

IMO STATE WATER AND SEWERAGE CORPORATION

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018



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:
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Wuse Zone 3, P.O. Box 7080
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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, 2018, 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.
UGOCHUKWU UKAH & CO.
Chartered Accountants

OWERRI, NIGERIA

IMO STATE WATER AND SEWERAGE CORPORATION

Statement of Accounting Policies For the Year Ended 31st December, 2018

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

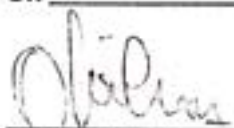
This represents receipt from water sales, subventions and grants from Imo State Government and other Agencies. Any payments to creditors or third parties made on behalf of the corporation by Government or other agencies are considered as receipt in the year of payments.

IMO STATE WATER AND SEWERAGE CORPORATION

Statement of Financial Position As at 31st December, 2018

	Notes	2018 N	2017 N
Capital Employed			
<i>Fixed Assets</i>			
Less Deprecation	(1)	29,623,082	48,946,349
Current Assets			
Water Rate Debtors	(2)	85,493,037	90,349,050
Stock	(3)	3,201,980	3,150,000
Cash and Bank Balance	(4)	10,946,324	11,262,102
Total Assets		<u>99,641,341</u>	<u>104,761,152</u>
Current Liabilities			
Creditors	(5)	4,440,200	4,440,200
Other Creditors and Accrual	(6)	17,000,143	16,545,671
Total Liabilities		<u>21,440,343</u>	<u>20,985,871</u>
		78,200,998	83,775,281
Investment in Shares: UBN Plc		300,000	300,000
Net Assets		<u>108,124,080</u>	<u>133,021,630</u>
Capital and Reserves			
Imo State Government Fund	(7)	120,075,123	120,075,123
Accumulated Fund	(8)	(11,951,043)	12,946,507
Shareholders Fund		<u>108,124,080</u>	<u>133,021,630</u>

These Financial Statements were approved by the Board of Directors
On _____, 2019 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, 2018

	Notes	2018 N	2017 N
Water Sales (charges)	(9)	119,368,001	111,668,928
Government Subventions/Grants	(10)	85,343,344	63,266,976
Licences and fees	(11)	365,000	215,000
Other income (Receipts)	(12)	4,150,675	3,652,118
		<u>209,227,020</u>	<u>178,803,022</u>
Direct Operating Expenses	(13)	73,753,148	77,438,246
Personnel Costs	(14)	76,877,430	68,770,740
Administrative and General Expenses	(15)	24,494,075	27,821,308
		<u>175,124,653</u>	<u>174,030,294</u>
Surplus/(Deficit) of Income Over Expenditure Transferred to Accumulated Fund		<u>34,102,367</u>	<u>4,772,728</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, 2018**

	2018 N	2017 N
Cash from Operating Activities	(315,788)	2,372,630
Returns on investment and Servicing of Finance	0	0
Taxation	0	0
Net Cash inflow from Operating Activities	(315,778)	2,372,630
Cash Flow from Investing Activities		
Purchase of fixed Assets	0	0
Net Cash Flow before financing Activities	0	2,372,630
Financing Activities	0	0
Net Increase in Cash and Cash Equivalent	(315,778)	2,373,630
Cash and cash Equivalent 1/1/2018	11,262,102	8,889,472
Cash and Cash Equivalent 31/12/2018	10,946,324	11,262,102

Notes to financial Statement
For the Year Ended, 31st December, 2018

	Boreholes & Plant & Accessories	Machinery	Motor Vehicles	Office Furnitures & Equipment	House-Hold Furnitures & Equipment	Tools & Equipment	Total
Cost	N	N	N	N	N	N	N
At 01/01/18	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 31/12/18	<u>38,650,470</u>	<u>113,166,450</u>	<u>20,471,350</u>	<u>6,000,000</u>	<u>2,000,000</u>	<u>2,708,730</u>	<u>174,997,000</u>
Depreciation							
At 01/01/18	27,055,216	79,216,515	12,282,809	4,200,000	1,400,000	1,896,111	126,050,651
Charge for the Year	3,865,047	11,316,645	3,070,702	600,000	200,000	270,873	19,323,267
At 31/12/18	<u>30,920,263</u>	<u>90,533,160</u>	<u>15,353,511</u>	<u>4,800,000</u>	<u>1,600,000</u>	<u>2,166,984</u>	<u>145,343,918</u>
Net Book Values							
At 31/12/18	<u>7,730,207</u>	<u>22,633,290</u>	<u>5,117,839</u>	<u>1,200,000</u>	<u>400,000</u>	<u>541,746</u>	<u>29,623,082</u>
At 31/12/17	<u>11,595,254</u>	<u>33,949,935</u>	<u>8,188,541</u>	<u>1,800,000</u>	<u>800,000</u>	<u>812,619</u>	<u>48,946,349</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2018 N	2017 N
2 Water Debtors		
Owerri Urban	109,990,715	120,465,400
25% Provision for Doubtful Collection	<u>24,497,678</u>	<u>30,116,350</u>
	<u>85,493,037</u>	<u>90,349,050</u>
3 Stocks		
Mechanical/Electrical/Chemical Stores	1,210,715	1,050,000
Otamiri General Stores	1,025,615	950,000
Pipes/Fittings	<u>965,650</u>	<u>1,150,000</u>
	<u>3,201,980</u>	<u>3,150,000</u>
4 Cash and Bank Balances		
Headquarters, Owerri	1,990,810	2,301,700
Owerri Urban	235,550	330,000
Emekuku	0	10,000
Umuguma	100,000	55,000
Aboh Mbaise	315,500	210,500
Mgbidi/Oguta	190,900	200,150
Nkwerre/Mbano	1,000	5,000
Ohaji/Egbema	15,000	14,100
Ihitte/Obowo	18,180	22,500
Orlu	390,000	485,000
Okigwe	0	1,000
UBN Plc, Owerri 0239	1,411	101,411
UBN Plc, Owerri 1634	90,444	990,703
Access Bank Plc	1,501,713	445,890
UBN Plc, Orlu	100,101	88,031
UBN Plc	<u>5,995,715</u>	<u>6,001,117</u>
	<u>10,946,324</u>	<u>11,262,102</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2018 N	2017 N
5 Sundry Creditors		
Balance at 01/01/2017	4,440,200	2,803,172
Additions during the year	0	1,637,028
	<u>4,440,200</u>	<u>4,440,200</u>
6 Other Creditors and Accrued Charges		
Pay As You Earn Tax (PAYE)	4,997,250	6,446,713
Withholding Tax (WHT)	339,259	339,259
Capitation rate	71,215	68,266
Union dues	1,770,100	1,850,780
Personal Emoluments/Allowances	5,580,870	3,669,635
Ugochukwu Ukah & Co	1,100,000	0
Ben Ugwu & Co.	1,760,182	2,760,182
Staff Welfare Scheme	312,180	265,014
Staff Housing Loan Board	334,615	680,723
Development levy	425,500	248,750
Surcharge	81,700	59,019
Bicycles loan Refund	15,957	15,957
Salaries Advance	211,315	141,373
	<u>17,000,143</u>	<u>16,545,671</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	12,946,507	31,687,076
Surplus (Deficit) Transferred from Revenue Account	34,102,367	4,772,728
Prior Year Adjustment	(58,999,917)	(23,513,297)
Balance at 31 st December	<u>(11,951,043)</u>	<u>12,946,507</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2018 N	2017 N
9 Water Sales (Charges)		
Owerri Urban		
Head Office	32,134,456	29,682,136
Task Force	6,937,707	6,607,340
Consultants	23,802,555	21,252,282
Total Urban Water Sales	<u>64,874,718</u>	<u>57,541,758</u>
 A Release for Government Water Charges	 <u>52,500,000</u>	 <u>52,500,000</u>
 B Zones		
Mbaise	30,000	28,000
Mgbidi/Oguta	31,460	28,600
Orlu	995,773	865,890
Umuguma	571,730	410,200
Emekuku	22,100	18,000
Ubomiri	10,000	5,000
Umuoba	87,180	67,780
Okigwe	245,040	203,700
Total Water Sales from Zones	<u>1,993,283</u>	<u>1,627,170</u>
Grand Total	<u>119,368,001</u>	<u>111,668,928</u>
 10 Government Subvention/Grants		
Subventions	10,000,000	0
Special Grants	19,261,100	22,359,600
Debts Settled by Govt. on behalf of the Corporation	56,082,244	40,907,376
	<u>85,343,344</u>	<u>63,266,976</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2018 N	2017 N
11 Licences and Fees		
Pipe Relocation	<u>365,000</u>	<u>215,000</u>
12 Other Income (Receipts)		
Hire of Equipment	710,150	589,200
Contract Registration and Tender Fees	220,115	110,220
Consultancy/Feasibility Studies Fees	150,000	100,000
Private Borehole Permit	880,000	960,000
Service charge Relaying Damaged Pipes	315,200	215,100
Miscellaneous	<u>1,875,210</u>	<u>1,677,598</u>
	<u>4,150,675</u>	<u>3,652,118</u>
13 Direct Operating Expenses		
Depreciation – Plant & Machinery	11,316,645	11,316,645
Maintenance Expenses – Pipeline	3,615,790	2,113,980
Maintenance Expenses – Water Scheme	10,445,200	13,202,535
Maintenance Expenses – Plant & Equipmt	7,210,710	2,304,750
Maintenance Expenses – Motor Vehicles	5,444,075	5,233,360
Rehabilitation of Otamiri H/Works	10,500,615	12,359,600
Electricity Charge	<u>25,220,113</u>	<u>30,907,376</u>
	<u>73,753,148</u>	<u>77,438,246</u>
14 Personnel Costs		
Staff Salaries	58,110,420	54,894,234
Wages of Casual and Project Staff	14,001,310	10,668,839
Leave Allowances	4,665,700	3,149,667
Bonuses	<u>100,000</u>	<u>58,000</u>
	<u>76,877,430</u>	<u>68,770,740</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2018 N	2017 N
15 Administration and General Expenses		
Depreciation – Other Assets	8,006,622	8,006,622
Transport and Travelling	1,888,110	1,781,000
Advert and Publicity	480,000	316,255
Telephone and Postages	612,500	571,185
Security Services	720,110	601,200
Mechanical Expenses	410,000	372,410
Printing and Stationery	640,450	639,316
Rent on Post House	100,000	100,000
Staff Training	950,400	849,500
Entertainment and Hospitality	990,148	1,186,130
Audit Fees	1,110,340	1,050,130
Maintenance of Office Building	600,145	461,100
Office and General	960,750	1,609,660
Legal Expenses	0	320,000
Bound Members Allowance	665,220	884,585
Furniture Allowance	0	2,017,638
Enumeration Survey	400,000	0
Representation and Entertainment	500,000	721,000
Revenue Consultant Commission	1,615,710	3,262,440
Bank Charges	411,215	201,322
Non-Accident Bonus	32,150	22,500
Employee Pensions and Death Benefits	110,200	85,000
Power and Light	331,215	237,100
Other Outside Services Employed	0	227,000
Injuries and Damages	100,000	60,000
Boreholes Fishing & Testing Pumps	315,150	222,000
IT students/Corpers Allowance	100,000	97,000
Plan Implementation and Monitoring	50,000	0
Computer Maintenance & Consumables	615,225	426,900
Consultancy Services	200,000	150,000
Miscellaneous Expenses	1,498,215	1,328,815
Licences/Insurance	20,200	14,500
	<u>24,494,075</u>	<u>27,821,308</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2018	2017
	N	N
16 Prior Year Adjustments		
This is made of the difference in the books as a result of prior period transactions	<u>(58,999,917)</u>	<u>(23,513,297)</u>
17 Statement of Operating Activities		
For the Year Ended 31st December, 2017		
Surplus/ (Deficit) of Income Year Over		
Expenditure for the Year	34,102,367	4,772,728
Depreciation	19,323,267	(19,323,267)
Prior Year Adjustment	(58,999,917)	23,513,297
(Increase)/Decrease in Debtors	4,856,013	(2,148,518)
(Increase)/Decrease in Stock	51,980	200,000
(Increase)/Decrease in Prepayments	0	0
Increase/(Decrease) in Creditors	0	(2,140,188)
Increase/(Decrease) in Other Creditors and Accruals	<u>454,472</u>	<u>(2,501,422)</u>
	<u>(315,778)</u>	<u>2,372,630</u>