

## **STATEMENT OF ACCOUNTING POLICIES**

### **11.1 Basis of Accounting / Legal Provisions**

The financial statements have been prepared on the basis of historical cost and in accordance with International Public Sector Accounting Standards (IPSAS) and other applicable standards as defined by the Fiscal Responsibility Law (FRL) and the Financial Reporting Council of Nigeria. In addition, GPFS are in compliance with the provisions of other financial regulations of the State, unless otherwise stated and are on Transitional Accrual basis of accounting

### **11.2 Revenue recognition**

#### **11.2.1 Statutory Allocation**

These represent all amount received by the State from the Federation Accounts Allocation Committee during the year under review. Allocations are recognized at gross and when cash is received.

#### **11.2.2 Internally Generated Revenue (IGR)**

##### **a. Rendering of Services**

Revenue from rendering of services are recognized when Cash is received not when earned.

##### **b. Interest Income**

Interest received from fixed deposits during the financial year were treated as receipts under IGR.

##### **c. Disposal of State Government Assets**

Proceeds from disposal of Assets are recognized as Income in the Financial Statements

**d. Tax Revenues**

Tax Revenues are recognized by the State when actual cash is received

**e. Subsidies, Donation and Endowments**

Subsidies, Donations and Endowments to the Entity are recognized when money is received and not when the entitlement to receive the money is established.

**11.2.3 Aid and Grants**

Aid and Grants are recognized by the State when actual Cash is received from the Donor Organization. All Aid and Grants received in kind are (in form of Fixed Assets, Goods and Services) are recognized in the Financial Statements and adequate records maintained for such assets in registers maintained for such classes of assets.

**11.3 Cash & Its Equivalents**

Cash & Its Equivalents comprises of cash in hand, cash at bank, call deposits and highly liquid investments with original maturity of three or less, which are readily convertible to known amounts of cash and subject to insignificant risks of changes in value.

**11.4 Budget Information**

The Budget figures in the Financial Statements is the sum total of the Initial Budget and Supplementary Budget where applicable, as approved in accordance with the Appropriation Act of the State Assembly.

It is prepared based on Cash Basis of Accounting and in line with the National Chart of Account adopted by the three tiers of Government in Nigeria. Revenues and Expenditures are classified by their Nature/Type and according to MDAs and Sectors.

The statement of comparison of Budget and Actual is shown as a column in the Financial Statements as shown in Notes 10 to 17.

### **11.5 Foreign Exchange**

Foreign currency transactions throughout the year shall be converted into Nigerian Naira at the ruling (Central Bank of Nigeria -CBN) rate of exchange at the dates of the transactions.

Foreign currency balances, as at the year end, shall be valued at the exchange rates prevailing on that date.

Foreign Exchange gains/losses are recognized in the Statement of Consolidated Revenue Fund (CRF).

### **11.6 Loans**

All Loans received by the State Government are recognized in the Financial Statements under Statement of Capital Development Fund and outstanding balances recognized as Liability in the Statement of Assets and Liabilities as at the end of the year.

### **11.7 Advances**

Advances and Prepayments are below the line items under Cash Basis Accounting but are recognized as assets in the Financial Statements under Statement of Assets and Liabilities.

### **11.8 External Assistance**

These are Funds received from external sources to be paid back at an agreed period of time. They are categorized either as Bilateral or Multilateral; External Loans receipts were disclosed separately under Statement of Cash Receipts and Payment for the year

### **11.9 Employee Benefits**

Employee Benefits like Salaries and Wages, Annual Leaves, Retiring Leaves Pensions and other similar Benefits are recognize when cash is paid to the Employees.

### **11.10 Treasury Clearance Accounts**

Treasure Clearance Accounts represents outstanding obligations, including Suppliers and Contractors as at the end of the year.

### **11.11 Deposits**

Deposits are funds held in trust by the State on behalf of third parties and treated as Liabilities under Statement of Assets and Liabilities in the Financial Statements.

### **11.12 Leases**

Cash Payment for Finance Leases, which effectively transfer to the Government substantially all the risks and benefits incidental to ownership of the leased item, are treated as capital payments and disclosed in the Statement of Cash Receipts and payments; Operating lease cash payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are treated as operating expenses