of all that is legally due from taxpayers and enjoins all taxpayers to seek clarifications from appropriate sources when in doubt.

The activities of KW-IRS in the year 2020 as well as the remarkable performance recorded irrespective of the snags caused by months of lockdown are pointers to our commitment to the welfare of taxpayers and staff, in the drive of IGR for the State.

It is however pertinent to state that, the State is yet to overcome its experience of huge low tax compliance, but the Service is continuing its implementation of all year round tax advocacy and enforcement with a view to reducing incidences of tax evasion and under remittances. The year will also herald continuous automation of all relevant revenue lines which will change the mode of collection in several touch points across the State.

We therefore encourage tax payers to join in improving IGR of the State to assist the government in the fulfilment of its obligations to the populace.

Overall, the year is appraised as one typified by accountability, commitment, and resilience, with continuous recovery from the effects of covid-19, as evidenced in the 75% performance in IGR collections for the year 2020.

It is expected that the year 2021 will be a year to consolidate on these various gains as well as improve on all our activities.

Shade Omoniyi
Executive Chairman

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

STATEMENT OF FINANCIAL POSITION

		2020	2019				
ASSETS	Note	N'000	N'000	Funds			
Current Assets				State government fund	9	1,827,450	1,733,055
Cash	3	1,003,917	130,597	Accumulated fund	10	(1,157,912)	(1,935,984)
IGR Collection Accounts Balances	5	853,716	1,371,633	IGR fund	26	853,716	1,371,633
Receivable and prepayment	6	862,524	874,054			1,523,254	1,168,703
Inventories	4	134,874	150,561			3,933,458	3,669,802
		2,855,031	2,526,845				
Non Current Assets							
Property, plant and equipment	21	1,078,427	1,142,957				
		1,078,427	1,142,957				
		3,933,458	3,669,802				
Current liabilities							
Payable & Other accrued	7	2,404,172	2,493,995				
Employee benefits	8	6,031	7,103				
		2,410,203	2,501,098				

The financial statements on pages 2 to 30 were approved by the Board of Directors on 2021 and signed on its behalf by:



.....
Mrs. Shade Omoniyi
 Executive Chairman
 FRC/2016/IMN/0000001451



.....
Omolara Ojulari
 Director, Finance and Accounts

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

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

STATEMENT OF FINANCIAL POSITION

	Note	2020 N'000	2019 N'000				
Total IGR generated for the year	21	19,701,578	30,637,250	Surplus/(deficit) for the period		815,299	(221,143)
Subvention from state government	11	3,710,154	4,005,673	Total Disbursement to state ministry of finance	26	20,219,494	29,682,376
Expenses				Net IGR Payables/(Receivables) for the year		(517,917)	954,874
Consultants' commission	13	1,064,285	1,868,819	Percentage of Net IGR to operational income		19	13
Salaries, wages and benefits	12	1,206,368	1,280,099				
Depreciation and amortisation	14	175,729	174,227				
Supplies and consumables used	15	77,818	87,472				
Other operating expenses	16	370,654	816,199				
		2,894,855	4,226,816				

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

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

STATEMENT OF FINANCIAL POSITION

	Note	State Govt Fund N'000	Accumulated Fund N'000	IGR fund	Total N'000
Bal as at 1 Jan 2019		1,533,055	1,316,267	420,655	3,269,977
Surplus/(Deficit) for the period	10	-	(3,252,251)		(3,252,251)
Capital grant fund	9	200,000	-	-	200,000
Surplus/(Deficit) for the period	10				(3,252,251)
IGR fund		-	-	950,978	950,978
Surplus for the year	10	200,000	(3,252,251)	950,978	(2,101,273)
Balance as at 31 Dec 2019		1,733,055	(1,935,984)	1,371,633	1,168,704
Bal as at 1 Jan 2020		1,733,055	(1,935,984)	1,371,633	1,168,704
Capital grant fund	9	94,395	-	-	94,395
Reserve	10		(37,227)		(37,227)
Surplus/(Deficit) for the period	10	-	815,299	-	815,299
Impairment of receivables	25		-		
IGR fund	26	-	-	(517,917)	(517,917)
Balance as at 31 Dec 2020		1,827,450	(1,157,911)	853,716	1,523,255

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, 2020

CASHFLOW STATEMENT

	2020	2019
	N'000	N'000
Surplus/(Deficit) for the year	815,299	(221,143)
Ajustment for Items not involving Movement of Fund		
Depreciation and amortisations	175,729	174,227
Prior year adjustment	(37,227)	(3,031,108)
Impairment of receivables	-	-
Gain/loss on disposal of asset	-	7,000
	953,802	(3,071,024)
Changes in Working Capital		
(Increase)/Decrease in inventory	15,687	(29,013)
(Increase)/Decrease in Debtors and Prepayments	11,530	3,142,971
Increase/(Decrease) in Creditors and Accrued Expenses	(89,823)	35,044
Increase/(Decrease) in employee benefits	(1,072)	(15,968)
Net cashflow from operating activities	890,124	62,010
Cashflow from investment activities		
Acquisition of property, plant and equipment	(111,199)	(335,277)
Deposit for investment	-	-
Proceed from sales of investing activities	-	-
	(111,199)	(335,277)

Cash Flows from Financing Activities:		
Grant from state government	94,395	200,000
IGR fund	(517,917)	950,978
Net cash used in Financing Activities	(423,522)	1,150,978
Net increase/(decrease) in cash and cash equivalents	355,404	877,711
Cash and cash equivalent as at January 1st, 2020	1,502,229	624,519
Cash and cash equivalent as at December 31st, 2020	1,857,633	1,502,229
Bank balances from grant account	1,003,917	130,597
Bank balances from IGR Collection accounts	853,716	1,371,633
	1,857,633	1,502,229

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, 2020

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	18,233,003	19,701,578	1,468,574	8%
10% Operational income from retention	1,823,300	3,710,154	(1,886,854)	-51%
15% Consultant's commission	4,500,000	1,064,285	3,435,715	323%
	6,323,300	4,774,439	1,548,861	
Expenses				
Consultants' commission	4,500,000	1,064,285	3,435,715	323%
Salaries, wages and benefits	1,365,480	1,206,368	159,113	13%
Supplies and consumables used	131,616	77,818	53,798	69%
Other operating expenses	707,347	370,654	336,693	91%
	6,704,444	2,719,125	3,985,318	147%
Surplus/(deficit) for the period	(4,881,143)	991,029	(549,604)	

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

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 (₦), 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, 2020

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

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES

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	-
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.

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. 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.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES

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.

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.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES

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.

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.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

NOTES TO FINANCIAL STATEMENTS & SIGNIFICANT ACCOUNTING POLICIES

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.

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

		2020	2019
		N'000	N'000
3	Cash and Cash Equivalents		
	Guaranty Trust Bank Plc	8,346	127,386
	First Bank Plc	995,317	81
	FCMB Plc	76	76
	Credit Cards Accounts	-	2,000
	Office Cash Account - Imprest	177	523
	POS Imprest	-	530
		1,003,917	130,597

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.

		2020	2019
		N'000	N'000
4	Inventories		
	Stock - Security Store Items	4,610	3,152
	Stock - Non Security Store Items	114,619	131,125
	Stock - Stationery	15,645	16,284
		134,874	150,561

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

NOTES TO FINANCIAL STATEMENTS

5	IGR Collection Accounts Balances	2020 N'000	2019 N'000
	Access bank	30,547	52,792
	Diamond bank	-	2,042
	Eco bank	152,519	283,453
	FCMB	97,002	99,698
	Fidelity bank	(26,842)	35,589
	First bank	110,462	77,588
	GTB	112,250	241,949
	Heritage bank	54,254	92,039
	Jaiz bank	6,734	12,287
	Keystone bank	(637)	12,027
	Skye bank	252,269	92,312
	Stanbic IBTC	22,502	28,838
	Sterling bank	2,651	211,013
	UBA	50,941	104,367
	Union bank	(9,583)	3,587
	Unity bank	6,150	8,092
	Wema bank	854	2,150
	Zenith bank	(8,355)	11,810
		853,716	1,371,633

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.

6	Receivables and Prepayments	2020 N'000	2019 N'000
	Staff Car Loans		20
	Loan to government owned companies - KP3	13,419	13,419
	Staff Training Loan	5	1,059
	Advances to Local Governments	6,056	11,388
	Release to KWSG - Donation of transformer - MOF	279,500	279,500
	KWSG (mass titling committee)	12,764	12,764
	Receivables - Kwara State Government (CAPEX)	436,920	436,920
	KWSG (Advance to kwara state auditor general)	3,213	3,213
	Receivables - Ministry of Finance (Note 17)	110,646	110,646
	Payables reclassified to receivables	-	5,124
		862,524	874,054

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

NOTES TO FINANCIAL STATEMENTS

7	Payables & Other Accounts	2020 N'000	2019 N'000
	Staff Claims (Operational Expenses)	762	4,838
	Other Consultant Payables	6,591	23,529
	Contractors	3,959	35,287
	Other payables	401	-
	Velox Enterprise Payable	1,799,353	1,799,353
	CSCD payables	370,232	370,232
	Mazars Consulting payables	130,520	130,520
	Superflux International- Contractors of Security documents	13,340	30,450
	Federal Road Safety Commission	30,325	20,195
	Consultant - TAMA	-	8,147
	Local Government IGR	-	59,182
	Local Govt. Suspense account	-	1,933
	Local Government payables	-	5,641
	KWIRS IGR - (PAYE)	3	-
	KWIRS IGR - (WHT)	143	-
	FIRS - (VAT)	25,824	-
	FIRS - (WHT)	22,147	-
	KWIRS IGR - (DEV. LEVY)	569	-
	KWIRS IGR - (Pay As You Drink)	3	4,689
		2,404,172	2,493,995

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	2020 N'000	2019 N'000
	Defined Contribution Plan		
	Contributory pension	6,031	7,103
	Unpaid Leave allowance		
		6,031	7,103

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	2020 N'000	2019 N'000
	At January 1st	1,733,055	1,533,055
	Prior Year Adjustment Note 19	-	-
	Additional Capital Fund from Ministry Of Finance	94,395	200,000
		1,827,450	1,733,055

10	Accumulated Fund	2020 N'000	2019 N'000
	At January 1st	(1,935,984)	1,316,267
	Prior Year Adjustment Note 19	-	-
	Reserve	(37,227)	(3,031,108)
	Surplus of Income Over Expenditure	815,299	(221,143)
	Impairment of receivables	-	-
		(1,157,912)	(1,935,984)

11	Income	2020 N'000	2019 N'000
	Operational Income	3,629,370	3,963,219
	IGR REFUND - From Expenditure Account	(761)	-
		3,628,609	3,963,219
	Other Income	81,545	42,454
		3,710,154	4,005,673

The total amount of N761,205 deducted from operational Income represents tax refund to tax payers which Ministry of finance mandated the KIRS to take away from their subvention known as operational income for the year.

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

NOTES TO FINANCIAL STATEMENTS

12	Salaries wages and employee benefits	2020	2019	16	Other Operational Expenses	2020	2019	
		N'000	N'000				N'000	N'000
	Salaries and Allowances	936,015	1,053,298		Transport & Travel 16.1	22,874	106,580	
	Performance Bonus	153,186	101,323		Utilities – General 16.2	20,273	28,143	
	Responsibility Allowance	33,938	45,057		Maintenance service – General 16.3	50,981	32,102	
Contributory Pension	83,229	80,420	Training – General 16.4	53,312	115,606			
	1,206,368	1,280,099	Other Services – General 16.5	27,928	28,121			
13	Consultants' Commission	2020	2019	Fuel & Lubricant – General 16.6	43,036	51,463		
		N'000	N'000	Financial Charges – General 16.7	28,611	12,641		
	Financial Consulting	1,064,285	1,868,819	Miscellaneous Expenses – General 16.8	123,639	441,542		
	1,064,285	1,868,819		370,654	816,199			
14	Depreciation and Amortization	2020	2019	16.1	2020	2019		
		N'000	N'000	Transport & Travel	N'000	N'000		
	Depreciation Charges	175,729	174,227	Local Transport & Travel	22,874	69,068		
	175,729	174,227	International Transport & Travel (Training)	-	37,512			
15	Supplies and Consumables used	2020	2019		22,874	106,580		
		N'000	N'000	16.2	2020	2019		
	Office Stationeries/Computer Consumable	13,784	8,318	Utilities – General	N'000	N'000		
	Books and Journal	-	440	Electricity Charges	8,772	8,275		
	Magazines & Periodicals (Kwareve Publications)	594	29	Internet Access Charges	11,501	19,868		
	Printing of Non Security Documents	13,978	25,652		20,273	28,143		
Printing of Security Documents	49,463	53,032						
	77,818	87,472						

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

NOTES TO FINANCIAL STATEMENTS

16.3	Maintenance service – General	2020	2019	16.7	Financial Charges – General	2020	2019
		N'000	N'000			N'000	N'000
	Maintenance of Motor Vehicle/Transport Equipme	34,982	16,827		Audit Fee	9,400	4,838
	Maintenance of Office Furniture	-	-		Bank Charges (Others than Interest)	3,254	6,371
	Maintenance of Building & Residential QTRS	8,089	7,037		Insurance Premium	15,956	1,433
	Maintenance of Office/IT Equipments	5,786	7,255			28,611	12,641
	Maintenance of Plant/Generators	2,124	983				
	50,981	32,102		16.8	Miscellaneous Expenses – General	2020	2019
16.4	Training – General	2020	2019		N'000	N'000	
		N'000	N'000	Refreshment & Meals	1,920	4,594	
	Local Training	19,413	53,853	Publicity & Advertisements	34,700	119,584	
	Foreign Training	9,878	28,347	Postages & Courier Services	1,230	1,735	
	Seminar, Workshops and Conferences	24,021	33,405	Welfare Package	9,880	26,256	
	53,312	115,606		Subscription to Professional Bodies	2,816	3,421	
16.5	Other Services – General	2020	2019		Annual Budget Expenses & Administration	100	265
		N'000	N'000		Operational Expenses	9,994	137,887
	Security Expenses	14,937	14,373		Monitoring & Evaluation (Community Impact)	59,928	135,675
	Cleaning & Fumigation Services	12,990	13,748		Meeting/Visitation Expenses	3,072	12,125
	27,928	28,121			123,639	441,542	
16.6	Fuel & Lubricant – General	2020	2019				
		N'000	N'000				
	Motor Vehicle Fuel Cost	17,942	31,357				
	Plant/Generator Fuel Cost	25,094	20,106				
	43,036	51,463					

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

NOTES TO FINANCIAL STATEMENTS

17 Receivables – Ministry of Finance	2020 N'000	2019 N'000
Balance brought forward	110,646	849,784
Opening balance adjustment	-	(5,740)
Construction of Phase 2	-	-
Office Equipment	-	-
Motor Vehicles	-	-
Stabilization Funds – RAMFAC	-	-
Surveyor General Office	-	-
Essential Mass Tilting	-	-
Kwara State Health Insurance Scheme	-	-
Ilorin West LGA Casual Workers/Cleaners Salaries	-	-
Release to MOF (Augmentation of FAAC Allocation)	-	-
Installation of Internet, Ifelodun LGA -Intallation	-	12,652
	-	2,500
Transfer to MOF to offset loan owned by Offa LGA	-	46,650
Refund in respect of Installation of New Substation and Repair of Water	-	104,800
	-	-
Total	110,646	1,010,646
Less: Refund during the year	-	(900,000)
	110,646	110,646

18 Related Party information	2020 N'000	2019 N'000
Identity of Related Parties		
Kwara State Ministry of Finance	-	166,602
Kwara State Government (Others)	-	-
	-	166,602
The advances granted to Ministry of Finance in the prior 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, 2020

NOTES TO FINANCIAL STATEMENTS

Note	Land	Building	Furnitures & Fittings	Plant & Machinery	Office Equipment	Motor Vehicle	Total
19	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
As at January 31, 2020	200,000	849,631	55,820	15,565	139,718	337,785	1,598,519
Additions for the year	-	17,887	19,496	3,922	16,287	53,607	111,199
Disposal	-	-	-	-	-	-	-
As at 31 December, 2020	200,000	867,518	75,316	19,486	156,006	391,392	1,709,718
Cost							
As At 1st January, 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
Depreciation							
As At 1st January, 2020	-	95,897	36,532	4,913	76,289	241,931	455,561
Charge for the year	-	42,582	12,319	1,595	29,637	89,597	175,729
Accumulated Depreciation on disposed vehicles	-	-	-	-	-	-	-
At December 31, 2020	-	138,479	48,851	6,507	105,926	331,528	631,291
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
	-	-	-	-	-	(49,000)	(49,000)
At December 31, 2019	-	95,897	36,532	4,913	76,289	241,931	455,561
Carrying Amount							
At December 31, 2020	200,000	729,039	26,465	12,979	50,079	59,864	1,078,427
Carrying Amount							
At December 31, 2019	200,000	753,734	19,288	10,652	63,429	95,854	1,142,957

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

NOTES TO FINANCIAL STATEMENTS

20	Information Regarding Directors and Employees	2020	2019
20.1	Director	N'000	N'000
	The Aggregate Emolument of the Director was:		
	Remuneration		
	Highest paid Director	13,501	13,501
		13,501	13,501
		2020	2019
	The number of Director with gross emolument within the stated bands was:	N'000	N'000
	N5,000,000 - N7,000,000	7	7
	Above N7,000,000	1	1
		8	8
20.2	Employees		
	The average number of employees engaged in the year were as follows:	2020	2019
	Managerial	6	6
	Senior	59	59
	Junior	865	865
		930	669
	The costs relating to the above were:		
	Salaries and allowances	1,053,298	1,053,298
	Other Costs	226,801	226,801
		1,280,099	1,280,099
	Below shows the salary bands and number of employees of the year:	Number	Number
	N300,000 - 1,000,000	672	672
	N1,000,001 - 2,000,000	193	193
	N2,000,001 - 3,000,000	41	41
	Above N3,000,000	24	24
		930	930

21	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.
22	Contingent Liabilities
	The Directors are of the opinion that there were no contingent liabilities against the Service for the year ended 31 December, 2019.
23	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.
24	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, 2020

NOTES TO FINANCIAL STATEMENTS

25	Impairment	2020 N'000	2019 N'000
	Impairment	-	-

26 The impairment of N419 Million includes balances from the following accounts: Loan to Government owned Companies, Kwara State Government - Min of Fin, KWSG (Advance to Kwara State Auditor General), KWSG (Mass Titling Committee) and Release to KWSG - Donations of Transformers - MOF had been carried forward from 2017 financial year and the possibility that the economic benefit will flow to the service is not certain, then is being assessed for impairment.

27		2020 N'000	2019 N'000
	Current year IGR		
	Directorate of Corporate	8,691,628	12,443,094
	Directorate of Informal Sector	114,815	103,779
	Directorate of Property & Land Charges	-	132,597
	Directorate of MDA's (MLA)	429,734	505,543
	IGR Collection - Ministries	3,647,372	4,690,580
	Parastatals	753,756	751,187
	Local Governments IGR	77,586	
	Tertiary Institutions	5,986,687	12,010,471
	Total Internally Generated Revenue	19,701,578	30,637,250

Disbursement		
Sweeping to TSA Account	12,427,733	8,103,523
Operational Fund from IGR	-	626,557
Retained Collections	5,986,687	12,010,471
Ministerial Retained Collection	235,926	5,621,336
Bank Charges	9,792	11,257
IGR Refund	-	10,410
Kwara E.D.P	-	143,174
Stabilization Funds - RMAFC	-	-
Hajj/Christian Pilgrims Accounts	1,559,357	3,110,765
Release to Kwara State Govt (Ecobank)	-	44,883
Total Fund Disbursed	20,219,494	29,682,376
Net IGR Payables/(Receivables) for the year	(517,917)	954,874
IGR Fund brought forward	1,371,633	416,759
IGR Fund carried forward	853,716	1,371,633

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

STATEMENT OF VALUE ADDED

Particulars	2020	%	2019	%	Statement Showing Application of Value Added:		% of GVA		
	N'000 =N=		N'000 =N=						
Generation of Value Added:					Payment to Employees				
Subvention from Government	3,710,154		4,005,673		Receipt by Workers/Employees	1,206,368	58	1,280,099	104
Total Subvention from Governments	3,710,154		4,005,673		Payment to Provider of Capital				
Less Bought in Material and Services Cost					Payment to contractors	-	-	-	
Supplies and consumables used	77,818		87,472		Payment to Government				
Other operating expenses	370,654		816,199		Tax Paid to FIRS	-	-	-	
Consultants' commission	1,064,285		1,868,819		Future				
Total Bought in Material and Services Cost	1,512,757		2,772,490		Depreciation	175,729	8	174,227	14
Gross Value Added (GVA)	2,197,397	100	1,233,183	100	Surplus/(Deficit) for the year	815,299	37	(221,143)	-18
					Total	2,197,397	103	1,233,183	100

KWARA STATE INTERNAL REVENUE SERVICE

Financial Statement for the Year Ended 31st December, 2020

FIVE YEARS FINANCIAL SUMMARY

	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
STATEMENT OF FINANCIAL POSITION					
Non-current asset	1,078,427	1,142,957	988,907	752,140	615,055
Current asset	2,855,031	2,526,845	4,763,092	2,832,863	951,158
Current liabilities	(2,410,203)	(2,501,098)	(2,482,022)	(1,703,133)	(675,291)
Net assets	1,523,254	1,168,704	3,269,977	1,881,870	890,922
Capital and reserves					
Fund Capital	1,827,450	1,733,055	1,533,055	1,107,790	589,560
Accumulated Fund	(1,157,912)	(1,935,984)	1,316,267	774,080	301,362
IGR Fund	853,716	1,371,633	-	-	-
	1,523,254	1,168,704	2,849,322	1,881,870	890,922
COMPREHENSIVE INCOME STATEMENT					
Subvention	3,710,154	4,005,673	5,842,379	4,940,088	3,669,999
Expenses	2,894,855	4,226,816	5,328,598	5,271,953	3,375,577
Surplus for the year	815,299	(221,143)	513,781	(331,866)	294,423



The EC with the Elese of Igbaja



The EC with the Oba of Ajase Ipo



The EC with the Olosi of Osi



The EC with the Alofa of Iloffa



The EC with the Olomu of Omu Aran



The EC with the Emir of Kaiama



SWIT visit to the EC



EC visit to FIRS Ilorin



EC visit to the VC UNILORIN



EC visit to VC Landmark University



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