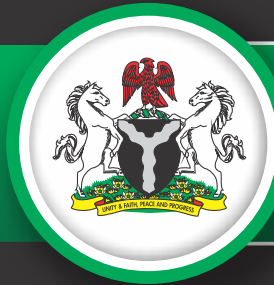


Report of the ACCOUNTANT GENERAL with

# IPSAS

## *Financial Statements*

FOR THE YEAR ENDED 31ST DECEMBER 2019



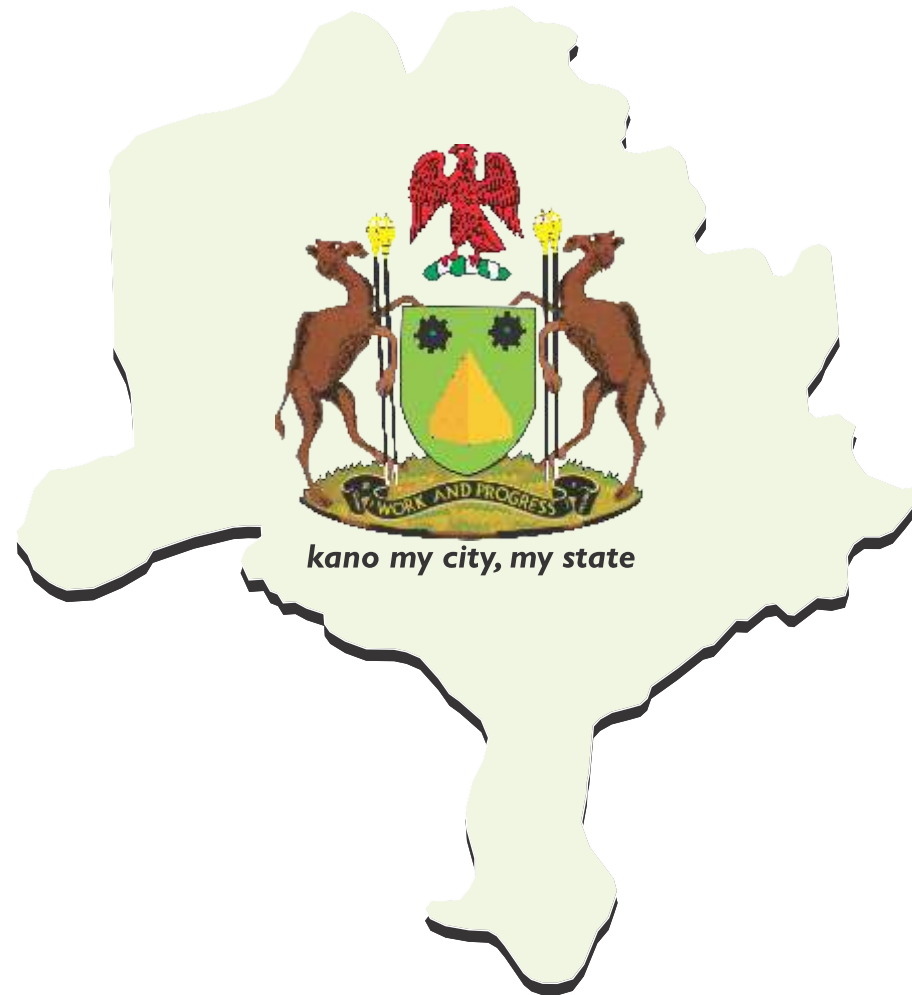
**KANO STATE  
GOVERNMENT**



# 2019

An aerial, high-angle view of a modern city. A multi-lane highway with a yellow divider runs diagonally from the top left towards the bottom right. The city features green spaces, including a large circular park with a fountain and a large green field with a white abstract design. There are several buildings, including a large one with a glass facade on the right. The overall scene is bright and clear.

**REPORT OF THE  
ACCOUNTANT GENERAL  
IPSAS FINANCIAL STATEMENTS  
2019**



THE GOVERNMENT OF KANO STATE, NIGERIA

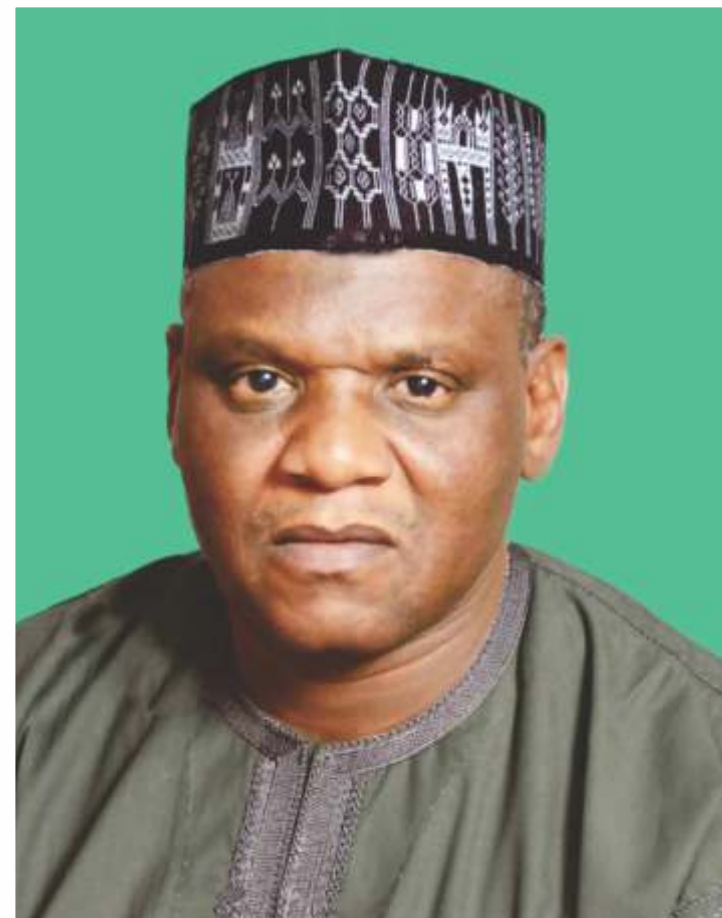


*His Excellency,*  
**Dr. Abdullahi Umar Ganduje, OFR**  
*Kano State Executive Governor*

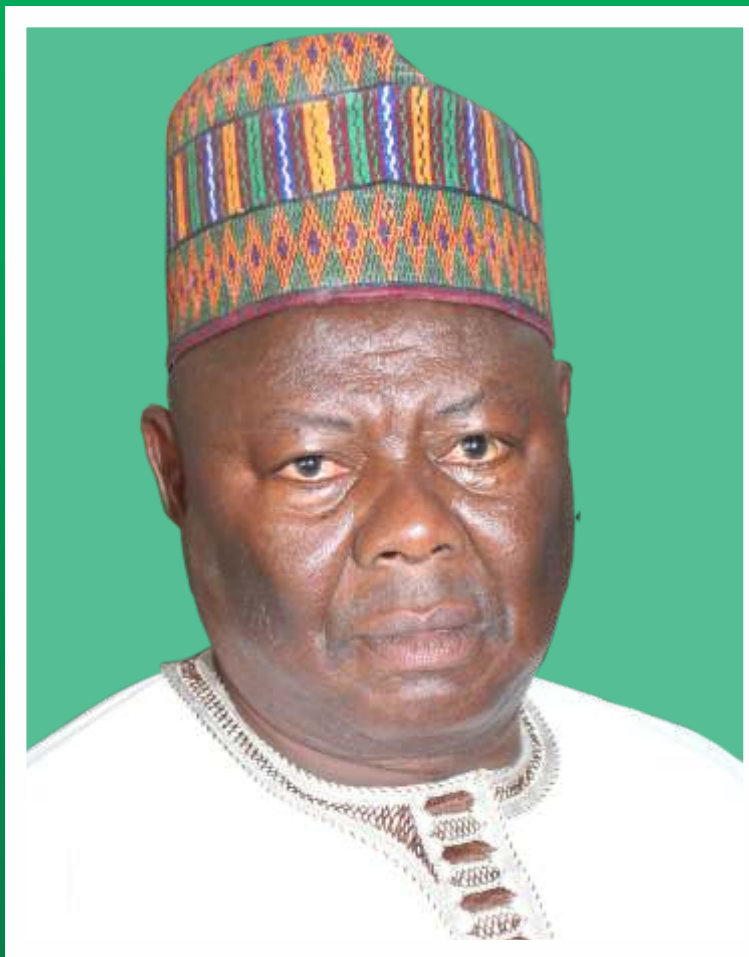




*His Excellency,*  
**Dr. Nasiru Yusuf Gawuna**  
*Kano State Deputy Governor*



**Shehu Muhammad Na'Allah Kura**  
*Hon. Commissioner*  
*Ministry of Finance - Kano State*



**Shehu Abbas Mu'azu, CNA**  
*Accountant General*  
*Kano State*



**Aisha Adamu Abdullahi, FCNA**  
*Director Treasury*  
*Ministry of Finance - Kano State*



**Umar Abdul'aziz**  
*Director Final Account*  
*Ministry of Finance - Kano State*





**TECHNICAL TEAM**  
*Ministry of Finance - Kano State*



## CONTENTS

<i>Preliminary Pages</i>	<i>i - ix</i>
<i>Table of Contents</i>	<i>1</i>
<i>Responsibility for Financial Statements</i>	<i>2</i>
<i>Audit Certificate</i>	<i>3</i>
<i>Statement of Accounting Policies</i>	<i>4-5</i>
<i>Main Accounts Starts</i>	<i>6</i>
<i>Capital Projects in Pictures</i>	<i>7</i>
<i>Statement of Financial Performance</i>	<i>8-9</i>
<i>Statement of Financial Position</i>	<i>10</i>
<i>Statement of Cashflow</i>	<i>11-12</i>
<i>Statement of Changes in Net Assets &amp; Equity</i>	<i>13</i>
<i>Statement of Comparison of Budget &amp; Actual Amounts</i>	<i>14</i>
<i>Notes to the Financial Statements Starts</i>	<i>15</i>
<i>Notes to the Financial Statements</i>	<i>16-31</i>



## **RESPONSIBILITY FOR FINANCIAL STATEMENTS**

**T**hese Financial Statements have been prepared by the Accountant-General of Kano State in accordance with the provisions of the Finance (Control and Management) Act 2014 as revised. The Financial Statements are in compliance with Generally Accepted Accounting Practice (GAAP) and are presented in the new format of General Purpose Financial Statement (GPFS) using International Public Sector Accounting Standards (IPSAS Accrual).

The Accountant-General is responsible for establishing and maintaining an adequate system of Internal Control designed to provide

reasonable assurance that the transactions recorded are within the statutory authority and that the use of public financial resources by the government is properly recorded.

To the best of my knowledge, the system of internal control has been very effective and adequate for the scope of government official transactions. The various statements presented in this report therein reflect the financial position of government as at the year ended 31st December 2019.

**SHEHU ABBAS MU'AZU, CNA**  
ACCOUNTANT GENERAL - KANO STATE



## **AUDIT CERTIFICATE**

The account of the Government of Kano State of Nigeria for the year ended 31st December, 2019 have been examined in accordance with Section 125(2) of the Constitution of the Federal Republic of Nigeria, 1999 and Section 7(1) of the Kano State Audit Law, 1986 as well as the provision of IPSAS 33 (first year adoption) of the International Public Sector Accounting Standards.

I have for the purpose of my audit obtained the information and explanation required and, subject to the comments and observations contained therein, I certified that, in my opinion the Statement of Financial Position and the supporting Accounts and Statements

are properly drawn up in IPSAS Accrual Basis and present fairly, in all material aspects, the financial position of the Government of Kano State of Nigeria as at 31st December, 2019 and its financial transactions for the year then ended.

Office of the Auditor-General,  
Audu Bako Secretariat,  
P. M. B. 3017,  
Kano.

**AMINA INUWA SA'ID (Mrs.), CNA.**  
*Auditor General - Kano State.*



## **STATEMENT OF ACCOUNTING POLICIES**

FOR THE YEAR ENDED 31ST DECEMBER 2019

- 1. Basis of Preparation:**  
The GPFS is prepared under the historical cost convention and in accordance with IPSAS and Kano State Finance (Control and Management) Act 2014 as revised.
- 2. Basis of Accounting:**  
It is in full compliance with IPSAS Accrual Basis (IPSAS 33) being the third year of adoption.
- 3. Accounting Principles:**  
These are underlying assumptions, conventions and concepts surrounding financial statements.
- 4. Reporting Currency:** The GPFS is prepared in the Nigerian Naira.
- 5. Accounting Period:** This the accounting year which is Government fiscal year starting from 1st January to 31st December.
- 6. Budgets Figures:** These are figures from the approved budget in accordance with the Kano State Appropriation Law.
- 7. Depreciation:** Fixed and life assets are depreciated on a straight-line basis over their expected useful lives. Below are the rates of depreciation for each class of fixed asset:

a.	Land and Buildings	2.5%
b.	Plant and Machinery	15%
c.	Motor Vehicles	26.7%
d.	Office Equipment	27.5%
e.	Furniture and Fittings	22.5%
f.	Infrastructure	25%





## **STATEMENT OF ACCOUNTING POLICIES**

FOR THE YEAR ENDED 31ST DECEMBER 2019

8. **Revenue:** Revenue is recognized based on the actual value received or receivable.
9. **Interest on Loans:** Interest is charged using the effective rate method which discounts estimated future cash payments through the expected life of the financial liability on its net carrying amount.
10. **Defined Employee Benefits/Pension Contribution Scheme:** This is in line with Kano State Pension and Gratuity Law 2006. It is a contributory scheme.
11. **Foreign Currency:** Foreign currency transactions are converted into Nigeria Naira at the official Central Bank of Nigeria (CBN) exchange rate prevailing as at 31st December.
12. **Inventories (Stocks):** Inventories are valued and recorded at cost.
13. **Quoted Investments:** These are valued at market price as at December.
14. **Unquoted investments:** They are valued using their nominal value.
15. **Impairment of Quoted Investments:** Impairment on investment is calculated based on the difference between the recoverable value (market price) and carrying value (book value)
16. **Borrowing:** These are initially recognized at fair value and subsequently stated at amortized cost.

# MAIN STATEMENTS

# CAPITAL PROJECTS PAGE



## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31ST DECEMBER 2019

Description	Notes	2019	2018
		N'000	N'000
<b>Revenue</b>			
<b>Revenue from Non-exchange Transactions:</b>			
<b>FGN:</b>			
Statutory Allocation (FAAC)	1b	65,566,374	67,446,283
Value Added Tax (VAT)-(FAAC)	1c	19,783,268	19,702,931
Other Receipts (FAAC)	2b	2,997,637	19,127,736
Capital Receipts	3a,b	20,053,188	-
Gain from Exchange Translations	4	295,891	-
<b>Sub-total</b>		<b>108,696,358</b>	<b>106,276,950</b>
<b>State:</b>			
Taxation Income	5	16,227,862	32,654,600
Other Revenue	6	6,344	318,523
<b>Sub-total</b>		<b>16,234,206</b>	<b>32,973,123</b>
<b>Total Revenue from Non-Exchange Transactions</b>		<b>124,930,564</b>	<b>139,250,073</b>
<b>Revenue from Exchange Transactions:</b>			
MDAs Revenue	7b	24,365,840	11,457,380
Investments Income	8	1,522,711	-
<b>Total Revenue from Exchange Transactions</b>		<b>25,888,551</b>	<b>11,457,380</b>
<b>Total Operating Revenue</b>		<b>150,819,115</b>	<b>150,707,453</b>
<b>Expenses:</b>			
Wages, salaries and employee benefits	9b	58,074,921	56,067,902
Transport & Travelling		1,665,182	1,226,131
Utilities General		630,883	867,176
Materials & Supplies		2,555,644	5,395,431
Maintenance Services		957,858	402,879
Training General		2,603,671	324,784
Other Services		1,924,626	251,290



**STATEMENT OF FINANCIAL PERFORMANCE**

FOR THE YEAR ENDED 31ST DECEMBER 2019

Description	Notes	2019	2018
		N'000	N'000
Financial General		26,800	32,254
Fuel & Lubricant		934,257	1,109,500
Miscellaneous General		13,667,652	7,356,136
Consulting and Professional Services		315,487	-
Grants and Other Contributions	10	7,593,569	-
Subvention to Parastatals & Agencies		866,339	5,499,502
Cost of IGR Collections	11	1,615,778	1,232,549
Lost on Foreign Exchange Translation	12	15,294	3,831
Public Debt Charges	13	3,372,524	3,163,097
Depreciation	14a	5,847,196	-
Impairment	15	33,783	-
<b>Total Operating Expenses</b>		<b>102,701,464</b>	<b>82,932,461</b>
<b>Surplus for the year</b>		<b>48,117,651</b>	<b>67,774,992</b>

**SHEHU ABBAS MU'AZU, CNA**  
 ACCOUNTANT GENERAL - KANO STATE





**STATEMENT OF FINANCIAL POSITION**

FOR THE YEAR ENDED 31ST DECEMBER 2019

Description	Notes	2019	2018
		N'000	N'000
<b>Assets</b>			
<b>Non-current Assets</b>			
PPE	14a	24,407,607	-
Unclassified Assets		140,838,040	140,838,040
Investment Securities	16	6,452,405	28,787,659
Investment Properties	17	23,912,247	-
<b>Total Non-Current Assets</b>		<b>195,610,299</b>	<b>169,625,699</b>
<b>Current assets</b>			
Inventories (Stock)	18	100,254	-
Cash and Cash Equivalents	19	17,875,291	13,525,822
Receivables	20	21,941,581	1,089,438
Differed Charges		-	13,992
<b>Total Current Assets</b>		<b>39,917,126</b>	<b>14,629,252</b>
<b>Total Assets</b>		<b>235,527,425</b>	<b>184,254,951</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables and Other Liabilities	21	26,231,226	15,408,316
Public debts	22a	2,185,957	5,795,459
<b>Total Current Liabilities</b>		<b>28,417,183</b>	<b>21,203,775</b>
<b>Non-current liabilities</b>			
Public debts	22b	69,443,373	64,368,125
<b>Total Non-Current Liabilities</b>		<b>69,443,373</b>	<b>64,368,125</b>
<b>Total Liabilities</b>		<b>97,860,556</b>	<b>85,571,900</b>
<b>Net assets/Equity</b>			
Consolidated revenue fund			
Capital development fund			
Accumulated surplus		137,666,869	98,683,051
<b>Total Net Assets/Equity</b>		<b>137,666,869</b>	<b>98,683,051</b>
		<b>235,527,425</b>	<b>184,254,951</b>

  
**SHEHU ABBAS MU'AZU, CNA**  
 ACCOUNTANT GENERAL - KANO STATE



**STATEMENT OF CASHFLOW**  
 FOR THE YEAR ENDED 31ST DECEMBER 2019

Description	Note	2019	2018
		N'000	N'000
<b>Cash flows from Operating Activities</b>			
<b>Revenue:</b>			
<b>Revenue from Non-exchange Transactions:</b>			
<b>FGN:</b>			
Statutory Allocation (FAAC)	1a	65,223,557	67,446,283
Value Added Tax (VAT)-(FAAC)	1a	19,531,504	19,702,931
Other Receipts (FAAC)	2a	2,995,666	19,127,736
<b>Sub-total</b>		<b>87,750,727</b>	<b>106,276,950</b>
<b>State:</b>			
Taxation Income	5	16,227,862	32,654,600
Other revenue	6	6,344	318,523
<b>Sub-total</b>		<b>16,234,206</b>	<b>32,973,123</b>
<b>Total revenue from Non-Exchange Transactions</b>		<b>103,984,933</b>	<b>139,250,073</b>
<b>Revenue from Exchange Transactions:</b>			
MDAs Revenue	7a	15,567,477	11,457,380
<b>Total revenue from Exchange Transactions</b>		<b>15,567,477</b>	<b>11,457,380</b>
<b>Total Inflows from Operating Activities</b>		<b>119,552,410</b>	<b>150,707,453</b>
<b>Outflows:</b>			
Wages, salaries and employee benefits	9a	(58,082,018)	(56,067,902)
Transport & Travelling		(1,665,182)	(1,226,131)
Utilities General		(630,883)	(867,176)
Materials & Supplies		(2,555,644)	(5,395,431)
Maintenance Services		(957,858)	(402,879)
Training General		(2,603,671)	(324,784)
Other Services		(1,924,626)	(251,290)
Financial General		(26,800)	(32,254)
Fuel & Lubricant		(934,257)	(1,109,500)



**STATEMENT OF CASHFLOW**  
 FOR THE YEAR ENDED 31ST DECEMBER 2019

Description	Note	2019	2018
		N'000	N'000
Miscellaneous General		(13,667,652)	(7,356,136)
Consulting and Professional Services		(315,487)	-
Grants and Other Contributions	10	(7,593,569)	-
Subvention to Parastatals & Agencies		(866,339)	(5,499,502)
Cost of IGR collection	11	(1,615,778)	(1,232,549)
<b>Total outflows from operating activities</b>		<b>(93,439,764)</b>	<b>(79,765,534)</b>
<b>Net cash flows from operating activities</b>		<b>26,112,646</b>	<b>70,941,919</b>
<b>Cash flows from investing activities</b>			
<b>Capital Expenditure:</b>	14b		
Administrative Sector		(920,542)	(894,434)
Economic Sector		(19,286,269)	(223,000)
Law and Justice		(118,523)	(135,146)
Regional Development		-	(40,032,652)
Social Service Sector		(10,964,625)	(28,379,321)
NEWMAP		-	(204,705)
<b>Total Outflows from investing activities</b>		<b>(31,289,959)</b>	<b>(69,869,257)</b>
<b>Net cash flows used in investing activities</b>		<b>(31,289,959)</b>	<b>(69,869,257)</b>
<b>Cash flows from financing activities</b>			
Capital Receipts	3a	10,449,700	
Proceeds from Borrowings	3c	6,085,530	204,705
Repayment of Borrowings	23	(7,008,449)	(6,081,380)
<b>Net cash flows used in financing activities</b>		<b>9,526,781</b>	<b>(5,876,675)</b>
<b>Net Cash Flow from all Activities</b>		<b>4,349,468</b>	<b>(4,804,013)</b>
Opening cash and cash equivalent		13,525,822	18,329,836
Closing cash and cash equivalent		<b>17,875,291</b>	<b>13,525,822</b>

  
**SHEHU ABBAS MU'AZU, CNA**  
 ACCOUNTANT GENERAL - KANO STATE



**STATEMENT OF CHANGES IN NET ASSETS & EQUITY**

FOR THE YEAR ENDED 31ST DECEMBER 2019

Description	Net Asset Accumulated Surplus	Surplus	Total Reserves
	N'000	N'000	N'000
<b>Balance as at 1 January 2019</b>	98,683,051	67,774,992	166,458,043
Opening IPSAS adjustment		(70,885,049)	(70,885,049)
Surplus for the year 2019	-	48,117,651	48,117,651
Gain from Exchange Translation		4,605	4,605
Misclassified Gain from Exchange Translation (2018)		7,662	7,662
Change in fair value of Public Debt	(295,891)	-	(295,891)
Omitted Liability for the year 2018	(6,584,061)	-	(6,584,061)
Omitted Grants Inflow (Partnership Project for Education) for year 2015		8,327,336	8,327,336
Omitted Grants Outflow (Partnership Project for Education) for year 2015		(7,325,997)	(7,325,997)
Omitted Grants Inflow (SLOGOR) for year 2015		2,826,618	2,826,618
Omitted Grants Outflow (SLOGOR) for year 2015		(1,982,442)	(1,982,442)
NEWMAP Overcast for year 2018	(4,194,455)		(4,194,455)
Omitted Unquoted Investments for year 2018	94,509	-	94,509
Salary Arrears of 2018 Paid in 2019		(34,173)	(34,173)
FAAC Statutory for Dec 2017		(3,840,458)	(3,840,458)
FAAC Statutory for Dec 2018		7,262,575	7,262,575
FAAC Other Receipts for Dec 2017		(320,848)	(320,848)
FAAC Other Receipts for Dec 2018		9,764	9,764
Public Debts for Dec 2017	(314,659)		(314,659)
Public Debts for Dec 2018	478,683		478,683
Inventories (Stock) as at 2019	(100,254)		(100,254)
Recognised Life Assets as at 2019	(42,295)		(42,295)
Omission of WAPIC (Investment in Security)		5	5
<b>Balance as at 31 December 2019</b>	<b>87,724,628</b>	<b>49,942,241</b>	<b>137,666,869</b>

**SHEHU ABBAS MU'AZU, CMA**  
 ACCOUNTANT GENERAL - KANO STATE



**STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

Description	Budgeted		Actual Receipts and Payments N'000	Difference Final Budget and Actual N'000
	Original	Final		
	N'000	N'000		
<b>Recurrent Revenue</b>				
<b>Total Recurrent Revenue</b>	<b>158,662,668</b>	<b>158,662,668</b>	<b>119,552,410</b>	<b>(39,110,258)</b>
Internally Generated Revenue	46,901,031	46,901,031	31,795,339	(15,105,692)
Statutory Revenue	62,625,549	62,625,549	65,223,557	2,598,008
Government Share of VAT	21,189,819	21,189,819	19,531,504	(1,658,315)
Other Receipts (FGN)	7,946,269	7,946,269	2,995,666	(4,950,603)
Recurrent loan (Bailout)	20,000,000	20,000,000	-	(20,000,000)
Other Receipts (State)	-	-	6,344	6,344
<b>Total Receipts</b>	<b>61,308,308</b>	<b>61,308,308</b>	<b>30,061,052</b>	<b>(31,247,256)</b>
Miscellaneous General	1,925,000	1,925,000	-	(1,925,000)
Grants General	30,835,613	30,835,613	10,449,700	(20,385,913)
Receipt from loans	28,017,500	28,017,500	6,085,530	(21,931,970)
Treasury Opening Balance	530,195	530,195	13,525,822	12,995,627
<b>Total Recurrent Receipt &amp; Capital Receipt</b>	<b>219,970,976</b>	<b>219,970,976</b>	<b>149,613,462</b>	<b>(70,357,514)</b>
<b>Payments</b>				
Debt Charges	1,447,000	1,447,000	7,008,449	(5,561,449)
Personnel cost	61,421,310	58,237,149	58,082,018	155,131
Overhead cost	24,629,525	27,813,686	33,741,964	(5,928,278)
Capital expenditure	132,473,141	132,473,141	31,289,962	101,183,179
IGR Cost of collection	-	-	1,615,778	(1,615,778)
<b>Total payments</b>	<b>219,970,976</b>	<b>219,970,976</b>	<b>131,738,174</b>	<b>88,232,802</b>
<b>Net receipts</b>	<b>-</b>	<b>-</b>	<b>17,875,291</b>	<b>17,875,291</b>

**SHEHU ABBAS MU'AZU, CNA**  
 ACCOUNTANT GENERAL - KANO STATE



# NOTES TO THE FINANCIAL STATEMENTS



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

**1a FAAC ALLOCATION**

Statutory Allocation  
 Value added tax (VAT)

**Note\***

Statutory received in the year ended 2018

**Less:** Statutory for Dec 2017 Rec in Jan 2018

Eleven months FAAC Received

**Add:** Statutory for Dec 2018 in Jan 2019

Adjusted Statutory for the year 2018

**1b \*Statutory Allocation**

Statutory Allocation received in the year ended 2019

**Less:** Statutory Allocation for Dec 2018 Rec in Jan 2019

Eleven months Statutory Allocation Received

**Add:** Statutory Allocation for Dec 2019 in Jan 2020

Adjusted Statutory Allocation for the year 2019

**1c \*Value Added Tax (VAT)**

Value Added Tax received in the year ended 2019

**Less:** Value Added Tax for Dec 2018 Rec in Jan 2019

Eleven months Value Added Tax Received

**Add:** Value Added Tax for Dec 2019 in Jan 2020

Adjusted Value Added Tax for the year 2019

**Add:** Value Added Tax for Dec 2019 in Jan 2020

Adjusted Value Added Tax for the year 2019

	2019 N'000	2018 N'000
	65,223,557	67,446,283
	19,531,504	19,702,931
	<b>84,755,061</b>	<b>87,149,214</b>
		87,149,214
		(3,840,458)
		<b>83,308,756</b>
		7,262,575
		<b>90,571,331</b>
	65,223,557	
	(5,414,422)	
	<b>59,809,135</b>	
	5,757,239	
	<b>65,566,374</b>	
	19,531,504	
	(1,848,153)	
	<b>17,683,350</b>	
	2,099,918	
	<b>19,783,268</b>	
	2,099,918	
	<b>19,783,268</b>	



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

Statutory allocation is a Federal allocation wherein revenue generated by the federation is shared based on the statutory allocation formula.

The State does not therefore have control on generation, sharing and timing of receipt revenue.

Consequently, statutory allocation is recognized when received except where an obligation has been affected and the receipt of the economic benefit is certain, the revenue is accrued.

Therefore, the accrued receipt of statutory allocation of 2018 and 2019 are now treated retrospectively. Hence, the amount received in January 2018, 2019 and 2020 were taken back to their respective periods of December.

**2a Other Receipts**

Exchange Differential Gain.  
 Excess Bank Charges  
 Goods Values  
 NNPC Additional Refund  
 Forex Equalization Fund  
 Solid Minerals  
 Refund from Faris Club

528,484	13,317
155,293	115,481
534,805	-
97,237	166,685
1,584,701	1,679,329
95,146	
-	17,152,924
<b>2,995,666</b>	<b>19,127,736</b>
	<b>19,127,736</b>
	(320,848)
	<b>18,806,888</b>
	9,764
	<b>18,816,652</b>
2,995,666	
(9,764)	
<b>2,985,901</b>	
11,736	
<b>2,997,637</b>	

**2b Note\***

Other Receipts from FAAC in the year ended 2018  
 less: Other Receipts for Dec 2017 Rec in Jan 2018  
 Eleven months Other FAAC Received  
 Add: Other Receipts for Dec 2018 in Jan 2019  
 Adjusted Other Receipts for the year 2018

Other Receipts from FAAC in the year ended 2019  
 less: Other Receipts for Dec 2018 Rec in Jan 2019  
 Eleven months Other FAAC Received  
 Add: Other Receipts for Dec 2019 in Jan 2020  
 Adjusted Other Receipts for the year 2019



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

Other Receipts are those revenue other than statutory allocation receive from FAAC. They are usually one off. Their receipt is based on statutory allocation formula. The State does not have control on generation and sharing. However, other receipt is recognized when received and accrued.

### 3 Aids and Grants

#### 3a Grants

MDAs/Projects	Amount Available for Expenditure 2019	Expenditure 2019	Balance as at 31st Dec, 2019
<b>3ai Internal Grants</b>			
Yusuf Maitama Sule University	3,401,857	2,619,824	782,034
Kano University of Science and Technology Wudil	1,995,436	1,247,566	747,870
Kano State Pholytechic	570,813	401,484	169,328
Sa'adatu Rimi College of Education	556,694	425,424	131,270
<b>Sub-total</b>	<b>6,524,800</b>	<b>4,694,298</b>	<b>1,830,502</b>
<b>3aii External Grant</b>			
Ministry of Education (BESDA)	1,933,750	191,991	1,741,759
Primary Health Care Management Board	712,652	488,414	224,237
Kano State Aids Control Agency (KSACA)	31,968	31,899	70
State and Local Governance Reform (SLOGOR)	776,760	626,372	150,388
Nigeria Partnership for Education Project	469,770	-	469,770
<b>Sub-total</b>	<b>3,924,900</b>	<b>1,338,676</b>	<b>2,586,224</b>
<b>Total Grants (A)</b>	<b>10,449,700</b>	<b>6,032,974</b>	<b>4,416,726</b>
<b>3b Additional Debts</b>			
<b>3bi Internal Debt</b>			
Power & Aviation Intervention fund (PAIF)	4,918,988		
Budget Support	700,000		
<b>Sub-Total</b>	<b>5,618,988</b>		
<b>Sub-Total</b>	<b>5,618,988</b>		



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

**3bii External Debt**

NEWMAP

APPEALS

**Sub-Total**

**Total Additional Debts (B)**

**Grand total (A+B)**

1,532,500		
2,452,000		
<b>3,984,500</b>		
<b>9,603,488</b>		
<b>20,053,188</b>		

**3c Proceeds from Borrowing**

Power & Aviation Intervention fund (PAIF)

NEWMAP

APPEALS

Budget Support

**Total**

4,918,988		
292,395		
174,147		
700,000		
<b>6,085,530</b>		

**Grants:** These are internal and external inflows and outflows for capital development during the year with respective balances at the end of the financial year.

**Debts:** These are additional debts (loans) contracted in respect of PAIF, NEWMAP and Budget Support. While, APPEALS is a new loan access ed by the State, all of them during the year under review.

**4 Gain from Exchange Traslation (Fair Value Adjustment)**

Description	31st December, 2019	31st December, 2018	GAIN/LOSS (N)
Multi State Road Project	2,832,626	2,875,754	(43,128)
Malaria Control Booster Project	1,764,028	1,790,886	(26,858)
State Education Sector Project	7,200,493	7,310,124	(109,631)
Third National Fadama Project	1,746,444	1,773,034	(26,590)
Health System Development Project	561,621	570,172	(8,551)
Commercial Agriculture Devt. Project	5,328,747	5,409,879	(81,133)
<b>Total</b>	<b>19,433,959</b>	<b>19,729,850</b>	<b>(295,891)</b>

**Note\***

Opening Balance as at 1st January 2019 (31st December 2018)

**Less:** Closing Balance as at 31st December 2019

Gain from Exchange Traslation as at 31st December 2019

19,729,850		
(19,433,959)		
<b>295,891</b>		



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

**5 Taxation Income**

Pay As You Earn (PAYE)	14,579,378	14,903,247
Direct Assessment	338,826	1,648,965
Penalty For Offences	5,272	19,473
Capital Gains Tax	20,408	1,163
Withholding Tax On Dividend	136,152	347,952
Withholding Tax On Rent	106,033	478,449
Withholding Tax On Bank Interest	459,538	577,943
Withholding Tax On Directors Fees	40,623	457,941
Stamp Duties and Penalties	-	62,804
Withholding Tax On Contracts	303,568	729,358
Development Levy	39,918	25,204
Social/ Economic Development Levy	-	10,599,565
Other Direct Taxes	125,114	1,146,253
Road Taxes	-	1,656,285
WHT on Consultancy/Professional Fees	54,198	-
WHT on Commission	17,658	-
WHT on Consumption	624	-
WHT on Royalties	552	-
	<b>16,227,862</b>	<b>32,654,600</b>

Personal income tax is the major source of the State Internally Generated Revenue and its collection is based on actual

**6 Other Revenue**

2018 Salary Refunded in 2019	6,344	318,523
	<b>6,344</b>	<b>318,523</b>

This was salary over paid to some State civil servants in 2018 which had already been expensed in the same year but refunded in 2019. This is in accordance with Kano State Financial Instructions 2004 Section 1341(2 & 3).



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

**7a MDAs Revenues (Revenue from exchange transactions)**

Licences General  
 Fines and Fees General  
 Earning and Sales General  
 Grants General  
**Total MDAs Revenues**  
 Exchange gain

864,495	-	
13,196,021	-	
1,458,676	-	
48,285.27	-	
<b>15,567,477</b>	<b>11,452,775</b>	
-	4,605	
<b>15,567,477</b>	<b>11,457,380</b>	

**7b Note\***

Tota Revenue received by MDAs in 2019  
**Add:** Amount Receivable (Excess Charges/Interest Recovery)  
 Total Internally Generated Revenue by MDAs in 2019

15,567,477		
8,798,363		
<b>24,365,840</b>		

These represent revenue generated through the efforts of the different ministries, departments and agencies in the State. The revenues are generated within the financial year, therefore recognized when received and accrued.

**8 Investments Income**

**i Dividend Received**

Sterling Bank  
 NNDC

**Sub-Total**

3,884	-	
2,565	-	
<b>6,449</b>	-	

**ii Increase in investment**

Niger Delta Power Holding Companies  
 Sterling Bank Plc  
 Access Bank Plc

**Sub-Total**

**Grand Total**

1,515,579	9,665	
474	-	
210	-	
<b>1,516,262</b>	<b>9,665</b>	
<b>1,522,711</b>	<b>9,665</b>	



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

**9a Salaries, Wages and Employee benefits**

Consolidated Revenue Fund (CRF) charges  
 Staff cost- salaries and wages  
 Staff cost- pension defined contribution plan

39,512	-
52,308,945	50,501,132
5,733,560	5,566,770
<b>58,082,018</b>	<b>56,067,902</b>

**9b Note\***

Gross Salry on Payroll + Salary Off Payroll

**Add:**

Salary arreas for 2019 on Payroll

Less: 2018 Salary arreas paid in 2019

**Less:**

2019 Salary Over Payments

Salary Refunded 2019

Adjusted Salary for the year 2019

	58,082,018
	64,418
	<b>58,146,436</b>
	(34,173)
	<b>58,112,262</b>
(1,992)	
(35,350)	(37,342)
	<b>58,074,921</b>

**Salary Arreas Account**

Salary arreas for 2016

Salary arreas for 2017

Salary arreas for 2019 on payroll

**Total Salary Arreas as at 31st December 2019**

372,445
842
64,418
<b>437,705</b>

**Salaries and Wages:** These represent short-term employees' benefits paid to staff under the employment of the State. They include salaries and wages, Salary option, Study Leave, Allowances and other authorized compensations. Therefore, the amount includes CRF charges.

**Defined Contribution Plan:** The State operates defined contribution pension plan for its employees managed by the Kano State Pension Fund Trustees, a body corporate. Under the plan contribution of the fund, Government contributes 17% and employee 8% on total emoluments, as in the Kano State Pension and Gratuity Law 2006.





**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

**10 Grants and Other Contributions**

Grants and Contributions (State)  
 Grants (Capital Receipts)

1,560,595	-	
6,032,974	-	
<b>7,593,569</b>	<b>-</b>	

**11 Cost of IGR Collection**

Kano Internal Revenue Service (8%)  
 Consultants (12%)

1,427,689	802,536	
188,089	430,013	
<b>1,615,778</b>	<b>1,232,549</b>	

The 8% is the cost of operations and Administration of KIRS as provided in the Kano State Revenue Administration Law 2017 as amended, while the 12% is Commission paid to Consultants.

**12 Loss on Foreign Exchange Transactions**

Exchange loss (Deposit with Crown Agent\*)

15,294	3,831	
<b>15,294</b>	<b>3,831</b>	

**Note\***

Crown Agent Balance as at 31st December 2018 (£177341.38 @391.37)  
 Crown Agent Balance as at 31st December 2019 (£177341.38 @477.609)  
 loss on foreign exchange transactions

69,406		
84,700		
<b>(15,294)</b>		

Exchange losses arises as a result of translation of Bank accounts' balances.

**13 Public Debt Charges**

Borrowing Cost

3,372,524	3,163,097	
<b>3,372,524</b>	<b>3,163,097</b>	

This is the cost of borrowing on both internal and external loans.



## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

### **14a Plants Properties and Equipments (PPE)**

Land and Buildings  
 Motor Vehicles  
 Infrastructure Assets  
 Plants and Machineries  
 Office Equipments  
 Furniture and Fixture  
 Life Assets

	<b>Cost</b>	<b>Depreciation</b>	<b>Net Book Value</b>
	8,138,584	(203,465)	7,935,119
	1,026,270	(273,501)	752,769
	17,380,591	(4,345,148)	13,035,443
	12,119	(1,818)	10,301
	3,643,545	(1,011,084)	2,632,461
	11,399	(2,565)	8,834
	42,295	(9,615)	32,680
	<b>30,254,803</b>	<b>(5,847,196)</b>	<b>24,407,607</b>

### **14b Capital Expenditure**

Administrative Sector  
 Economic Sector  
 Law and Justice  
 Regional Development  
 Social Service Sector  
 NEWMAP

	920,542	894,434	
	19,286,269	223,000	
	118,523	135,146	
	-	40,032,652	
	10,964,625	28,379,321	
	-	204,705	
	<b>31,289,959</b>	<b>69,869,257</b>	

In the year under review, expenditure on tangible items that are expected to be used for more than the reporting period were classified as PPE and further reclassified according to their nature or function and sectors.

### **15 Impairment**

Sterling Bank Plc  
 Access Bank Plc  
 Afribank Plc  
 Unity Bank

	-	(1,000)	
	-	(2,213)	
	-	(4,320)	
	(33,783)	(232,604)	
	<b>(33,783)</b>	<b>(240,137)</b>	

During the 2018 Accounts, the figure 94,509 was omitted as quoted investments. The Investments in mega cities is now reclassified as Investment in properties. Dividend Income is a receivable income that is credited to Revenue Account.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

**16 Investments in Securities**

**a Quoted Investments**

Sterling (NAL Marchant Bank Plc)	10,474	10,000
Access Bank Plc (Intercontinental Bank)	655	445
Unity Bank	50,281	84,064
WAPIC Insurance Plc	5	-
<b>Sub total</b>	<b>61,414</b>	<b>94,509</b>

**b Unquoted Investments**

NNDC	51,300	51,300
KSIP	456,000	456,000
Dala Building	1,232,864	1,232,864
Sovereign Welth Fund	4,631,439	3,115,861
Niger Delta Power Holding Company	19,388	19,388
Housing Corporation (Sheikh Nasiru Kabara, Sheikh Isyaka Rabiou & Sheikh JAafar)	-	23,912,247
<b>Sub total</b>	<b>6,390,991</b>	<b>28,787,659</b>

**Grand Total**

**6,452,405**      **28,787,659**

**Note\***

Investment in Securities as at Dec 2018	28,787,659
<b>Add:</b> Ommited Quoted Investment figure as at Dec 2018	94,509
Adjusted Investments as as 31st December 2018	<b>28,882,168</b>
<b>Less:</b> Housing Corporation(Sheikh Khalifa I. Rabiou, Sheikh N. Kabara & Sheikh Jaafar)	23,912,247
Revised Total Investment in Securities as at 31st December 2018	<b>4,969,921</b>

**17 Investments in Properties**

Housing Corporation (Sheikh Khalifa I. Rabiou, Sheikh N. Kabara & Sheikh Jaafar)	23,912,247	23,912,247
	<b>23,912,247</b>	<b>23,912,247</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

### 18 Inventories (Stock)

#### MDA

	Amount
MIN. OF INFOR	22
KSSSSMB	642
KANO STATE CUMPUTER CENTRE	49
OFFICE OF AUD. GEN. FOR LOCAL GONT.	143
OFFICE OF DEPT. GOVERNOR	1,399
DIRECTORATE OF YOUTH DEV. & ECONOMIC EMPOWERMENT	1
MIN. OF ENVIRONMENT	42
KSCHMA	1,812
SCIENCE & TECH. SCH. BOARD	1,281
HISBAH BOARD	242
GOVERNMENT HOUSE	2,383
REMASAB	22,829
KANSIEC	293
MINISTRY OF FINANCE	798
KANO STATE SCHOLARSHIP BOARD	193
KANO STATE TRANSPORT AUTHORITY	573
OFF. OF THE HEAD OF CIVIL SERVICE	220
SHARIA COURT OF APPEAL	2,030
PRIMARY HEALTH CARE MGT. BOARD	5,090
MINISTRY FOR LOCAL GOVT.	67
STATE UNIVERSAL BASIC EDU. BOARD (SUBEB)	70
SCHOOL OF HYGING	593
MINISTRY OF BUDGET AND PLANING	839
MINISTRY OF WATER RESOURCE	9,958
MINISTRY OF FINANCE	43,339
KANO STATE POLYTECHNIC	287
KANO STATE PENSION FUND TRUSTEES	1,324
KANO STATE PILGRIMS WELFARE BOARD	53
MINISTRY OF JUSTICE	88
KHEDCO	3,594
<b>TOTAL</b>	<b>100,254</b>



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

**19 Cash and cash equivalents**

Treasury Bank Balances

MDAs Bank Balances

Deposit with Crown Agent\*

Capital Receipts (Grants) Balances

8,795,964

4,752,048

84,700

4,242,579

9,041,774

4,414,642

69,406

**17,875,291**

**13,525,822**

\*Deposit in Crown Agent represents fund deposited in United Kingdom Bank Account.

**20 Receivables**

Revolving Loans Granted

FAAC Arrears:

Investments Income

Salary Refund Arrears

IGR Receivables (NELMCO)

Grants Receivables

1,301,914

7,868,893

6,449

1,992

8,798,362

3,963,971

1,089,438

**21,941,581**

**1,089,438**

Revolving loan constitute vehicle loan given to Kano State civil servants.

Small Scale loans are loan given to SMEs through Ministry of Commerce.

Luxury Busses and Taxis distributed to the general public on loan basis.

Additionally, FAAC arrears are State share of statutory allocation and other receipts of December 2019 received in January 2020.

Investment income comprise Dividend income receivable on quoted investments.

Grants receivables are future receipts of grants.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

**21 Payables and other liabilities**

Kano State Pension Fund Trustees  
 Treasury Clearance Account  
 Contractors Liabilities  
 Salary Arrears  
 Public Debt (FAAC)

79,773	-
11,093,535	11,093,535
13,960,896	4,314,781
437,705	-
659,316	-
<b>26,231,226</b>	<b>15,408,316</b>

**Note\***

Contractors Liabilities as per 2018 Account  
 Add: Ommitted Liability for the year 2018  
 Restated closing balance as at 31st Dec, 2018

	4,314,781
	6,584,061
	<b>10,898,841</b>

**Liability for the year 2019:**

Contractors  
 Retention

8,117,752
101,192

Add: Liability for 2018

<b>8,218,945</b>
10,898,841

Total liability for the year 2019

<b>19,117,786</b>
-------------------

Settlement during the year (2019)

(5,156,890)
-------------

**Outstanding liability as at 31st December 2019**

<b>13,960,896</b>
-------------------

**Kano State Pension Fund Trustees**

The amount removed from the financial statements represents the liabilities of the Pension Fund Trustees as the end of the prior year contrasted with the Trustees' value of investments. The amount was brought in erroneously and now removed as the State does not have further pension liability in excess of its share of unpaid contribution which is reported as current liability. Furthermore, the State does not have control over the assets of the Trustees as the assets belongs to the State Pension Board.

**Treasury Clearance Account**

This represents the third-party transaction of the State, such as VAT, Withholding Tax, Stamp Duty, Union dues, Party contributions, pension contributions etc.

**Contractors Liabilities**

These represents the value of the unpaid certificates of work done by the contractors.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

**22 Public Debts**

Internal debts  
 External debts

48,311,703	45,630,884
23,317,627	24,537,304
<b>71,629,330</b>	<b>70,168,188</b>

**22a Current**

Internal Debts  
 External Debts  
 Foreign Exchange Gain

2,184,176	4,934,898
1,781	865,166
-	(4,605)
<b>2,185,957</b>	<b>5,795,459</b>

**22b Non-current**

Internal Debts  
 External Debts

46,127,527	40,695,987
23,315,846	23,672,138
<b>69,443,373</b>	<b>64,368,125</b>
<b>71,629,330</b>	<b>70,163,584</b>

**Note\***

NEWMAP balance as per 2018 Accounts (Over Stated)  
 Less: Correct Amount as per Initial Provision  
**NEWMAP Over Stated amount in 2018 Accounts**

4,807,455
(613,000)
<b>4,194,455</b>

**Public debts consist of six Internal loans and seven external loans.**

**Internal Loans**

**a. Salary Bail-Out:** It was contracted in 2015 as part of the intervention program of the Nigeria's Federation to assist States settle backlog of staff salary and pension arrears. It was borrowed on conditions of 20 years repayment at the rate of 9% per annum on reducing balance method.

**b. Excess Crude-Oil Account (ECA) Loan:** It is also known as 'Infrastructure Loan'. It was borrowed to finance infrastructural deficit in States, under the conditions of 20 years repayment period at 9% per annum using Straight line method with monthly ISPO of N89Million.

**c. Power and Aviation Intervention Fund (PAIF):** This is also a loan for establishment of Independent Power Project (IPP) to be managed by Kano Hydro and Energy Development Company Ltd (KHEDCO). It was contracted with 10 years repayment periods at a rate of 7% per annum, with default rate of 2% and monthly ISPO of N116Million.





## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

**d. Budget Support Facility:** It was granted to most States of the Federation by the Federal Government of Nigeria to assist the States in improving their Budget performances and ensure achievement of Fiscal Sustainability Plan (FSP). At the rate of 9% per annum and repayable in 20 years.

**e. Small and Mediums Enterprises (SMEs) Loan:** This amount was borrowed for Kano State Micro Finance Agency (KASMA) under CBN SMEs scheme. With a view to subsequently lent out to various SMEs to boost their capital base in order to stimulate State's economic growth and development.

### **External Debts**

**a. Multi-State Road Project (MSRP):** It is a multilateral Loan borrowed from International Development Agency (IDA), since 1992 during the old Kano State. It was contracted to finance construction of roads network across the States. The loan is subject to 0.5% and 0.75% per annum as commitment and service fees respectively. It has 40 years repayment periods including 10 years moratorium period and denominated in Special Drawn Right (SDR/XDR).

**b. State Education Sector Project (SESP):** This is also a Multilateral Loan from IDA for boosting infrastructure in the Educational Sector, with Commitment and service fees of 0.5% and 0.75%. The duration is 30 years repayment periods, with a moratorium of 10 years. It was conytracted in 2005.

**c. Health System Development Project (HSDP):** the loan is to assist the Nigerian Health sector to address serious deterioration in delivery of basic health care services. It was signed in 2009 with the duration of 35 years and moratorium period of 10 years, at 0.75% service charges.

**d. Commercial Agriculture Development Project (CADP):** It was contracted in July, 2009 repayable in 40 years, including 10 years moratorium period with a commitment charge of not more than 0.5% per annum payable on undisbursed amount and service charges of not more than 0.75% per annum payable on amount accessed from the credit. The objective of the loan is to strength agricultural production system and facilitate access to market for small and medium scale commercial farmers engaged in targeted agricultural value chain.

**e. Malaria Control Booster Project (MCBP):** As multilateral debt borrowed from IDA with objectives of ensuring that the target population has access to, and utilization of well-defined package of Malaria Plus (MPP) intervention and to strengthen Federal and States ability to manage and oversee delivery of malaria plus interventions. It was signed in 2007 with commitment and service fees as applicable to other IDA loans.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2019

**f. Fadama III:** It was signed in 2009 to facilitate development of Fadama farming in the State. Being a multilateral loan from IDA with commitment and service fees as applicable to other subsidized loans of the Agency.

**g. Nigeria Erosion & Watershed Management Project (NEWMAP):** It is designed to support the country's transformation agenda to achieve greater environmental and Economic security.

Some of the State's investments in both quoted and unquoted companies were impaired as a result of economic fluctuations and Bank restructuring in Nigeria which resulted to not only reducing the value of shares but losing the entire interests in some banks due to liquidation. Therefore, an increase in share value was recorded in the NDPHC in year 2017 as such the increased amount was debited in the allowance account and credited in the equity account.

**23 Repayment of Borrowings**

Repayment of Borrowings

**Note\***

Loan Repayment for the year ended 2018  
 less: Repayments for Dec 2017 Paid in Jan 2018  
 Eleven months Loan Repayments (FAAC Deduction)  
 Add: Repayments for Dec 2018 Paid in Jan 2019  
 Adjusted Loan Repayments for the year 2018

Loan Repayment for the year ended 2019  
 less: Repayments for Dec 2018 Paid in Jan 2019  
 Eleven months Loan Repayments (FAAC Deduction)  
 Add: Repayments for Dec 2019 Paid in Jan 2020  
 Adjusted Loan Repayments for the year 2019

	7,008,449	6,081,380
	<b>7,008,449</b>	<b>6,081,380</b>
		6,081,380
		(314,659)
		<b>5,766,721</b>
		478,683
		<b>6,245,403</b>
	7,008,449	
	(478,682)	
	<b>6,529,767</b>	
	<b>659,316</b>	
	<b>7,189,083</b>	

*This comprises the principal amount and interest charged on borrowing.*