



KADUNA STATE GOVERNMENT ACCRUAL BASIS IPSAS REPORTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

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FOREWORD

This report marks yet another landmark event designed to showcase the culture of accountability and transparency in governance, institutionalized by the administration of Mallam Nasir El-Rufai. It is an indisputable fact that this administration has achieved more than the aggregate performance of all the previous administrations in the areas of social services, urban renewal, rural development, healthcare, education, housing, justice, transport, agriculture and emergency services.

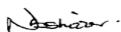
The recent creation of three Metropolitan Authorities is a significant milestone aimed at inching governance closer to the grassroots to cater for the social and infrastructure needs of the hitherto unseen and unheard hinterland residents. Within just a few months, the Metropolitan Authorities' undeniable impacts have been felt and it continues to resonate among the target demographics.

There are many fiscal accomplishments in the year under review. Notwithstanding the security challenges facing the entire North West Zone of the Country, the State achieved an aggregate revenue against budget of 96.1%. This is obviously due to the entrepreneurial governance strategy of the current administration, having laid a solid foundation for commerce and innovation across the business touchpoints in the State.

The year 2022 presented a unique valedictory opportunity to consolidate on all the governance building blocks pioneered by this administration since 2015. Mallam Nasir El-Rufai has shown courage and commitment and has spared no energy at ensuring speedy completion of all ongoing projects even during the twilight of this administration.

Economy, efficiency and effectiveness continue to pervade the entire administration with actual recurrent expenditure at 79% of the final budgeted amounts. This is an improvement in operational efficiency over the previous period and has allowed the government channel resources to areas of maximum impacts. The State sustained the impressive streak in the deployment of Capital Expenditure with a 90% execution on the original Capital Budget.

Since 27th May, 1967 that Kaduna State was created as a North-Central State and ever since she achieved its current borders in 1987, Kaduna State has never had it this good in spite the myriads of challenges of Covid19, depressed Oil earnings, insecurities and so on. Kaduna State posterity and prosperity have been firmly established by the administration of Mallam Nasir El-Rufai, for good!



Shizzer Bada Acting Commissioner of Finance

RESPONSIBILITY FOR FINANCIAL STATEMENTS



OFFICE OF THE ACCOUNTANT GENERAL
MINISTRY OF FINANCE
KADUNA STATE, NIGERIA

The Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN). As indicated in the Notes to the Financial Statements, the year 2022 Financial Statements is three years beyond the three years transitional relief period of IPSAS 33 (First Time Adoption of Accrual Basis IPSAS) but due to the inconclusive valuation of legacy assets, certain transitional exemptions still apply.

As the Accountant General, and the State's Accounting Officer for receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Accrual Basis IPSAS Financial Statements.

To fulfil these responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgments and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded to prevent fraud and irregularities with resources are safeguarded.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Kaduna State Government as at 31st December 2022 and its Operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS 33 and the Guidelines issued by the FAAC Technical Sub Committee on IPSAS Implementation.

Shizzer Bada B.Sc. (Hons.), MBA, CPA(Ireland), FCNA, FCTI, FWASCA, MNIM, CMC, ACCA IPSAS Certified (UK)

FRC/2019/002/00000020054

Accountant General, Kaduna State

30th January, 2023

AUDIT CERTIFICATE

OFFICE OF THE AUDITOR - GENERAL KADUNA STATE

No. 14A Abdulrahaman Okene Road,
(Formerly Lafia Road)
P.M.B. 2018, Kaduna.



E-mail: oagkadunastate@gmail.com

Ref: _____

Date: _____

AUDIT CERTIFICATE:

The Financial Statement of the Government of Kaduna State of Nigeria for the year ended, December, 31st 2022 have been audited in accordance with the section 125 (2) of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) and the Kaduna State Audit Law of No.9 of 2021(as amended).

The audit was conducted in accordance with the International Standards on Auditing and INTOSAI Audit Standards.

In the course of the audit, I evaluated the overall adequacy of the information presented in the General-Purpose Financial Statements which were prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as described in Note 2.2. I have obtained information and explanation(s) that to the best of my knowledge, was relevant and necessary for the purposes of the audit. This audit has provided me with reasonable evidence and assurances which formed basis of my independent opinion.

In my opinion, the Financial Statements which were in agreement with the books of accounts and records show a true and fair view of the Financial Position of the Government of Kaduna State for the year ended, December, 31st, 2022 and the transactions for the fiscal year ended on that date.

Special Opinion.

The State is eligible to receive financing from the World Bank subject to performance against predefined criteria in the State Fiscal Transparency, Accountability and Sustainability (SFTAS) and Sustainable Urban and Rural Water Supply, Sanitation and Hygiene(SURWASH) programs. The expenditure frameworks [and receipts] are detailed in "Other Reports (see Table of Content) in the attached General Purpose Financial Statements of Kaduna State Government. In my opinion, the Schedules shown in "Other Reports" present fairly, in all material respects, the expenditures incurred [and funds received] against the SFTAS and SURWASH Programs by the State for the year ended December, 31,2022 in accordance with IPSAS as described in Note 2.2.

 27.09.2023

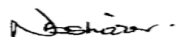
ABUBAKAR ABDULLAHI, FCNA, ACTI, ACCrFA
FRCN/2020/002/00000021957
Auditor-General

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE PERIOD ENDED 31 DECEMBER 2022

STATEMENT No. 1

	NOTES	31 Dec. 2022 N'000	31 DEC. 2021 N'000
Revenue			
Non Exchange Transactions	3	182,111,968	145,540,862
Exchange Transactions	4	62,312,365	37,675,476
Total Revenue		244,424,332	183,216,338
Expenses			
Consulting and professional services	5	6,190,382	3,828,080
Employee benefits	6	56,467,648	37,854,073
Fuel and lubricants	7	396,329	532,742
Grants and contributions	8	6,252,619	5,606,502
Insurance	9	-	49,913
Materials and supplies	10	6,112,244	8,732,683
General expenses	11	7,548,256	2,470,525
Other services	12	-	191,865
Repairs and maintenance	13	447,769	307,012
Security and safety	14	4,535,229	4,635,459
Social benefits	15	10,711,055	1,091,447
Training and human capital development	16	2,347,979	1,247,930
Travel and transport	17	1,868,865	1,066,368
Utilities	18	290,588	1,807,039
Waste Management and Disposal	19	475,694	1,208,898
Depreciation and amortisation	20	10,138,501	9,629,233
		113,783,159	80,259,769
Excess of income over expenses before interest		130,641,174	102,956,569
Interest Expense	21	5,271,032	5,196,285
Surplus for the period		125,370,142	97,760,284



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30th January, 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

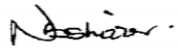
AS AT 31 DECEMBER, 2022

STATEMENT No. 2

DESCRIPTION	NOTES	31 Dec. 2022 N'000	31 DEC. 2021 N'000
ASSETS			
CURRENT ASSETS			
Inventory	22	904,919	2,828,600
Receivables	23	49,106,614	45,460,991
Reimbursables from the Federal Government	24	600,000	4,907,500
Cash and cash equivalents	25	7,733,140	9,338,174
Prepayments	26	-	7,166,839
TOTAL CURRENT ASSETS		58,344,673	69,702,104
NON CURRENT ASSETS			
Property, Plant and Equipment	27	4,071,955,992	3,952,125,799
Investment Property	28	3,027,071	3,109,326
Biological Assets	29	20,385,926	20,324,631
Intangible Assets	30	3,673,608	3,551,231
Available for sale financial assets	31	19,893,501	14,214,336
TOTAL NON CURRENT ASSETS		4,118,936,099	3,993,325,323
TOTAL ASSETS		4,177,280,772	4,063,027,427
LIABILITIES			
CURRENT LIABILITIES			
Liabilities and Accruals	32	7,546,900	11,552,119
Provisions	33	7,717,671	1,501,461
Financial Liabilities	34	828,728	765,216
TOTAL CURRENT LIABILITIES		16,093,300	13,818,796
NON CURRENT LIABILITIES			
Financial Liabilities	34	302,558,837	302,331,732
Employee Benefits	35	129,941,864	149,239,434
TOTAL NON CURRENT LIABILITIES		432,500,701	451,571,166
TOTAL LIABILITIES		448,594,001	465,389,962
NET ASSETS/EQUITY		3,728,686,771	3,597,637,465

NET ASSETS/EQUITY

Accumulated surplus	35	3,713,357,507	3,587,987,366
Available for sale reserves	36	15,329,264	9,650,099
NET ASSETS/EQUITY		3,728,686,771	3,597,637,465



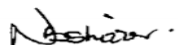
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30th January, 2023

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER, 2022

STATEMENT No. 3	31 Dec. 2022	31 DEC. 2021
	N'000	N'000
Surplus/(Deficit) for the period	125,370,142	97,760,284
Add back:		
Depreciation and amortisation	10,138,501	9,629,233
Impairment (gain)/loss of Biological Assets		-
Interest expense	5,271,032	5,196,285
Changes in working capital		
Inventories	1,923,681	(1,135,666)
Increase in receivables	661,877	(7,187,975)
Decrease in prepayments	7,166,839	14,579,099
Increase/(decrease) in liabilities and accruals	(4,005,219)	(2,976,911)
(Decrease)/Increase in provisions	6,216,210	(1,430,739)
Increase in employee benefits	(19,297,570)	10,942,978
Cash generated from operations		125,376,588
Interest paid	(5,271,032)	(5,196,285)
Net Cash Flow from Operating Activities	128,174,461	120,180,303
 Cash flow from investing activities		
Land	-	(827,892)
Building	(47,713,397)	(58,831,039)
Furniture and fittings	(5,368,528)	(3,647,153)
Road infrastructure	(49,613,558)	(75,314,349)
Water infrastructure	(5,285,398)	(9,818,089)
Vehicle	(6,072,324)	(4,710,488)
Equipment	(15,607,696)	(5,896,293)

Plant	(89,859)	(5,594,620)
Purchase of Biological Assets	(61,295)	(6,782,536)
Purchase of Intangible Assets	(258,058)	(1,340,819)
Investment property	-	(1,301,079)
Redemption/(Purchase) of Financial Assets		82,779
Net Cash Flow from Investing Activities	(130,070,112)	(173,981,579)
Financing activities		
Principal loan repayment	(16,691,327)	(3,622,166)
Long term borrowings	16,981,944	52,462,665
DMO Reconciliation		-
Net Cash Flow from Financing Activities	290,617	48,840,499
Opening balance of cash and cash equiv	9,338,174	14,298,952
Net changes in cash and cash equiv	(1,605,034)	(4,960,778)
Closing balance of cash and cash equiv	7,733,140	9,338,174



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30th January, 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2022

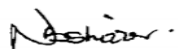
STATEMENT No. 4

AS AT 31 DECEMBER 2022	Accumulated Surplus N'000	Available for sale reserve N'000	Total N'000
Opening balance	3,587,987,365	9,650,099	3,597,637,465
Surplus for the period	125,370,142	-	125,370,142
Fair value change in Financial Assets 37	-	5,679,165	5,679,165
Net change in transitional adjustments 38	-	-	-
Closing balance	3,713,357,507	15,329,264	3,728,686,771

STATEMENT OF CHANGES IN EQUITY/NET ASSETS

STATEMENT No. 4

AS AT 31 DECEMBER 2021	Accumulated Surplus N'000	Available for sale reserve N'000	Total N'000
Opening balance	221,708,170	2,810,676	224,518,847
Surplus for the period	97,760,284	-	97,760,284
Fair value change in Financial Assets 37	-	6,839,423	6,839,423
Net change in transitional adjustments 38	3,268,518,911	-	3,268,518,911
Closing balance	3,587,987,365	9,650,099	3,597,637,465



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30th January, 2023

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (PREPARED ON CASH BASIS)

FOR THE PERIOD ENDED 31 DECEMBER 2022

STATEMENT No. 5	2022 Initial Budget	2022 Final Budget	2022 Actual	Variance (Final Budget & Actual)
	N'000	N'000	N'000	N'000
Revenue from Non Exchange Transactions				
Statutory Allocation	58,259,931	58,259,931	54,735,434	(3,524,498)
Value Added Tax Allocation	24,955,553	24,955,553	33,765,567	8,810,014
Aids and Grants	48,027,731	63,317,009	39,779,500	(23,537,509)
Direct Taxes	35,615,077	35,615,077	51,556,988	15,941,911
Licenses	2,116,784	2,116,784	1,473,062	(643,722)
Penalties	688,300	688,300	434,804	(253,496)
Fines	212,850	212,850	96,630	(116,220)
Sub Total (A)	169,876,226	185,165,504	181,841,985	(3,323,519)
Revenue from Exchange Transactions				
Fees	21,071,251	21,071,251	5,920,983	(15,150,267)
Sales	18,486,820	18,486,820	13,587,242	(4,899,577)
Interest Income	352,805	352,805	44,768	(308,036)
Rent	5,989,006	9,989,006	3,972,953	(6,016,053)
Sub Total (B)	45,899,881	49,899,881	23,525,947	(26,373,934)
Total Revenue (A + B) = C	215,776,107	235,065,385	205,367,932	(29,697,453)
Other Budget Financing				
Development Partners	20,265,349	32,265,349	16,981,944	(15,283,405)
Beginning Balance	42,540,402	42,540,402	9,338,174	(33,202,228)
Sub Total (D)	62,805,751	74,805,751	26,320,118	(48,485,633)
Total Budget Financing (C + D)	278,581,858	309,871,136	231,688,050	(78,183,087)
Expenditure budgeted by nature of cost				
Personnel Cost	60,924,667	61,392,595	56,397,014	(4,995,581)
Overhead Charges	33,125,676	51,638,960	32,874,902	(18,764,057)
Sub total	94,050,343	113,031,554	89,271,916	(23,759,638)

Capital Expenditure by Sectors

Sub-Sector: Economic

Ministry of Agriculture	2,254,630	1,262,093	1,061,710	(200,383)
Kaduna State Agricultural Development Agency (KADA)	31,207	196,207	165,055	(31,152)
Kaduna State Livestock Regulatory Authority	38,589	38,589	32,462	(6,127)
Ministry of Business, Innovation and Technology	1,435,986	1,308,250	1,100,538	(207,711)
Industrialization and Micro Credit Management Board	1,316,704	790,622	665,094	(125,527)
Kaduna State Market Development and Management Company	-	-	-	-
Kaduna State Mining Development Company	84,884	100,443	84,496	(15,947)
Ministry of Housing and Urban Development	5,794,801	6,570,249	5,527,088	(1,043,162)
Kaduna State Urban Planning and Development Authority (KASUPDA)	439,554	449,554	378,178	(71,376)
Kaduna State Mortgage Foreclosure Authority	3,557	3,557	2,993	(565)
Kaduna State Facilities Management Agency(KADFAMA)	2,552,578	3,659,924	3,078,837	(581,088)
Ministry of Public Works and Infrastructure	11,458,584	10,876,168	9,149,354	(1,726,814)
Kaduna Roads Agency (KADRA)	12,092,839	20,204,195	16,996,366	(3,207,829)
Kaduna State Traffic Law Enforcement Agency (KASTLEA)	173,536	173,536	145,984	(27,552)
Kaduna State Power Supply Company (KAPSCO)	5,164,379	2,901,379	2,440,726	(460,653)
Kaduna State Transport Regulatory Authority	55,282	55,282	46,505	(8,777)
Total for Economic Sub-Sector	42,897,110	48,590,050	40,875,385	(7,714,665)

Sub-Sector: Social

Education

Ministry of Education	13,124,040	24,232,934	20,385,459	(3,847,474)
Kaduna State University (KASU)	3,808,005	3,409,586	2,868,245	(541,342)
College of Education, Gidan Waya	1,192,400	989,200	832,145	(157,056)
Kaduna State Library Board	13,333	13,333	11,216	(2,117)
Kaduna State Scholarship Board	3,228,536	902,005	758,793	(143,212)
State Universal Basic Education Board (SUBEB)	18,808,159	22,300,117	18,759,517	(3,540,600)
Nuhu Bamalli Polytechnic, Zaria	1,495,296	1,625,296	1,367,247	(258,049)
Sub-Total Education	41,669,769	53,472,472	44,982,622	(8,489,849)

Health

Ministry of Health	15,657,125	11,444,805	9,627,708	(1,817,097)
Kaduna State College of Nursing and Midwifery	269,406	184,289	155,030	(29,260)
Kaduna State Primary Health Care Development Agency	5,779,453	6,441,633	5,418,892	(1,022,741)
Kaduna State Health Supplies Management Agency (KADHSMA)	3,864,394	3,114,394	2,619,920	(494,474)
Kaduna State AIDS Control Agency (KADSACA)	20,273	20,273	17,054	(3,219)
Barau Dikko Teaching Hospital, Kaduna	1,664,752	1,358,224	1,142,578	(215,646)
Kaduna State Contributory Health Management Authority (KACHMA)	840,000	1,359,425	1,143,588	(215,836)
Bureau for Substance Abuse, Prevention and Treatment	539,408	342,408	288,043	(54,364)
Sub-Total Health	28,634,810	24,265,450	20,412,813	(3,852,637)

Social Development

Ministry of Sports Development	470,000	238,050	200,255	(37,795)
Ministry of Human Services and Social Development	5,443,272	2,543,272	2,139,476	(403,796)
Kaduna State Rehabilitation Board	147,000	147,000	123,661	(23,339)
Community and Social Development Agency	1,307,579	374,550	315,083	(59,468)
Ministry for Local Government Affairs	3,242,620	2,742,620	2,307,173	(435,447)
Rural Water Supply and Sanitation Agency (RUWASSA)	4,643,434	4,643,434	3,906,194	(737,240)
Kaduna State Water Service Regulatory Commission	17,039	17,039	14,334	(2,705)
Ministry of Environment and Natural Resources	3,145,479	3,145,479	2,646,070	(499,409)
Kaduna Environmental Protection Authority (KEPA)	955,583	1,423,999	1,197,910	(226,089)
Sub-Total Social Development	19,372,006	15,275,443	12,850,154	(2,425,289)

Sub-Sector: Regional

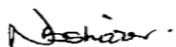
Metropolitan Authorities	17,000,000	21,000,000	17,665,820	(3,334,180)
Sub-Total Regional	17,000,000	21,000,000	17,665,820	(3,334,180)

Sub-Sector: General Administration

Executive

Kaduna Investment Promotion Agency (KADIPA)	183,444	183,444	154,318	(29,125)
Kaduna State Public Procurement Agency (PPA)	150,291	150,291	126,429	(23,862)
Kaduna Geographic Information Service (KADGIS)	4,472,679	5,967,548	5,020,078	(947,470)
Kaduna State Media Corporation (KSMC)	988,256	988,256	831,350	(156,906)
Government Printing Department	20,015	20,015	16,838	(3,178)
Office of the Head of Service	4,673,461	2,375,147	1,998,044	(377,103)

Ministry of Finance	12,127,511	9,788,165	8,234,094	(1,554,072)
Kaduna State Internal Revenue Service (KADIRS)	94,036	94,036	79,106	(14,930)
State Independent Electoral Commission (SIECOM)	92,477	92,477	77,794	(14,683)
Ministry of Internal Security and Home Affairs	2,711,866	5,848,004	4,919,514	(928,490)
Sub-Total Executive	25,514,036	25,507,384	21,457,565	(4,049,819)
Governance				
Kaduna State Planning and Budget Commission (PBC)	2,929,379	2,929,379	2,464,280	(465,099)
Kaduna State Bureau of Statistics	213,880	213,880	179,922	(33,958)
Kaduna Residents Identification Management Agency (KADRIMA)	364,525	364,525	306,649	(57,876)
Ministry of Justice	46,746	46,746	39,324	(7,422)
Sub-Total Governance	3,554,530	3,554,530	2,990,176	(564,354)
Law and Justice				
Judicial Service Commission	123,141	123,141	103,590	(19,551)
High Court of Justice	554,347	554,347	466,333	(88,014)
Cutomary Court of Appeal	150,248	150,248	126,393	(23,855)
Sharia Court of Appeal	350,246	350,246	294,638	(55,609)
Sub-Total Law and Justice	1,177,982	1,177,982	990,953	(187,029)
Legislature				
Kaduna State Assembly Service Commission	129,072	129,072	108,579	(20,493)
Kaduna State Legislature	4,582,199	3,867,199	3,253,202	(613,997)
Sub-Total Legislature	4,711,271	3,996,271	3,361,781	(634,490)
Grand Total	184,531,515	196,839,582	165,587,270	(31,252,312)



Shizzer Bada B.Sc. (Hons.), MBA, CPA(Ireland), FCNA, FCTI, FWASCA, MNIM, CMC, ACCA IPSAS Certified (UK)
30th January, 2023

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES



1. General information

The State financial statements for the year ended 31 December 2022 were authorized for issue by the Accountant General on *****. Kaduna State Government's (KDSG's) principal activities are the provision of social, infrastructure, educational, housing, justice, transport, agricultural and health services, waste management and emergency services. The State's registered office is located at Independence Way, Kaduna North, Nigeria.

2.1 Statement of compliance with IPSAS and transitional explanations

The Federal Executive Council of Nigeria approved the adoption of International Public Sector Accounting Standards (IPSAS) in July 2010. Public Sector Entities were required to adopt, prepare and present 2016 Financial Statements using Accrual Basis IPSAS and Kaduna State was in compliance with Accrual Basis IPSAS from that date. IPSAS therefore became the National Standards in the Public Sector from 2016 and all references to National Standards, if any, refers to the International Public Sector Accounting Standards (IPSAS).

The financial statements have been prepared in accordance with accrual basis International Public Sector Accounting Standards (IPSASs). IPSAS 33 (First Time Adoption of Accrual Basis IPSAS) allows KDSG a period of up to three years to recognize and/or measure certain assets and/or liabilities. The Government has made significant progress in the identification and measurement of legacy assets leading to the inclusion of Property, Plant and Equipment worth over Three Trillion Naira (please see transitional adjustments in Note 38). The exercise remains a work in progress.

As a result of the inconclusive nature of the recognition and measurement of legacy assets, KDSG is unable to make an explicit and unreserved statement of compliance with accrual basis IPSASs in preparing its transitional IPSAS financial statements for this reporting period.

The State financial statements are presented in Nigerian Naira, which is the functional and reporting currency and all values are rounded to the nearest thousand except where the thousand sign (N'000) is not indicated. The accounting policies have been consistently applied to all the years presented.

The State financial statements are prepared on an accrual basis, except for the Statement of Cash flows and the Statement of Budget comparison with actual amount.

2.2 Summary of significant accounting policies

a) Consolidation

Controlled entities

The controlled entities are all those entities over which KDSG has the power to govern their financial and operating policies. The entities are Kaduna State Property Development Company, Kaduna Investment and Finance Company Limited, Kaduna State Market Development and Management Company Limited, Kaduna State Transport Authority. These controlled entities are fully consolidated from the date in which control is attained by KDSG. They are de-consolidated from the date that control ceases. Inter-entity transactions, balances and unrealized gains and losses on transactions between members of the State are eliminated in full. The accounting policies of the controlled entities are consistent with the policies adopted by KDSG.

b) Interest in joint venture and associates

Where the State has an interest in a joint venture which is a Joint Arrangement, whereby the venturers have a binding arrangement that establishes joint control over the economic activities of the entity, the State recognizes its interest in the joint venture using the equity method of consolidation. Under the equity method, on initial recognition the investment in an associate or a joint venture is recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the surplus or deficit of the investee after the date of acquisition. The investor's share of the investee's surplus or deficit is recognized in the investor's surplus or deficit. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's equity that have not been recognized in the investee's surplus or deficit. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The investor's share of those changes is recognized in net assets/equity of the investor.

KDSG has neither associates nor joint ventures as at 31st December, 2022.

c) Current versus non-current classification

KDSG presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The State classifies all other liabilities as non-current.

d) Revenue recognition

Revenue from non-exchange transactions

Taxes and transfers

The State recognizes revenues from taxes and transfers when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

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

Revenue from exchange transactions

Rendering of services

The State recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours or cost incurred to date as a percentage of total estimated labor hours or total cost.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the State.

Interest income

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

Dividends

Dividends or similar distributions are recognized when the shareholder's or the State's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties (from irrigations and other properties) is accounted for on a straight-line basis over the lease terms and included in revenue.

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time the cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment properties primary comprise irrigation assets and other rental yielding buildings.

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 a 40-year period.

Investment properties are derecognized either when they have been disposed of 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 amount of the asset is recognized in the surplus or deficit in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use.

f) Property, plant and equipment

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 items. When significant parts of property, plant and equipment are required to be replaced at intervals, the State recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major overhaul is performed, its cost is recognized in the carrying amount of the 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. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Buildings	45 - 55 years
Infrastructure assets water	20 - 22 years
Infrastructure assets – others	20 – 22 years
Plant & Machinery	5 - 12 years
Furniture & Fittings	5 - 7 years
Vehicles	5 – 7 years
Office & Other Equipment	4 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

The State derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

g) Leases

State as a lessee

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the State. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value

of the future minimum lease payments. The State also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the State will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the State. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

State as a lessor

Leases in which the State does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term.

Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

h) Intangible assets

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.

The useful life of the intangible assets is assessed as either finite or indefinite.

Intangible assets with a finite life are amortized over its useful life:

Software 10 - 15 years

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired. Intangible assets with indefinite useful life are tested for impairment at least once year regardless of impairment indicators. The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected

useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- 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 benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Impairment of non-financial assets

Impairment of cash-generating assets

At each reporting date, the State assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the State estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset or the cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the statement of financial performance in those expense categories consistent with the nature of the impaired asset.

Impairment of non-cash-generating assets

The State assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the State estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

In assessing value in use, the State has adopted the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

In determining fair value less costs to sell, the price of the assets in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the State determines fair value less cost to sell based on the best available information.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the State estimates the asset's recoverable service amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

j) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: 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 State determines the classification of its financial assets at initial recognition.

The State's financial assets include: cash and short-term deposits; trade and other receivables; loans and other receivables; quoted and unquoted financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus and deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with changes in fair value recognized in surplus or deficit. KDSG does not have any 'financial assets at fair value through surplus or deficit' as at 31 December 2022.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in 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 costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit. KDSG does not have any 'loans and receivables' as at 31 December 2022.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the State 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 fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit. KDSG does not have any 'held to maturity' as at 31 December 2022.

Available-for-sale financial assets

The State classifies available-for-sale financial assets as non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity or financial assets at fair value through surplus or deficit.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with gains or losses recognized directly in net assets through the statement of changes in net assets until the financial asset is derecognized, at which time the cumulative gain or loss is recognized in surplus or deficit.

Derecognition

The State derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when:

- The rights to receive cash flows from the asset have expired or is waived
- The State has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the State has transferred substantially all the risks and rewards of the asset; or (b) the State has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The State assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets 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 asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the State first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the State determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the State. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

Available-for-sale financial assets

For available-for-sale financial assets, the State assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of financial assets classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value was below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the surplus or deficit – is removed from the reserve in net assets and recognized in surplus or deficit.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in surplus or deficit.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The State 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.

The State's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Financial liabilities at fair value through surplus or deficit

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the State that are not designated as hedging instruments in hedge relationships as defined by IPSAS 29.

Gains or losses on liabilities held for trading are recognized in surplus or deficit.

Loans 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.

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.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the State statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, 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. For the purpose of the State's statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

l) Inventories

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.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

m) Provisions

Provisions are recognized when the State has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources 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 State 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 expense relating to any provision is presented in the statement of financial performance net of any reimbursement. The provisions primarily arise from ongoing litigations and from long-term environmental obligations for which there is present obligations, outflow is probable and reliable estimates could be made.

Restoration / Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the restoration/decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of financial performance as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities

The State does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements (except when such disclosures would prejudice the outcome of ongoing legal cases), unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The State does not recognize a contingent asset, but discloses details of a probable 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 State in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

n) Changes in accounting policies and estimates

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

The State recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

o) Employee benefits

Retirement benefit plans

The State provides retirement benefits for its employees and political officer holders.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (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 employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued based on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis. The contributions and lump sum payments reduce the post-employment benefit obligation.

Short and long-term employee benefits

The cost of all short-term employee benefits, such as leave pay, is recognized during the period in which the employee renders the related service. The State recognizes the expected cost of performance bonuses only when the State has a present legal or constructive obligation to make such payment, and a reliable estimate can be made.

The State provides long-term incentives to eligible employees, payable on completion of years of employment. The State's liability is based on an actuarial valuation. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Payables and 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.

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

The State regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the State, or vice versa. Members of key management are regarded as related parties and comprise the State Executive Committee Members and Heads of Ministries, Departments and Agencies.

s) Service concession arrangements

The State analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the State recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the State also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) Budget information

The State intends to prepare accrual basis budget in the nearest future when all planned costs and income are presented in a single statement to determine the needs of the State. As a result of the adoption of the accrual basis for budgeting purposes, there would be no basis, timing or entity differences that would 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. Pending the transition to accrual basis budgeting however, the State would prepare statements of budget comparison on cash basis.

u) Significant judgments and sources of estimation uncertainty

The preparation of the State'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.

Judgments

In the process of applying the State's accounting policies, management has made judgments, which have the most significant effect on the amounts recognized in the State financial statements.

Operating lease commitments – State as lessor

The State has entered into property leases of certain of its properties. The State has determined, based on an evaluation of the terms and conditions of the arrangements, (such as the lease term not constituting a substantial portion of the economic life of the commercial property) that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

In accordance with IPSAS 1 P. 140, the key assumptions concerning the future and other key sources of estimating 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, are described below. The State based its assumptions and estimates on parameters available when the State 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 State. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the State
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Impairment of non-financial assets – cash-generating assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then impact management's estimations and require a material adjustment to the carrying value of tangible assets.

The State reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Cash-generating assets are stated at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates of expected future cash flows are prepared for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Impairment of non-financial assets – cash generating assets

The State reviews and tests the carrying value of non-cash-generating assets when events or changes in circumstances suggest that there may be a reduction in the future service potential that can reasonably be expected to be derived from the asset. Where indicators of possible impairment are present, the State undertakes impairment tests, which require the determination of the fair value of the asset and its recoverable service amount. The estimation of these inputs into the calculation relies on the use of estimates and assumptions. Any subsequent changes to the factors supporting these estimates and assumptions may have an impact on the reported carrying amount of the related asset.

Fair value estimation – financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provisions

Provisions were raised and management determined an estimate based on the information available.

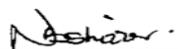
Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers. The increase in the restoration provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of ongoing programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

Held-to-maturity investments and loans and receivables

The State assesses its loans and receivables and its held-to-maturity investments at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the State evaluates the indicators present in the market to determine if those indicators are indicative of impairment in its loans and receivables or held-to-maturity investments.

Where specific impairments have not been identified the impairment for receivables, held-to-maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.



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FRC/2019/002/00000020054

Accountant General, Kaduna State

30th January, 2022

SUB CLASSIFICATION OF BALANCES

3 Revenue from Non - Exchange Transactions	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Gross Allocation from Federation Accounts	49,457,588	45,125,023
Non Oil Revenue (Share of Solid Minerals)	2,515,378	1,442,148
Share of forex equalization		69,439
Excess bank charges	147,066	7,549
Electronic Money Transfer Levy (EMTL)	2,273,354	
Value added tax	33,765,567	30,025,807
Exchange Gain Differences	342,047	260,110
FGN Intervention Fund	-	1,359,962
Share of Ecological Fund	-	1,137,286
Aids and Grants	39,779,500	14,311,759
Taxes, Licenses, Penalties, Stamp Duty - KADIRS	53,004,291	51,154,988
License - Ministry of Health	23,907	8,203
License - Ministry of Human Services and Social Development	2,887	1,797
License - RUWASSA	-	836
License - Transport Regulatory Authority KASTRA	1,173	
Fines - Ministry of Environment and Natural Resources	14,730	3,629
Fines - High Court of Justice	8,495	8,429
Fines - Customary Court of Appeal	4,180	4,336
Fines - Sharia Court of Appeal	3,121	4,825
Fines - Kaduna State Environmental Protection Agency	1,476	186
Fines - Ministry of Agriculture	680	-
Penalty, Revocation and Re- issuance of C of O - KADGIS	219,023	3,283
Penalties - Kaduna State Traffic Law Enforcement Authority	280,154	349,375
Kaduna State Public Procurement Authority	267,351	261,887
Stamp duty - Kaduna Capital School		5
Total Non - Exchange Revenue	182,111,968	145,540,862

4 Revenue from Exchange Transactions	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Fees, Sales, Rent - Pilgrims Welfare Board	18,019	29,947
Fees - Office of the Auditor General (State)	440	93
Fees, Sales, Rents - Ministry of Agriculture	40,709	21,850
Sales - Kaduna State Forest Management		2,168
Sales - Agricultural Development Project	19,231	977
Fees, Sales, Rent - Ministry of Finance	9,590,072	15,706,968
Fees - Kaduna State Independent Electoral Commission	-	289
Fees, Sales - KADIRS	316,766	5,538
Fees, Sales, Rent - Ministry of Business Innovation and Technology	20,143	591,610
Fees - KASUPDA	2,090,613	821,356
Fees, Rent - Ministry of Works and Transport	1,322	11,312
Fees - High Court of Justice	19,986	16,624
Fees - Customary Court of Justice	4,152	3,735
Fees - Sharia Court of Appeal	2,476	3,752
Fees, Rent - Ministry of Sports	5,196	548
Fees - Ministry of Education		-
Fees, Rent - Library Board	25	92
Fees, Sales - Nuhu Bamali Polytechnic Zaria	479,801	670,770
Fees, Sales, Rent - College of Education Gidan Waya	423,942	723,772
Fees, Rent - Capital School Kaduna		433
Fees, Sales, Rent - Kaduna State University	981,370	301,684
Fees - Auditor General for Local Government	1,100	
Fees, Sales - Ministry of Health	211,101	106,131
Fees, Rent - College of Nursing Kafanchan		-
Fees, Sales - Shehu Idris School of Health Technology Makarfi		382,369
Fees - State Emergency Management Agency	125,977	45,799
Fees, Rent, Sales - Ministry of Environment and Natural Resources	123,986	19,805
Fees, Sales, Rent - Kaduna State Environmental Protection Agency	131,495	81,740
Fees - Kaduna State Road Agency	1,922	41
Fees - Kaduna State Schools Quality Assurance Authority	159,428	119,865

Fees, Sales - Ruwassa	9,103	10,395
Fees, Rent - College of Midwifery Kaduna	146,392	32,462
Fees - Local Government Service Commission	1,850	547
Fees, Rent - KADGIS	43,830,994	12,352,552
Sales - Kaduna State Media Corporation - KSMC	80,310	105,814
Sales - Government Printing Press	31,133	23,869
Sales - Barau Dikko Teaching Hospital Kaduna	681,408	347,021
Sales - Kaduna Water Corporation		1,108,564
Rent - Scholarship Board	460	-
Rent - Kaduna State Mining Development Company	122,000	1,211,398
Rent - Kaduna State Market Development and Management Company	2,639,442	2,813,585

Total Exchange Revenue **62,312,365** **37,675,476**

Total Revenue **244,424,332** **183,216,337**

	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
4A REVENUE SPLIT BETWEEN ALLOCATION AND IGR		
Cash Internally Generated Revenue	77,087,431	52,412,305
Accrued Internally Generated Revenue (Note 4B)	39,056,400	37,064,950
Sub total of Internally Generated Revenue	116,143,832	89,477,254
Cash FAAC Allocation	78,541,654	73,498,110
Accrued FAAC Allocation	9,959,347	5,929,214
Sub total of Allocation	88,501,001	79,427,324
Grants	39,779,500	14,311,759
Total Revenue	244,424,332	183,216,337

		31 Dec. 2022	31 Dec. 2021
		N'000	N'000
4B	MDA / ACCRUED REVENUE		
	KADGIS	38,995,068	9,123,821
	KASUPDA Fees	22,473	47,390
	Kaduna State Water Corporation	-	1,108,564
	Nuhu Bamali Polytechnic, Zaria	-	264,001
	Kaduna State Development and Property Company Limited	-	1,190,750
	Shehu Idris College Health Science & Tech, Makarfi	-	273,293
	Kaduna State Media Corporation	10,888	35,652
	Kaduna State Market Development Co. Limited	-	2,477,249
	Kaduna State Quality Assurance Authority	-	0
	Ministry of Business Innovation and Technology	-	572,249
	State Emergency Management Agency (SEMA)	27,972	39,273
	KADIRS Accrued Revenue and Reimbursement of PAYE, VAT & WHT from FG	-	21,425,417
	College of Education Gidan Waya	-	480,513
	Kaduna State Environmental Protection Agency	-	26,777
		39,056,400	37,064,950

4C	FAAC	Gross FAAC	(Share of Solid Minerals)	Excess Bank Charges	Exchange Gains	EMT Levy	VAT Allocation	Total
	January	2,151,208	898,349	-	41,626	-	2,693,309	5,784,492
	February	2,895,994	718,680	67,191	-	-	2,341,294	6,023,158
	March	4,318,980	-	-	-	-	2,882,357	7,201,337
	April	3,810,186	-	79,875	-	-	2,558,892	6,448,953
	May	3,245,601	-	-	-	1,375,667	2,807,591	7,428,858
	June	5,131,124	-	-	-	-	2,748,442	7,879,566
	July	6,660,180	-	-	-	-	2,515,057	9,175,238
	August	3,799,717	-	-	-	-	3,118,165	6,917,882
	September	2,464,516	-	-	-	134,239	2,667,623	5,266,378
	October	3,620,280	898,349	-	46,157	-	3,069,162	7,633,948
	November	5,662,280	-	-	57,104	180,306	2,882,153	8,781,843
	December	5,697,523	-	-	197,160	583,143	3,481,521	9,959,347
	Total	49,457,588	2,515,378	147,066	342,047	2,273,354	33,765,567	88,501,001

5 Consulting and professional services	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Revenue collection expenses	591,052	651,561
Budget and Final Accounts Preparation	108,404	212,035
Other services	5,490,926	2,964,484
Total	6,190,382	3,828,080

This is the expenditure made by Government in procuring professional services from specialists in the advancement of government programmes.

Revenue collection expenses represents performance-based incentives awarded revenue collection agencies for meeting and surpassing targets. Budget expenses are extra expenditure and incentives for budget preparation. Other services were expenses incurred in procuring expert services across various disciplines.

6 Employee benefits	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Robe Allowance	9,549	29,960
Consolidated Salaries	44,465,742	29,842,875
SIWES Allowance	630	-
Specialist Allowance	10,670	-
Post Employment Benefits	11,981,056	7,981,238
	56,467,648	37,854,073

Employee benefits are establishment cost for direct and indirect employees, including political office holders. In Kaduna State, all employee benefits are consolidated. The State Government has consolidated Salaries across the State.

7 Fuel and lubricants	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Cooking Gas/Fuel Cost	677	-
Motor Vehicle Fuel Cost	177,460	297,117
Other Transport Equipment Fuel Cost	-	29,906
Plant/Generator Fuel Cost	218,192	205,720
	<u>396,329</u>	<u>532,742</u>

Fuel and lubricants relate to the expenses incurred in running official vehicles, plant and equipment as distinct from cost of maintenance.

8 Grants and contributions	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Cultural And Religious Expenses	286,491	106,426
Grants and Donations	401,659	2,033,723
Parastatals Overheads	393,988	2,971,134
Counterpart Contribution	5,170,481	495,219
	<u>6,252,619</u>	<u>5,606,502</u>

Grants and contribution relate to the Government intervention for the operations and proper functioning of quasi-government organizations and other entities that are self-accounting.

Cultural and religious expenses are government expenditure to promote activities of traditional councils including seminars and workshop for the council. Grants and donations are funding support for research or special services. Parastatals overheads expenditure relate to quasi government organization for specific purposes. Recurrent counterpart contributions are condition precedent to receiving Development related grants from external donors.

9 Insurance	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Group Personal Accident	-	-
Kaduna Health Insurance Scheme	-	-
Motor Vehicle comprehensive insurance	-	49,913
	<u>-</u>	<u>49,913</u>

Insurance expenditure provides covers against identified insurable risk.

Kaduna State Government recently established a sinking fund to cater for these categories unlike the previous years when the service was outsourced

10 Materials and supplies	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Health Interventions	215,886	3,240,310
Books	-	696,423
Consumables	1,187,354	1,009,142
Drugs and medical supplies	723,414	2,107,818
Scholarship	834,271	287,201
Education Expenses and Examination fees	234,393	229,186
Newspapers and periodicals	2,177	13,674
Printing and stationery	652,369	186,465
School feeding	1,619,076	537,696
Water infrastructure chemicals	643,304	424,766
	<u>6,112,244</u>	<u>8,732,683</u>

Materials and supplies are consumables procured and used by government organizations in the course of service delivery.

Health Interventions are expenses incurred on various government interventions relating to protection, treatment and curtailing the impact of the Pandemic. Books are educational supplies covering text books and exercise books; they are expensed upon distribution. Consumables are materials used in the course of providing services by government covering uniforms, computer consumables. Drugs and medical supplies are health products, public health emergencies etc. Scholarship are special education support scheme for students. Education Expenses and Examination fees are education related expenses and other expenditure paid to external examination bodies. Newspapers and periodicals are magazines procured for departments and management staff for information currency. Printing and stationery are cost of producing documents and materials for documentation and communication. School feeding is a special programme of government to provide food and nutrition for pupils. Water treatment chemicals are inputs for public water purification.

11 General expenses	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Catering expenses	2,674,775	21,203
Cleaning and fumigation	689,817	187,337
Court settlement, Legal Services and Provision	54,016	-
Entertainment	754,719	247,444
Honorarium and sitting allowance	1,057,674	870,262
Mass awareness	1,928,740	673,185
Promotion and recruitment expenses	47,839	6,368
Rent	4,776	9,948
Sporting and recreation expenses	75,103	33,528
Subscription	260,797	421,249
	7,548,256	2,470,525

General office expenses are other office expenditure of a general nature separately from stationery materials and supplies.

Catering expenses are expenditure on food items for inhouse facilities for Ministries, Departments and Agencies. Cleaning and fumigation are expenditure incurred on work/office environment. Court settlement are payment and/or provisions for judgement debt. Entertainment are hospitality related expenditure in the course of service delivery. Honorarium and sitting allowance are expenses of conducting meetings and per-diem paid to non-scheduled staff. Mass awareness are campaigns for sensitization and awareness about government policies and programmes. Promotion and recruitment expenses are direct cost of job interviews. Rent expenses are rentals for office accommodation. Sporting and recreation expenses are youth and hospitality-oriented programmes to engender youth empowerment and leisure. Subscription expenses are software renewal charges, internet access, subscription to professional bodies etc.

12 Other services

	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Seedling expenses	-	191,865
Agricultural immunization	-	-
Weeding and fire tracing	-	-
Restoration of River Kaduna Biodiversity Programme	-	-
Pre planting and post planting activities	-	-
Land clearance for Agricultural activities	-	-
Brushing, coppice reduction	-	-
Impairment charge of Biological Assets	-	-
	<u>-</u>	<u>191,865</u>

Seedling expenses is the cost of raising seedlings to the point of transplanting. Impairment charges are diminution in the fair value less cost to sell of Biological Assets.

13 Repairs and maintenance

	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Repairs and Maintenance - Building	74,143	178,193
Repairs and Maintenance - Furniture and fittings	5,115	10,428
Repairs and Maintenance - Vehicle	212,715	45,451
Repairs and Maintenance - Equipment	90,972	29,169
Repairs and Maintenance - Plant	42,940	26,704
Repairs and Maintenance - Roads	7,577	2,686
Repairs and Maintenance - Others	14,306	14,380
	<u>447,769</u>	<u>307,012</u>

Repairs and maintenance expenses were incurred to maintain the proper functioning of the property, plant and equipment. Included in "repairs and maintenance - others is the maintenance cost of dumpsites.

14 Security and safety	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Anti Corruption	21,617	-
Security Consumables	-	6,749
Fire Fighting Materials	1,759	3,372
Printing of Security Documents	46,361	9,303
Protocol Support Services	-	94,358
Security Personnel Allowances	166,056	127,525
Security Services	485,161	1,986,509
Security Vote (Including Operations)	617,586	477,730
Security Vote (Preventive & Supportive Measure)	3,196,687	1,929,914
	4,535,229	4,635,459

Security and safety expenses relate to the protection of lives and property and in the maintenance of laws and order.

Fire-fighting materials expenses included materials, reagents and chemicals used in fire prevention and control. Printing of security documents expense were spent producing sensitive and controlled documents which includes stamps, receipts, vouchers etc. Security personnel allowances are paid to the security details of designated government officials. Security services are expenses in the course of providing security that may include security related supplies. Security votes are expenses related to the maintenance of the security architecture across the state.

15 Social benefits	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Welfare Packages	1,194,371	511,583
Social investments	9,516,685	579,865
	10,711,055	1,091,447

Social benefits are all humanity related expenditure geared towards improving their lives and living conditions.

Welfare packages are authorized expenditure to cater for welfare needs especially during festivities and to engender family and social relationships. Social investments and Empowerment of persons with disability are targeted investments aimed at improving the lives of youth and vulnerable persons in the society.

16 Training and human capital development	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Conferences and events	149,029	147,889
Formal training and capacity building - local	2,089,376	1,049,524
Formal training and capacity building - international	109,574	50,517
	2,347,979	1,247,930

Training and human development is investment in human capacity that is job and career related.

17 Travel and transport	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Local travel and transport	705,045	436,312
International travel and transport	1,163,820	630,056
	1,868,865	1,066,368

Travel and transport are out of station job related travels.

18 Utilities	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Electricity	249,930	1,553,136
Postages and Telephone	7,100	14,248
Water Rates	33,559	239,655
	290,588	1,807,039

Utility expenses are payment to providers of electricity, telephone and water

19 Waste Management and Disposal	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Refuse evacuation programme	475,694	1,208,898
	475,694	1,208,898

Waste management and disposal are expenditure on waste collection, transportation and disposal of both domestic and industrial waste.

20 Depreciation and amortization	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Irrigation	82,254	82,254
Building	1,195,429	1,142,414
Furniture & Fittings	224,012	170,327
Road Infrastructure	6,502,927	6,378,893
Water Infrastructure	916,011	902,797
Motor Vehicle	280,710	219,986
Office & Other Equipment	539,303	344,206
Plant & Machinery	262,175	261,277
Intangible assets amortization	135,680	127,078
	10,138,501	9,629,233

Depreciation expense is the systematic allocation of the depreciable amount of an item of property, plant and equipment over its useful life.

Depreciable amount is determined after deducting the residual value. For the purpose of computing depreciation, residual value is deemed to be zero. Depreciation begins when the property, plant and equipment is available for use. The useful life of each asset is reassessed at the end of every reporting period and where expectation differs from previous projections, the change is accounted for as a change in accounting estimates and treated prospectively. Depreciation is charged in the year of construction or acquisition and none is charged in the year of disposal or asset retirement.

21 Finance and other bank charges	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Interest on local loans	1,673,843	2,243,724
Interest on foreign loans	3,597,189	2,952,560
	<u>5,271,032</u>	<u>5,196,285</u>

Finance charges are credit and bank related expenses.

Interest on local loans is determined using the effective interest method. Effective interest method is a method of calculating the amortized cost of financial liabilities and of allocating the interest expense over the loan tenor. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability. Determination of effective interest rate on foreign loans is daunting due to the complications in obtaining verifiable repayment schedules on foreign borrowings, many of which predate the establishment of debt management office (DMO). Other bank charges are bank administrative charges not related to credits.

22 Inventories	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Water treatment chemicals	409,837	643,304
Books	298,608	822,899
Agric supplies	138,724	1,304,646
Walkie Talkie	57,750	57,750
	<u>904,919</u>	<u>2,828,600</u>

Inventories are assets in the form of materials or supplies to be consumed in the production process; In the form of materials or supplies to be consumed or distributed in the rendering of services; Held for sale or distribution in the ordinary course of operations; or in the process of production for sale or distribution.

Water treatment chemicals are alum for water purification; this balance represents the inventory of unused chemicals at year end. Books are multi-year usage reference books, other than student text and exercise books that are written off as incurred. Agric supplies are inventories of farm inputs such as fertilizer and seedlings.

23 Receivables	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Kaduna Geographic Information Service (KADGIS)	38,995,068	10,259,483
KASUPDA	22,473	83,231
Kaduna State Water Corporation	-	1,108,564
State Emergency Management Agency (SEMA)	27,972	39,273
Federal Account Allocation	9,959,347	5,929,214
KADIRS Accrued Revenue and Direct taxes and other related taxes refund from FG	-	21,425,417
Nuhu Bamali Polytechnic, Zaria	-	264,001
Kaduna State Development and Property Company	-	2,243,720
Shehu Idris College Health Science & Tech, Makarfi	-	273,293
Kaduna State Media Corporation	10,888	35,652
Kaduna State Market Development Co. Limited	-	2,477,249
Kaduna State Quality Assurance Authority	-	7,850
Ministry of Business Innovation and Technology	-	572,249
College of Education Gidan Waya	-	480,513
KEPA	-	26,777
Loans and advances	90,867	234,504
	49,106,614	45,460,991

These are unimpaired financial assets with unconditional rights to receive cash.

23A Receivables	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Exchange	12,519,004	9,348,317
Non Exchange	36,587,610	36,112,673
	49,106,614	45,460,991

	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
24 Reimbursables from the Federal Government		
Refund on account of Operation Sharan Daji at Kamuku/Kuyambana Forest	600,000	600,000
Zaria Water Supply Expansion Project	-	4,307,500
	<u>600,000</u>	<u>4,907,500</u>

Refund for the renovation of Kaduna Airport, refund on account of Operation Sharan Daji at Kamuku/Kuyambana Forest. Zaria Water Supply project was a collaboration between the Federal Government, Kaduna State Government and the five benefiting Local Government Councils.

	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
25 Cash and cash equivalents		
Treasury Single Accounts (TSA)	7,733,140	9,338,174
Operations Accounts	-	-
	<u>7,733,140</u>	<u>9,338,174</u>

Cash represents demand deposits. Cash equivalents are highly liquid investments that are convertible to known amount of cash and with insignificant risk of change in value and that has short maturity period usually 90days from date of origination. There were no cash equivalents at year end.

	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
26 Prepayments		
Contractors prepayment	-	7,166,839

Prepayments are advance payment and mobilization to contractors and supplies of services. Contractors prepayment are duly backed by Advance Payment Guarantees (APGs) issued by reputable financial institutions.

	LAND	BUILDING	FURNITURE & FITTINGS	ROAD INFRASTRUCTURE	WATER INFRASTRUCTURE	VECHICLE	EQUIPMENT	PLANT	TOTAL
27 COST	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
2022 Opening balance	3,866,374	1,028,172,496	17,032,718	2,551,557,119	361,118,943	21,998,641	27,536,514	26,127,659	4,037,410,463
Addition		47,713,398	5,368,528	49,613,558	5,285,398	6,072,324	15,607,696	89,859	129,750,759
Legacy assets recognition	-	-	-	-	-	-	-	-	-
Retirement	-	-	-	-	-	-	-	-	-
2022 Closing balance	3,866,374	1,075,885,894	22,401,246	2,601,170,677	366,404,341	28,070,964	43,144,210	26,217,518	4,167,161,222
ACCUMULATED DEPRECIATION & IMPAIRMENT LOSSES									
2022 Opening balance	-	(13,931,852)	(9,097,985)	(34,525,071)	(4,333,155)	(6,016,174)	(7,695,955)	(9,684,473)	(85,284,664)
Charge for the year		(1,195,429)	(224,012)	(6,502,927)	(916,011)	(280,710)	(539,303)	(262,175)	(9,920,566)
Reclassification	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
2022 Closing balance	-	(15,127,280)	(9,321,997)	(41,027,998)	(5,249,165)	(6,296,883)	(8,235,258)	(9,946,648)	(95,205,230)
2022 Carrying Amount	3,866,374	1,060,758,613	13,079,248	2,560,142,679	361,155,175	21,774,081	34,908,951	16,270,870	4,071,955,992

	LAND	BUILDING	FURNITURE & FITTINGS	ROAD INFRASTRUCTURE	WATER INFRASTRUCTURE	VEHICLE	EQUIPMENT	PLANT	TOTAL
27 COST	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
2021 Opening balance	3,038,481	215,918,171	13,385,565	276,414,232	36,033,766	17,288,152	21,640,221.34	20,533,040	604,251,628
Addition	827,892	58,831,039	3,647,153	75,314,349	9,818,089	4,710,488	5,896,292.59	5,594,620	164,639,924
Legacy assets recognition	-	753,423,286	-	2,199,828,538	315,267,087.83	-	-	-	3,268,518,911
Retirement	-	-	-	-	-	-	-	-	-
2021 Closing balance	3,866,374	1,028,172,496	17,032,718	2,551,557,119	361,118,943	21,998,641	27,536,513.92	26,127,659	4,037,410,463
ACCUMULATED DEPRECIATION & IMPAIRMENT LOSSES									
2020 Closing balance	-	(12,789,438)	(8,927,658)	(28,146,178)	(3,430,357)	(5,796,187)	(7,351,749)	(9,423,196)	(75,864,763)
Charge for the year	-	(1,142,414)	(170,327)	(6,378,893)	(902,797)	(219,986)	(344,206.42)	(261,277)	(9,419,901)
Reclassification	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
2021 Closing balance	-	(13,931,852)	(9,097,985)	(34,525,071)	(4,333,155)	(6,016,174)	(7,695,955)	(9,684,473)	(85,284,664)
2021 Carrying Amount	3,866,374	1,014,240,645	7,934,733	2,517,032,048	356,785,788	15,982,467	19,840,558.43	16,443,187	3,952,125,799

Property, plant and equipment and tangible assets held for use in the production or delivery of goods and services, for rental to other and for administrative purposes and that are expected to be used for more than one financial period.

Included in land are parcels of land purchased for right of way road construction and building of schools. Building are structures used for administrative purposes, teaching facilities, housing facilities and market and commercial purposes. Furniture and fittings include furnishings, desks, chairs, tables etc. Road infrastructure are roads constructed and rehabilitated including street lights, roads signs and other related infrastructure to facilitate mobility of human, goods and services. Water infrastructure are water related constructions including dams, canals, boreholes, storage tanks etc. Vehicles include motor and tricycles, trucks, vans, ambulances used for conveyance of persons and goods in the course of government operations. Equipment consists office equipment, electrical and mechanical appliances used in government operations. Plant includes immovable power plant and other heavy-duty installations.

Land are not depreciated except in quarry and land fill. Building are depreciated over its useful life usually within 50years. Furniture and fittings are depreciated over its useful life and within the range of 5years. Road infrastructure is depreciation over its useful life usually within 20years. Water infrastructure is depreciated over its useful life and within 20years. Vehicles are depreciated over its useful life, usually 5years. Equipment has a useful life of 4years whilst Plant is depreciated over 5years. These depreciation periods are in line with the policy contained in section 2.2(f) of the accounting policy.

The residual value and the useful life of an asset are reviewed at least at each annual reporting date and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors.

28 Investment property	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Opening balance	3,290,179	1,989,100
Addition in the year	-	1,301,079
Gross carrying amount	3,290,179	3,290,179
Accumulated Depreciation		
Opening balance	(180,853)	(98,598)
Charge for the year	(82,254)	(82,254)
Closing balance	(263,107)	(180,853)
Carrying amount	3,027,071	3,109,326

Investment property is land or a building (or part of a building – or both) held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes; or sale in the ordinary course of operations.

Land irrigation are plots of land rented out to farmers for dry season farming. It is currently being written off over 40years.

29 Biological Assets	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Plantation assets	20,316,839	20,277,972
Ranch assets	48,383	25,955
Wildlife assets	20,704	20,704
	20,385,926	20,324,631

Biological assets are living plants and animals.

Plantation assets are living trees to be used as pulp woods, fuel woods, timber; they are also used for construction, scaffolding and building. Ranch assets are living animals bred for resale. Wildlife assets are living animals kept in the zoo for exhibition. These assets are state at their Fair value less cost to sell.

30 Intangible Assets	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Opening balance	3,812,351	2,471,532
Addition - Licenses	92,568	520,254
Addition - Software	165,490	820,565
Gross carrying amount	4,070,409	3,812,351
Amortization		
Opening balance	(261,121)	(134,042)
Charge for the year	(135,680)	(127,078)
Accumulated amortization	(396,801)	(261,121)
Carrying amount	3,673,608	3,551,231

Intangible assets are identifiable non-monetary assets without physical substance. Intangible assets are amortized over the period of agreement or if shorter, over its useful life.

The amortization expense is recognized in the Statement of Financial Performance under the heading 'Depreciation and amortization'

31 Financial Assets	31 Dec. 2022	31 Dec. 2021
Available for sale	N'000	N'000
N.N.D.C. Limited	200,939	200,939
Flour Mills of Nigeria Limited	7,954	7,762
Cement Company of Northern Nigeria Ltd (BUA)	113,937	88,420
Kaduna Industrial and Finance Company	200,000	200,000
Niger Delta Holding	27,812	27,812
Nigeria Sovereign Investment Authority	17,827,975	12,470,050
DAAR Communication	200	230
First City Monument Bank	2,522	2,038

Unity Bank Plc.	35,278	27,088
First Bank Plc.	16,928	18,684
Take off grants - KADPMC	114,950	114,950
Guaranty Trust Bank Plc	10,076	11,307
Zenith Bank Plc	6,900	7,650
Dangote Cement Plc	30,020	28,019
Equity Injection - Kaduna Mining Development Company Limited	288,622	-
Take off grants - Kaduna State Contributory Health Management Authority	9,387	9,387
Recapitalization of Kaduna State Development Company	1,000,000	1,000,000
Total	19,893,501	14,214,336

Financial assets are investments and instruments that entitle the government to receive cash or the equity instruments of other entities.

IPSAS 29 requires financial assets to be designated subsequent to initial recognition at Held to maturity, Available for sale, Loans and receivables and Fair value through surplus or deficit. The investments listed above are designated at "Available for sale" and are recognized at fair value and with fair value changes recognized in net assets/equity in accordance with IPSAS 29 p. 64b.

32 Liabilities and accruals	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Liabilities on capital projects	6,885,852	7,347,302
Local Government share of IGR	-	3,274,204
Other accruals	661,048	930,612
	7,546,900	11,552,119

Liabilities are accruals consist of unpaid bills to third parties.

Liabilities on capital projects represent indebtedness to contractors on projects on which certificate of values (CVs) have been raised. The CVs are raised on projects covering road infrastructure, water infrastructure, buildings etc. Utility accruals are unpaid bills on water, electricity and other utilities. Local government's share of IGR represents local government share of internal generated revenue collected by a central state agency to be remitted to the respective local governments.

33 Provisions	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Opening balance: Ongoing legal cases with 'probable' outflow	1,501,461	2,932,200
Additional provision/(reversal) on legal cases	6,000,835	(1,646,114)
2.5% Provision on Zaria Water Supply and Expansion Project	215,375	215,375
	7,717,671	1,501,461

The State has various legal cases in court; many of which relate to road constructions and which are possible obligation as a result of past event, the outcome of which could result in outflow of resources or service potential. The Zaria Water provision is in respect of facilitation fee due on the receivable from the project.

34 FINANCIAL LIABILITIES	31 Dec. 2022	31 Dec. 2021
Non Current	N'000	N'000
FGN Bail-Out Facility	11,578,158	12,065,846
FGN Excess Crude Account Facility	8,096,614	8,437,655
Federal Government (BSF)	17,314,096	17,438,227
Development Partners	265,569,969	264,390,004
	302,558,837	302,331,732
Current		
FGN Bail-Out Facility	487,688	450,312
FGN Excess Crude Account Facility	341,041	314,904
	828,728	765,216
	303,387,565	303,096,948

34A FINANCIAL LIABILITIES - MOVEMENT	31 Dec. 2022 N'000	31 Dec. 2021 N'000
FGN Bail-Out Facility		
Opening balance	12,516,159	12,423,878
Interest accretion	985,019	809,946
Repayment	(1,435,331)	(717,666)
Closing balance	12,065,846	12,516,159
FGN Excess Crude Account Facility		
Opening balance	8,752,558	8,688,027
Interest accretion	688,824	566,396
Repayment	(1,003,728)	(501,864)
Closing balance	8,437,655	8,752,558
Federal Government Budget Support		
Opening balance	17,438,227	17,500,293
Adjustment to beginning balance (Note 38)	-	-
Interest accretion	1,734,766	867,383
Repayment	(1,858,897)	(929,449)
Closing balance	17,314,096	17,438,227
Foreign loans		
Opening balance	264,390,004	215,644,251
Adjustment to beginning balance (Note 38)	-	-
Additional receipt	16,981,944	52,462,665
DMO Reconciliation	-	-
Interest	(3,597,189)	2,952,560
Repayment	(12,204,790)	(6,669,473)
Closing balance	265,569,969	264,390,004
	303,387,565	303,096,948

Financial liabilities above are measured at initial recognition at fair value, which is the net amount received after deducting any directly related transaction cost. They are measured and carried subsequently at amortized cost with the exception of foreign loans. Determination of contractual repayment cash flows are daunting for foreign loans, hence are carried at provisional amounts after due reconciliation and consultation with the Debt Management Office

35 Employee benefits	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Gratuity -A	69,527,310	69,527,310
Pension (defined benefits) - B	59,707,677	59,707,677
Pension (defined contributions)	4,443,653	21,708,612
Pension liability held in trust for workers without RSA Number	-	2,226,321
Severance benefits of political office holders	1,285,614	979,700
Payment of gratuity and death benefits - C	(4,401,651)	(4,289,448)
Investments domiciled in the Central Bank of Nigeria D	(620,739)	(620,739)
	129,941,864	149,239,434

Gratuity and Defined Benefits Obligations are a form of Post-Employment arrangements under which KDSG provides post-employment benefits for her employees. Under these arrangements, the obligation of Government is not limited to contributions, if any, made on behalf of the employees. In 2016, the Government discontinued the Defined Benefits Scheme and transited to Defined Contribution Plans. (Contributory Pension Scheme).

Defined contribution plans are post-employment benefit plans under which KDSG pays fixed contributions to the Pension Fund Administrators of employees' choice and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

36 Accumulated Surplus	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Beginning balance	3,587,987,366	221,708,170
Surplus for the period	125,370,142	97,760,284
Net transitional adjustments (see Note 38)	-	3,268,518,911
Closing balance	3,713,357,507	3,587,987,366

37 Available For Sale Reserve	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Beginning balance	9,650,099	2,810,676
Fair value movement	5,679,165	6,839,423
Closing balance	15,329,264	9,650,099

IPSAS 29 p. 64b requires that financial assets designated at Available for sale be measured at fair value and with fair value changes recognized in net assets/equity.

38 Transitional adjustments	31 Dec. 2022	31 Dec. 2021
	N'000	N'000
Federal Government Budget Support (Note 34E)		
Foreign Loans (Note 34)		
Legacy assets recognition		3,268,518,911
		3,268,518,911

Year 2020 reconciliation with the Debt Management Office (DMO) resulted in additional recognition of N6.9billion of foreign loans from Development Partners and with the transitional adjustments recognized in accumulated surplus.

OTHER REPORTS

SFTAS EXPENDITURE FRAMEWORK

Kaduna State is participating in the World Bank assisted States Fiscal Transparency, Accountability and Sustainability Program for Results (SFTAS Program). For participation in the Program, the State must fully meet the Eligibility Criteria and amount earned is determined by performance against a set of Disbursement Linked Results which terms are defined in the Loan and Subsidiary Grant Agreement. The Program Expenditure Framework for SFTAS Program comprises expenditures incurred in the following MDAs and Budget types:

ORGANIZATION DESCRIPTION	2022 PERSONNEL ₦'000	2022 OVERHEADS ₦'000
Alhudahuda College, Zaria	109,910	248
Barau Dikko Teaching Hospital, Kaduna	1,930,408	21,042
Barewa College Zaria	129,007	172
Bureau for Substance Abuse Prevention & Treatment (KADBUSA)	5,589	2,002
Civil Service Commission (CSC)	110,094	33,038
Community and Social Development Agency (CSDA)	58,241	1,403
Customary Court of Appeal	610,881	39,788
Fiscal Responsibility Commission	46,065	2,000
Government College Kaduna	42,962	459
Government College, Kagoro	150,242	351
Government Girls' College, Zonkwa	42,150	411
Government Girls' Science Secondary School, Soba	67,134	325
Government Girls' Secondary School, Kwoi	87,844	429
Government House	229,300	1,507,082
Government Printing Department	39,880	1,192
Government Science Secondary School, Birnin Gwari	46,243	229
Government Secondary School Fadan Kaje	15,509	-
Government Secondary School, Kagoro	38,165	607
High Court of Justice	716,278	275,444
Judicial Service Commission (JSC)	43,319	7,998
Kaduna Capital School	99,436	3,949
Kaduna Capital Territory Authority	32,208	2,999
Kaduna Geographic Information Management Service (KADGIS)	267,619	286,289

Kaduna Investment Promotion Agency (KADIPA)	34,639	6,011
Kaduna Power Supply Company Limited (KAPSCO)	11,770	1,995
Kaduna Roads Agency (KADRA)	77,345	4,617
Kaduna State Agriculture Development Agency (KADA)	334,836	300
Kaduna State AIDS Control Agency (KADSACA)	62,711	1,993
Kaduna State Assembly Service Commission	62,961	496
Kaduna State Bureau of Interfaith	23,575	9,100
Kaduna State Bureau of Pension	32,556	16,578
Kaduna State Bureau of Statistics (KDBS)	124,761	2,000
Kaduna State College of Education, Gidan Waya (COE)	1,501,559	68,082
Kaduna State College of Nursing and Midwifery	305,276	27,842
Kaduna State Contributory Health Management Authority (KADCHMA)	51,842	2,500
Kaduna State Environmental Protection Authority (KEPA)	91,396	3,669
Kaduna State Facilities Management Agency (KADFAMA)	45,221	1,203,532
Kaduna State Forest Management Project	53,012	-
Kaduna State Health Supplies Management Agency (KADHSMA)	59,028	2,257
Kaduna State Independent Electoral Commission (KADSIECOM)	146,527	953
Kaduna State Industrialization & Micro Credit Management Board	10,646	40
Kaduna State Internal Revenue Service (KADIRS)	413,697	309,799
Kaduna State Legislature	807,107	1,302,450
Kaduna State Liaison Office Abuja	-	13,123
Kaduna State Library Board	44,745	400
Kaduna State Livestock Regulatory Authority (KADLRA)	13,993	3,656
Kaduna State Media Corporation (KSMC)	204,332	28,154
Kaduna State Mining Development Company	11,213	359
Kaduna State Mortgage and Foreclosure Authority	1,881	1,011
Kaduna State Peace Commission	15,910	1,246
Kaduna State Pilgrims Welfare Agency	28,380	398
Kaduna State Primary Health Care Board	2,370,514	6,095
Kaduna State Public Procurement Authority (KADPPA)	65,590	3,999
Kaduna State Rehabilitation Board	78,544	42,076
Kaduna State Residents Registration Agency (KADRIMA)	11,490	109,034
Kaduna State Scholarship and Loans Board	32,777	1,757
Kaduna State Schools Quality Assurance Authority	80,956	221,169
Kaduna State Teachers Service Board (TSB)	62,610	17,071

Kaduna State Traffic Law Enforcement Agency (KASTLEA)	1,159,853	18,507
Kaduna State Transport Regulatory Authority (KASTRA)	25,503	98
Kaduna State University (KASU)	5,476,618	180,995
Kaduna State Urban Planning and Development Authority (KASUPDA)	125,580	30,512
Kaduna State Vigilance Service (KADVS)	12,590	654
Kaduna State Water Service Regulatory Commission	38,390	2,000
Kafanchan Municipal Authority	21,957	8,940
Local Government Service Board	87,193	2,000
Ministry for Local Government Affairs	105,253	244,580
Ministry of Agriculture	362,967	1,997
Ministry of Business, Innovation and Technology	250,161	6,493
Ministry of Education	11,597,918	254,159
Ministry of Environment and Natural Resources	319,616	1,989
Ministry of Finance	13,044,811	20,579,602
Ministry of Health	6,869,021	159,696
Ministry of Housing and Urban Development	112,910	8,424
Ministry of Human Services and Social Development	191,803	7,091
Ministry of Internal Security and Home Affairs	49,398	3,818,805
Ministry of Justice	208,886	102,721
Ministry of Public Works and Infrastructure	128,172	210,077
Ministry of Sports Development	75,002	72,282
Nuhu Bamalli Polytechnic, Zaria	1,538,782	145,050
Office of the Auditor General Local Governments	4,725	31,007
Office of the Auditor General State	114,717	41,474
Office of the Head of Service	137,446	222,051
Planning and Budget Commission (PBC)	218,962	138,696
Queen Amina College Kaduna	90,322	820
Rimi College Kaduna	89,171	360
Rural Water Supply and Sanitation Agency (RUWASSA)	26,085	10
Sardauna Memorial College	87,376	426
Science Secondary School, Ikara	56,497	413
Science Secondary School, Kufena	81,959	396
Secretary to the State Government	601,461	848,568
Sharia Court of Appeal	636,695	25,737
State Emergency Management Agency (SEMA)	100,331	60,265

State Universal Basic Education Board (SUBEB)	114,053	18,889
Zaria Metropolitan Authority	42,944	27,900
Totals	56,397,014	32,874,902

The State was found eligible to participate in the Program for 2021 for verification and disbursements that occurred during the year 2022. The disbursements below was received as grants from the Federal Government in the State’s [Consolidated Revenue Fund] and are reflected in the activity and balances under Note 3 (Aids and Grants Revenue) and Note 25 (Cash and Cash Equivalents).

SFTAS RECEIPTS IN YEAR 2021	
USD Receipts	₦'000
SFTAS	3,564,813

KADUNA STATE SUSTAINABLE URBAN AND RURAL WATER SUPPLY, SANITATION AND HYGIENE PROGRAM (SURWASH)

Kaduna State is a participant in the SURWASH Program. One of the major requirements of the Program is the disclosure of the expenditure framework as shown below.

		31 Dec. 2022
S/n	Expenditure	N'000
1	Local Training Expenses	33,929
2	Travelling Expenses	6,946
3	Entertainment Expenses	1,404
4	Printing and Stationeries	820
5	Data Subscriptions	570
6	Security Expenses (Escort to Site)	1,508
7	Office Equipment	26,261
8	Renovation of SURWASH Offices	5,303
9	Bank Charges	18
10	Repairs of SURWASH Vehicles	615
11	Consultancy fee for Technical Assistants	8,996
12	SURWASH Contribution to PFMU	450
	Total Expenditure for the year 2022	86,818