

1 ACCOUNTING POLICIES AND OTHER DISCLOSURES

1.1 INFORMATION ABOUT THE STATE

Bauchi State is a state in northern Nigeria with Bauchi city as its State Capital. The state was formed in 1976 when the former Eastern State was broken up. It originally included the area now in Gombe State, which became a distinct state in 1996.

1.1.2 The Reporting Period.

The Reporting period of the Authority is 1 January to 31 December

1.1.3 The Reporting Currency

The Financial Statements are presented in Nigerian Naira

1.1.4 Compliance with Relevant Statutes

The Financial Statements presented comply with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended and other extant Rules and Regulations as well as in conformity with the standardized reporting format approved by the Government of the Federal Republic of Nigeria.

1.1.5 MDA Consolidated

and Agencies (MDA) funded from its annual budget. Funding to Parastatals and Agencies from the state budget is reported in the Cash Flow Statement as Grants and Subvention. The financial activities of Government Business Enterprises (GBEs)

1.1.6 Comparative Figure of Corresponding Previous Year

The Financial Statements and accompanying Notes disclose figures relating to the immediate previous period of the preceding year.

1.2 STATEMENT OF COMPLIANCE WITH INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS

The Financial Statements of the Authority for the year ended 31 December, 2018 have been prepared taking advantage of relevant provisions of International Public Sector Accounting Standards No 33 (First Time Adoption)

1.3 STATEMENT OF ACCOUNTING POLICIES

1.3.1 Basis of Accounting

The financial statements have been prepared on the basis of historical cost, unless otherwise stated and are on accrual basis

1.3.2 Revenue recognition

a Rendering of Services/Internally Generated Revenue

Revenue from rendering of Services is recognised when it can be measured reliably, it is probable that economic benefit or service associated with the transaction will flow to the State, the stage of completion of the transaction as at the reporting date can be reliably and cost incurred for the transaction and cost to complete the transaction can be measured.

b Interest Income

The State recognises Interest on a time proportion basis, take into account the effective yield on the Assets. The effective yield estimated future cash receipts through the expected life of the financial assets to the assets net carrying amount.

c Statutory Allocations

These represent all amount received by the State from the Federal Accounts Allocation Committee during the year under review. Allocations are recognised at gross and when earned but not when cash is received.

d Exchange or Swap of Dissimilar Goods and Services

The State regards exchange or swap of Goods or Service as transactions that can generate revenue.

e Rental Income

Rental Income from Government properties are recognized as earned in accordance with the Tenancy Agreements

f Revenue from Non- Exchange Transactions

Fines, Fees and Penalties

Fines, Fees and Penalties are recognised when events occur and assets recognition criteria are met.

1.4 Property, Plant & Equipment (PPE)

Recognition Criteria

PPE is accounted for in line with IPSAS 17 and are recognised when:

- It is probable that future economic benefit or service potential associated with the item of PPE will flow to the State.
- The Cost or fair value of the item can be measured reliably
- The State has full control over item
- The Cost fall within the thresh hood of N50,000 and above
- The Usefull life of the Item is more than one accounting year

All PPE are stated at Cost less Accumulated Depreciation and Impairment Losses. Cost here includes purchase price and other expenditures that are directly attributable to the acquisition of the Item.

Major repairs and maintenance that substantially improve the life span of the PPE are capitalised while normal repairs are expen

When specific parts of PPE are required to be replaced at intervals, the State recognises such parts as individual assets with sp lives and depreciates them accordingly.

Depreciation of PPE

Depreciation on PPE is charged using Straight line method over the useful life of the PPE.

	%
Buildings	2
Plant and Machinery	25
Office Furniture & Fittings	20
Office Equipment	20
Transport Equipment	25
Infrastructure	0
Land	0

Recognition of Impairment Losses

The carrying amount of an item of PPE is to be written down to its recoverable amount or recoverable service amount if the it amount is greater than its estimated recoverable amount or recoverable service amount. The reduction is an Impairman Loss is written off immediately as an expense in the Statement of Financial Performance.

Disposal /Derecognition of PPE

The State derecognises an item of PPE when no future economic benefits or service potential is expected from its continuing u or loss arising on derecognition is included in the Surplus or Deficit for the year.

1.5 Inventories

Inventories are valued at the lower of Cost and net realizable value. Cost is determined using First In First Out while Net real estimated selling price in the ordinary course of operation. Less the estimated costs necessary to make the sale, exchange or d

Items of Inventories deployed for utilization in or distributed in the course of operations are recognised as expense.

1.6 Cash & Its Equivalent

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

1.7 Provisions

Provisions are for Liabilities of uncertain timings or amounts. They are initially recognised when there is present legal or con a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estima can be made.

Examples of Liabilities that are usually presented as provisions are:

- Payments for Damages connected with cases that are probable
- Warranties given for goods and services sold
- Refunds given for goods sold
- Dilapidation payable at the end of an operating lease, etc.

Provisions made are reviewed at each reporting date, and adjusted to reflect the current best estimates. If it is no longer prot outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision

1.8 Budget Information

The Budget figures in the Financial Statements is the sum total of the Initial Budget and Supplementary Budget where applica in accordance with the appropriation Act of the State assembly.

It is prepared based on Cash Basis of Accounting and in line with the National Chart of Account compliant. Revenues and Expenses are classified by their Nature/Type and according to MDAs and Sectors. The statement of comparison of Budget and Actual is shown in the statement in the Financial Statements.

1.9 Employee Benefits

Short Term Employee Benefits

Short Term Employee Benefits like Salaries and Wages, Annual Leaves, Retiring Leaves and other similar benefits are recognized and accrue to the Employees. The benefits to be settled within twelve (12) months are disclosed in the Statement of Financial Position as a liability.

1.20 Foreign Exchange

-Foreign currency transactions throughout the year shall be converted into Nigerian Naira at the ruling rate of exchange at the time of the transactions.

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

-Foreign Exchange gains/losses are recognised in the Statement of Financial Performance.