



# GOVERNMENT OF ENUGU STATE OF NIGERIA

## OFFICE OF THE ACCOUNTANT-GENERAL STATE TREASURY HOUSE,

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT, ENUGU

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Our Ref:.....

Your Ref:.....

October 27th, 2022

(All replies to be addressed to the Accountant General)

### **STATEMENT OF ACCOUNTING POLICIES**

#### **2.0. STATEMENT OF THE ACCOUNTING POLICIES**

The following are the significant accounting policies adopted by the Government of Enugu State of Nigeria in the preparation of her 2021 Financial Statements:

#### **2.5 BASIS OF ACCOUNTING**

The Financial statements have been prepared under the historical cost convention, using IPSAS cash basis accounting. The cash basis accounting recognizes transactions and events only when cash or cash equivalents are received or paid.

#### **2.6 ASSETS AND LIABILITIES**

Assets are stated at their net values while Liabilities are recognized in full. In preparation for the implementation of full Accrual Accounting, Pension and Gratuities Arrears has been accrued and stated in the Statement of Assets and Liabilities on page 34. Meanwhile, the State Government has mandated the Ministry of Finance Incorporated (MOFI)/Debt Management Department (DMD) of the State Ministry of Finance to embark on Registration, Verification and Valuation of Assets of the State Government with a view to full implementation of IPSAS Accrual as soon as relevant extant laws are amended.

#### **2.7 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of current account balances, and placements denominated in Naira and held with commercial banks in Nigeria. Cash equivalents are short term, highly liquid investments which are readily convertibles to cash and so near its maturity dates as to present insignificant risks of changes in value.

#### **2.8 INVESTMENTS**

The State Government Shares held under the Ministry of Finance Incorporated (MOFI) are stated at the market values as at December 2021. Shares of companies that are moribund or quoted companies that have been delisted by the Nigerian Stock Exchange are stated at per values. Also stated at per values are shares of companies that have been liquidated or whose going concerns have been negatively confirmed by their resident auditors.

## 2.9 CONSOLIDATED REVENUE FUND

Consolidated Revenue Fund represents the aggregated balance of the revenue and expenditure account after all the recurrent revenue and expenditure for the year have been recognized.

## 2.10 CAPITAL DEVELOPMENT FUND

Capital Development Fund represents the aggregated balances after the capital receipts and expenditures for the year have been recognized. It also includes annual transfers from the Consolidated Revenue Fund in line with the amount provided in the annual budget of the State.

## 2.11 STATUTORY ALLOCATION

Statutory Allocation is made up of revenue collected on monthly basis which represents the State's Share of the Federation Account. The State's share of the Federation Account, Excess Crude Receipts, Refund from Paris Club and Exchange Rate Gain are all included in Gross Statutory Allocation in the Financial Statements. Statutory Allocations are recognized in the Financial Statements when received.

## 2.12 RECURRENTS REVENUE AND EXPENDITURE

Recurrent revenue are revenue generated by the State Taxes, Licenses, Fees, Fines, Sales, Earnings, Rent on government land, Rent on Government building, Income from Investments and other incidental revenue. They are organized in the financial statements when received. Recurrent expenditures are expenditure on Personnel, Pension and Gratuities, Salaries of statutory office holders, other Overheads and Public Debt Charges. They are recognized in the Financial Statements of the state when payments are made.

## 2.13 CAPITAL COSTS

Capital costs are recognized in their year of occurrence only.

## 2.14 MEMORANDA TO FINANCIAL STATEMENTS

In preparation for the full implementation of IPSAS Accrual Basis Accounting, Fixed Assets Purchased/Constructed/Provided during the accounting year by the Ministries, Department & Agencies (MDAs) are shown as memoranda record because of the information value to users pending abrogation of Capital Development Fund and or amendment of relevant laws to pave way for full implementation IPSAS (Accrual) =See Note 30B.

## 2.15 FOREIGN CURRENCY

Transactions in foreign currencies are stated at their naira value at the exchange rate of N379.50/\$ as at 31<sup>st</sup> December, 2021



**Sir Remigius Odo (JP), FCNA, CCrFA**  
**(FRC/2020/001/00000022046)**  
**Accountant General**