

IMO STATE WATER AND SEWERAGE CORPORATION

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2019



UGOCHUKWU UKAH & CO.

Chartered Accountants

NIGERIA

IMO STATE WATER AND SEWERAGE CORPORATION

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IMO STATE WATER AND SEWERAGE CORPORATION

Corporate Information

1. DIRECTORS

Engr. Charles Iheka
Engr. Frank Onyealisi
Engr. Adol Onyeru
Mrs MaryChris Amadi
Engr. Celestine C. Ugoanyanwu

2. MANAGING DIRECTOR/CEO

Engr. Celestine C. Ugoanyanwu, FNSE

3. AG. SECRETARY TO THE BOARD

Mr. Zeph Osuji

4. REGISTERED OFFICE

Ugwu Orji, Okigwe Road
Owerri, Imo State

5. AUDITORS

Ugochukwu Ukah & Co.
(Chartered Accountants)
28/30 Orlu Road, Owerri
Imo State, Nigeria.
0810-183-9665
Unclec4j@yahoo.com

6. BANKERS

Access Bank Plc
UBA Plc
First Bank Plc



UGOCHUKWU UKAH & CO.
[Chartered Accountants]

ABUJA OFFICE:
Suite B3, Abuja Shopping Mall
Wuse Zone 3, P.O. Box 7080
Wuse, Abuja-Nigeria.
☎ 0809-513-5272

OWERRI OFFICE
No. 28/30 Orlu Road
Owerri, Imo State.
☎ 0803-275-6642, 0802-513-5272
Email: unclec4@yahoo.com

IMO STATE WATER AND SEWERAGE CORPORATION

AUDITOR'S REPORT

We have the financial statement set out on pages 6 to 13

The financial statement is in agreement with books which in our opinion have been properly kept. We obtained all the necessary information and explanations we required during the course of our audit.

Respective Responsibilities of Directors and Auditor's

The directors are responsible for the preparation of the financial statement. It is our responsibility to form an independent opinion based on our audit.

Basis of Opinion

We conducted our audit in accordance with auditing standards. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in financial statement. It also include, an assessment of the significant estimates and judgment, made by the directors in the preparation of the financial statement, whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statement is free from materials misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statement.

Opinion:

In our opinion, the financial statements give a true and fair view of the state of the financial affairs of the Corporation as at 31st December, 2019, the excess of income over expenditure and the cash flow on that date, and have been properly prepared in accordance with Imo State Water and Sewage Corporation Edict No. 35 of 1995 as amended and, all relevant statements of accounting standards, of the Nigerian Accounting Standards Board.


UGOCHUKWU UKAH & CO.
Chartered Accountants



OWERRI, NIGERIA

IMO STATE WATER AND SEWERAGE CORPORATION

Statement of Accounting Policies For the Year Ended 31st December, 2019

The following are the significant Accounting Policies adopted by the Company in the preparation of the accounts.

1. Basis of Accounting

The accounts have been prepared under the Historical Cost Convention

2. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation.

3. Depreciation

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the estimated useful lives of the assets concerned. The principal annual rates for this purpose which are consistent with those of the previous years are:

ITEM	RATES
Boreholes & Accessories	10%
Plant and Machinery(pumping stations, Booster station, pipes ect)	10%
Motor Vehicles	15%
Office Furniture and Equipment	10%
Household Furnitures & Equipment	10%
Tools & Equipment	10%

4. Stock

Stocks are valued a lower of cost or net realizable value.

5. Debtors

Debtors are stated after making specific provision for debts considered doubtful of collection. A provision of 25% has been made.

5. Turnover

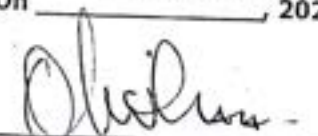
This represents receipt from water sales, subventions and grants from Imo State Government and other Agencies. Any payments to creditors or third parties made on behalf of the corporation by Government or other agencies are considered as receipt in the year of payments.

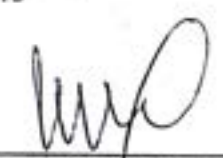
IMO STATE WATER AND SEWERAGE CORPORATION

Statement of Financial Position As at 31st December, 2019

Capital Employed	Notes	2019 N	2018 N
<i>Fixed Assets</i>			
<i>Less: Depreciation</i>	(1)	10,299,815	29,623,082
Current Assets			
Water Rate Debtors	(2)	95,224,237	85,493,037
Stock	(3)	5,066,810	3,201,980
Cash and Bank Balances	(4)	13,351,136	10,946,324
Total Assets		<u>113,642,183</u>	<u>99,641,341</u>
Current Liabilities			
Creditors	(5)	4,440,200	4,440,200
Other Creditors and Accruals	(6)	17,010,387	17,000,143
Total Liabilities		<u>21,450,587</u>	<u>21,440,343</u>
		92,191,596	78,200,998
Investment in Shares: UBN Plc		300,000	300,000
Net Assets		<u>102,791,411</u>	<u>108,124,080</u>
Capital and Reserves			
Imo State Government Fund	(7)	120,075,123	120,075,123
Accumulated Fund	(8)	(17,283,712)	(11,951,043)
Shareholders Fund		<u>102,791,411</u>	<u>108,124,080</u>

These Financial Statements were approved by the Board of Directors
On _____, 2020 and signed on its behalf by:


Chairman


Managing Director

IMO STATE WATER AND SEWERAGE CORPORATION

Statement of Income and Expenditure For the Year Ended, 31st December, 2019

	Notes	2019 N	2018 N
Water Sales (charges)	(9)	123,449,287	119,368,001
Government Subventions/	(10)	68,034,390	85,343,344
Licences and fees	(11)	411,215	365,000
Other income (Receipts)	(12)	4,019,815	4,150,675
		<u>195,914,704</u>	<u>209,227,020</u>
Direct Operating Expenses	(13)	90,192,868	73,753,148
Personnel Costs	(14)	85,601,680	76,877,430
Administrative and General Expenses	(15)	26,229,996	24,494,075
		<u>202,019,544</u>	<u>175,124,653</u>
Surplus/(Deficit) of Income Over Expenditure Transferred to Accumulated Fund		<u>(6,104,837)</u>	<u>34,102,367</u>

The accompanying notes form part of these Financial Statements.

IMO STATE WATER AND SEWERAGE CORPORATION

Statement of Income and Expenditure For the Year Ended, 31st December, 2019

	2019 N	2018 N
Cash from Operating Activities	1,694,786	(14,955,466)
Returns on investment and Servicing of Finance	0	0
Taxation	0	0
Net Cash inflow from Operating Activities	<u>1,694,786</u>	<u>(315,778)</u>
Cash Flow from Investing Activities		
Purchase of fixed Assets		14,639,688
Net Cash Flow before financing Activities	710,026	0
Financing Activities		0
Net Increase in Cash and Cash Equivalent	2,404,812	(315,778)
Cash and cash Equivalent 1/1/2017	10,946,324	11,262,102
Cash and Cash Equivalent 31/12/2017	<u>13,351,136</u>	<u>10,946,324</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to financial Statement For the Year Ended, 31st December, 2019

Note 1: Fixed Assets Schedule and Provision for Depreciation

	Boreholes & Accessories	Plants & Machinery	Motor Vehicles	Office Furnitures & Equipment	House-Hold Furnitures & Equipment	Tools & Equipment	Total
Cost	N	N	N	N	N	N	N
At 01/01/19	38,650,470	113,166,450	20,471,350	6,000,000	2,000,000	2,708,730	174,997,000
Additions during the year							
At 31/12/19	38,650,470	113,166,450	20,471,350	6,000,000	2,000,000	2,708,730	174,997,000
Depreciation							
At 01/01/19	30,920,263	90,533,160	15,353,511	4,800,000	1,600,000	2,166,984	145,343,918
Charge for the Year	3,865,047	11,316,645	3,070,702	600,000	200,000	270,873	19,323,267
At 31/12/19	34,785,310	101,849,805	18,424,213	5,400,000	1,800,000	2,437,857	164,697,185
Net Book Values							
At 31/12/19	3,865,160	11,316,645	2,047,137	600,000	200,000	270,873	10,299,815
At 31/12/18	7,730,207	22,633,290	5,117,839	1,200,000	400,000	541,746	29,623,082

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2019 N	2018 N
2 Water Debtors		
Owerri Urban	126,965,650	109,990,715
25% Provision for Doubtful Collection	<u>31,741,413</u>	<u>24,497,678</u>
	<u>95,224,234</u>	<u>85,493,037</u>
3 Stocks		
Mechanical/Electrical/Chemical Stores	2,175,500	1,210,715
Otamiri General Stores	890,145	1,025,615
Pipes/Fittings	<u>2,001,165</u>	<u>965,650</u>
	<u>5,066,810</u>	<u>3,201,980</u>
4 Cash and Bank Balances		
Headquarters, Owerri	2,210,600	1,990,810
Owerri Urban	190,000	235,550
Emekuku	10,000	0
Umuguma	115,500	100,000
Aboh Mbaise	305,150	315,500
Mgbidi/Oguta	200,000	190,900
Nkwerre/Mbano	5,000	1,000
Ohaji/Egbema	12,000	15,000
Ihitte/Obowo	21,110	18,180
Orlu	410,500	390,000
Okigwe	5,000	0
UBN Plc, Owerri 0239	1,411	1,411
UBN Plc, Owerri 1634	90,444	90,444
Access Bank Plc	2,561,115	1,501,713
UBN Plc, Orlu	100,101	100,101
UBN Plc	<u>7,113,205</u>	<u>5,995,715</u>
	<u>13,351,136</u>	<u>10,946,324</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2018 N	2018 N
5 Sundry Creditors		
Balance at 01/01/2017	4,440,200	4,440,200
Additions during the year	<u>0</u>	<u>0</u>
	<u>4,440,200</u>	<u>4,440,200</u>
6 Other Creditors and Accrued Charges		
Pay As You Earn Tax (PAYE)	5,414,270	4,997,250
Withholding Tax (WHT)	440,000	339,259
Capitation rate	82,116	71,215
Union dues	1660,715	1,770,100
Personal Enrolment/Allowance	4,880,110	5,580,870
Ugochukwu Ukah & Co	1,200,100	1,100,000
Ben Ugwu & Co.	1,760,182	1,760,182
Staff Welfare Scheme	442,650	312,180
Staff Housing Loan Board	375,750	334,615
Development levy	465,115	425,500
Surcharge	75,005	81,700
Bicycles loan Refund	15,957	15,957
Salaries Advance	198,417	21,315
	<u>17,010,387</u>	<u>17,000,143</u>
7 Imo State Government Fund		
Balance as at 1 st January	<u>120,075,123</u>	<u>120,075,123</u>
8 Accumulated Fund		
Balance at 1 st January	11,951,043	12,946,507
Surplus (Deficit) Transferred from Revenue Account	(6,104,837)	34,102,367
Prior Year Adjustment	(23,129,918)	(58,999,917)
Balance at 31 st December	<u>(17,283,712)</u>	<u>(11,951,043)</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2019 N	2018 N
9 Water Sales (Charges)		
Owerri Urban		
Head Office	37,547,902	34,134,456
Task Force	8,115,200	6,937,707
Consultants	23,142,215	23,802,555
Total Urban Water Sales	<u>68,805,317</u>	<u>64,874,718</u>
A Release for Government Water Charges	<u>52,500,000</u>	<u>52,500,000</u>
B Zones		
Mbaise	35,110	30,000
Mgbidi/Oguta	30,485	31,460
Orlu	1,001,710	995,773
Umuguma	660,370	571,730
Emekuku	26,000	22,100
Uboniri	8,000	10,000
Umuoba	92,185	87,180
Okigwe	290,110	245,040
Total Water Sales from Zones	<u>2,143,970</u>	<u>1,993,283</u>
Grand Total	<u>123,449,287</u>	<u>119,368,001</u>
10 Government Subvention/Grants		
Subventions	15,000,000	10,000,000
Special Grants	24,890,500	19,261,100
Debts Settled by Govt. on behalf of the Corporation	<u>28,143,890</u>	<u>56,082,244</u>
	<u>68,034,390</u>	<u>85,343,344</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2019 N	2018 N
11 Licences and Fees		
Pipe Relocation	<u>411,215</u>	<u>365,000</u>
12 Other Income (Receipts)		
Hire of Equipment	600,160	710,150
Contract Registration and Tender Fees	260,100	220,115
Consultancy/Feasibility Studies Fees	175,500	150,000
Private Borehole Permit	615,200	880,000
Service charge Relaying Damaged Pipes	325,710	315,200
Auction Sales	30,000	0
Miscellaneous	<u>1,913,145</u>	<u>1,875,210</u>
	<u>4,019,815</u>	<u>4,150,675</u>
13 Direct Operating Expenses		
Depreciation – Plant & Machinery	11,316,645	11,316,645
Maintenance Expenses – Pipelines	8,210,544	3,615,790
Maintenance Expenses – Water Scheme	12,615,115	10,445,200
Maintenance Expenses – Plant & Equip	9,010,115	7,210,710
Maintenance Expenses – Motor Vehicles	7,030,419	5,444,075
Rehabilitation of Otamiri H/Works	13,909,410	10,500,615
Electricity Charges	<u>28,100,620</u>	<u>25,220,113</u>
	<u>90,192,868</u>	<u>73,753,148</u>
14 Personnel Costs		
Staff Salaries	63,217,715	58,110,420
Wages of Casual and Project Staff	16,415,000	14,001,310
Leave Allowances	5,818,715	4,665,700
Bonuses	<u>150,250</u>	<u>100,000</u>
	<u>85,601,680</u>	<u>76,877,430</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2019 N	2018 N
15 Administration and General Expenses		
Depreciation – Other Assets	8,006,622	8,006,622
Transport and Travelling	2,010,610	1,888,110
Advert and Publicity	520,000	480,000
Telephone and Postages	710,710	612,500
Security Services	800,750	720,110
Mechanical Expenses	500,000	410,000
Printing and Stationery	667,610	640,450
Rent on Post House	200,000	100,000
Staff Training	1,000,000	950,400
Entertainment and Hospitality	815,560	990,148
Audit Fees	1,120,000	1,110,340
Maintenance of Office Building	468,113	600,145
Office and General	880,415	960,750
Legal Expenses	200,000	0
Bound Members Allowance	665,220	665,220
Enumeration Survey	425,700	400,000
Representation and Entertainment	515,610	500,000
Revenue Consultant Commission	1,775,210	1,615,710
Bank Charges	623,103	411,215
Non-Accident Bonus	38,190	32,150
Employee Pensions and Death Benefits	135,100	110,200
Power and Light	389,213	331,215
Other Outside Services Employed	150,000	0
Injuries and Damages	110,650	100,000
Boreholes Fishing & Testing Pumps	425,700	315,150
IT students/Corpers Allowance	150,000	100,000
Plan Implementation and Monitoring	0	50,000
Computer Maintenance & Consumables	825,100	615,225
Consultancy Services	150,000	200,000
Miscellaneous Expenses	1,610,710	1,498,215
Licences/Insurance	35,100	20,200
	<u>26,224,996</u>	<u>24,494,075</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2019 N	2018 N
16 Prior Year Adjustments		
This is made of the difference in the books as a result of prior period transactions	<u>(23,129,918)</u>	<u>(58,999,917)</u>
17 Statement of Operating Activities		
For the Year Ended 31st December, 2017		
Surplus (Deficit) of Income Year Over		
Expenditure for the Year	(6,104,837)	34,102,367
Depreciation	19,323,267	19,323,267
Prior Year Adjustment	(23,129,918)	(58,999,917)
(Increase)/Decrease in Debtors	9,731,200	4,856,013
(Increase)/Decrease in Stock	1,864,830	51,980
(Increase)/Decrease in Prepayments	0	0
Increase/(Decrease) in Creditors	0	0
Increase/(Decrease) in Other		
Creditors and Accruals	10,244	454,472
	<u>1,694,786</u>	<u>(315,778)</u>