

IMO STATE WATER AND SEWERAGE CORPORATION

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2017



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
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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, 2017, 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, 2017

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

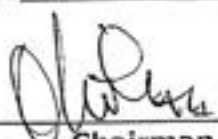
This represents receipt from water sales, subventions and grants from Imo State Government and other Agencies. Any payments to creditors or third parties made on behalf of the corporation by Government or other agencies are considered as receipt in the year of payments.

IMO STATE WATER AND SEWERAGE CORPORATION

Statement of Financial Position As at 31st December, 2017

	Notes	2017 N	2016 N
Capital Employed			
<i>Fixed Assets</i>			
Less: Depreciation	(1)	48,946,349	68,269,616
Current Assets			
Water Rate Debtors	(2)	90,349,050	88,200,532
Stock	(3)	3,150,000	2,950,000
Cash and Bank Balance	(4)	<u>11,262,102</u>	<u>8,889,472</u>
Total Assets		<u>104,761,152</u>	<u>100,040,004</u>
Current Liabilities			
Creditors	(5)	4,440,200	2,803,172
Other Creditors and Accrual	(6)	<u>16,545,671</u>	<u>14,044,249</u>
Total Liabilities		<u>(20,985,871)</u>	<u>(16,847,421)</u>
		83,775,281	83,192,583
Investment in Shares: UBN Plc		300,000	300,000
Net Assets		<u>133,021,630</u>	<u>151,762,199</u>
Capital and Reserves			
Imo State Government Fund	(7)	120,075,123	120,075,123
Accumulated Fund	(8)	<u>12,946,507</u>	<u>31,687,076</u>
Shareholders Fund		<u>133,021,630</u>	<u>151,762,199</u>

These Financial Statements were approved by the Board of Directors
On _____, 2018 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, 2017

	Notes	2017 N	2016 N
Water Sales (charges)	(9)	111,668,928	112,744,790
Government Subventions/Grants	(10)	63,266,976	105,343,344
Licences and fees	(11)	215,000	119,110
Other income (Receipts)	(12)	3,652,118	5,962,091
		<u>178,803,022</u>	<u>224,169,335</u>
Direct Operating Expenses	(13)	77,438,246	82,410,840
Personnel Costs	(14)	68,770,740	59,002,482
Administrative and General Expenses	(15)	27,821,308	25,201,878
		<u>174,030,294</u>	<u>166,615,200</u>
Surplus/(Deficit) of Income Over Expenditure Transferred to Accumulated Fund		<u>4,772,728</u>	<u>57,554,135</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, 2017

	2017 N	2016 N
Cash from Operating Activities	2,372,630	3,449,711
Returns on investment and Servicing of Finance	0	0
Taxation	0	0
Net Cash inflow from Operating Activities	<u>2,372,630</u>	<u>3,449,711</u>
Cash Flow from Investing Activities		
Purchase of fixed Assets	0	(4,587,100)
Net Cash Flow before financing Activities	2,372,630	
Financing Activities	<u>0</u>	<u>0</u>
Net Increase in Cash and Cash Equivalent	2,373,630	(1,137,389)
Cash and cash Equivalent 1/1/2017	8,889,472	10,026,861
Cash and Cash Equivalent 31/12/2017	<u>11,262,102</u>	<u>8,889,472</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to financial Statement
For the Year Ended, 31st December, 2017

Note 1: Fixed Assets Schedule and Provision for Depreciation

	Boreholes & Accessories	Plants & Machinery	Motor Vehicles	Office Furnitures & Equipment	Household Furnitures & Equipment	Tools & Equipment	Total
Cost	N	N	N	N	N	N	N
At 01/01/17	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 31/12/17	<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 01/01/17	23,190,169	67,899,870	9,212,107	3,600,000	1,200,000	1,625,238	106,727,384
Charge for the Year	<u>3,865,047</u>	<u>11,316,645</u>	<u>3,070,702</u>	<u>600,000</u>	<u>200,000</u>	<u>270,873</u>	<u>19,323,267</u>
At 31/12/17	<u>27,055,216</u>	<u>79,216,515</u>	<u>12,282,809</u>	<u>4,200,000</u>	<u>1,400,000</u>	<u>1,896,111</u>	<u>126,050,651</u>
Net Book Values							
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>
At 31/12/16	<u>15,460,301</u>	<u>45,266,580</u>	<u>11,259,243</u>	<u>2,400,000</u>	<u>1,000,000</u>	<u>1,083,492</u>	<u>68,269,616</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2017 N	2016 N
2 Water Debtors		
Owerri Urban	120,465,400	117,600,710
25% Provision for Doubtful Collection	<u>30,116,350</u>	<u>29,400,178</u>
	<u>90,349,050</u>	<u>88,200,532</u>
3 Stocks		
Mechanical/Electrical/Chemical Stores	1,050,000	750,000
Otamiri General Stores	950,000	950,000
Pipes/Fittings	<u>1,150,000</u>	<u>1,250,000</u>
	<u>3,150,000</u>	<u>2,950,000</u>
4 Cash and Bank Balances		
Headquarters, Owerri	2,301,700	2,148,520
Owerri Urban	330,000	420,000
Emekuku	10,000	14,385
Umuguma	55,000	97,348
Aboh Mbaise	210,500	330,662
Mgbidi/Oguta	200,150	239,951
Nkwerre/Mbano	5,000	1,698
Ohaji/Egbema	14,100	24,020
Ihitte/Obowo	22,500	42,956
Orlu	485,000	548,449
Okigwe	1,000	6,000
UBN Plc, Owerri 0239	101,411	492,478
UBN Plc, Owerri 1634	990,703	2,039,464
Access Bank Plc	445,890	299,770
UBN Plc, Orlu	88,031	167,332
UBN Plc	<u>6,001,117</u>	<u>3,016,419</u>
	<u>11,262,102</u>	<u>8,889,472</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2017 N	2016 N
5 Sundry Creditors		
Balance at 01/01/2017	2,803,172	2,803,172
Additions during the year	1,637,028	-
	<u>4,440,200</u>	<u>2,803,172</u>
6 Other Creditors and Accrued Charges		
Pay As You Earn Tax (PAYE)	6,446,713	5,913,244
Withholding Tax (WHT)	339,259	239,259
Capitation rate	68,266	58,916
Union dues	1,850,780	1,832,776
Personal Emolument/Allowances	3,669,635	2,2261,021
Ben Ugwu & Co.	2,760,182	2,844,052
Staff Welfare Scheme	265,014	272,114
Staff Housing Loan Board	680,723	273,983
Development levy	248,750	233,100
Surcharge	59,019	59,019
Bicycles loan Refund	15,957	56,765
Salaries Advance	141,373	0
	<u>16,545,671</u>	<u>14,044,249</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	31,687,076	(14,431,588)
Surplus (Deficit) Transferred from Revenue Account	4,772,728	57,554,135
Prior Year Period Adjustment	(23,513,297)	(11,435,471)
Balance at 31 st December	<u>12,946,507</u>	<u>31,687,076</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

		2017 N	2016 N
9	Water Sales (Charges)		
	Owerri Urban		
	Head Office	29,682,136	27,515,205
	Task Force	6,607,340	6,189,405
	Consultants	21,252,282	23,756,735
	Total Urban Water Sales	<u>57,541,758</u>	<u>57,461,345</u>
A	Release for Government Water Charges	<u>52,500,000</u>	<u>52,500,000</u>
B	Zones		
	Mbaise	28,000	18,000
	Mgbidi/Oguta	28,600	35,800
	Orlu	865,890	1,873,215
	Umuguma	410,200	521,800
	Emekuku	18,000	58,160
	Ubomiri	5,000	0
	Umuoba	67,780	25,470
	Okigwe	203,700	251,000
	Total Water Sales from Zones	<u>1,627,170</u>	<u>2,783,445</u>
	Grand Total	<u>144,668,028</u>	<u>112,744,790</u>
10	Government Subvention/Grants		
	Subventions	0	0
	Special Grants	22,359,600	19,261,100
	Debts Settled by Govt. on behalf of the Corporation	<u>40,907,376</u>	<u>86,082,244</u>
		<u>63,266,976</u>	<u>105,343,344</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2017 N	2016 N
11 Licences and Fees		
Pipe Relocation	<u>215,000</u>	<u>119,110</u>
12 Other Income (Receipts)		
Hire of Equipment	589,200	188,500
Contract Registration and Tender Fees	110,220	82,150
Consultancy/Feasibility Studies Fees	100,000	146,000
Private Borehole Permit	960,000	10,000
Service charge Relaying Damaged Pipes	215,100	3,062,107
Miscellaneous	<u>1,677,598</u>	<u>2,473,334</u>
	<u>3,652,118</u>	<u>5,962,091</u>
13 Direct Operating Expenses		
Depreciation – Plant & Machinery	11,316,645	11,316,645
Maintenance Expenses – Pipelines	2,113,980	2,410,617
Maintenance Expenses – Water Schemes	13,202,535	12,452,505
Maintenance Expenses – Plant & Eqpt.	2,304,750	1,678,909
Maintenance Expenses – Motor Vehicles	5,233,360	6,914,490
Rehabilitation of Otamiri H/Works	12,359,600	11,261,100
Electricity Charge	<u>30,907,376</u>	<u>36,376,574</u>
	<u>77,438,246</u>	<u>82,410,840</u>
14 Personnel Costs		
Staff Salaries	54,894,234	43,441,138
Wages of Casual and Project Staff	10,668,839	12,425,704
Leave Allowances	3,149,667	3,078,140
Bonuses	58,000	57,500
	<u>68,770,740</u>	<u>59,002,482</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2017 N	2016 N
15 Administration and General Expenses	8,006,622	8,006,622
Depreciation – Other Assets	1,781,000	1,469,460
Transport and Travelling	316,255	492,000
Advert and Publicity	571,185	600,715
Telephone and Postages	601,200	575,100
Security Services	372,410	218,342
Mechanical Expenses	639,316	760,969
Printing and Stationery	100,000	300,000
Rent on Post House	849,500	572,600
Staff Training	1,186,130	1,360,189
Entertainment and Hospitality	1,050,130	1,000,000
Audit Fees	461,100	403,300
Maintenance of Office Building	1,609,660	1,588,000
Office and General	320,000	484,000
Legal Expenses	884,585	686,000
Bound Members Allowance	2,017,638	0
Furniture Allowance	0	99,000
Enumeration Survey	721,000	755,100
Representation and Entertainment	3,262,440	3,169,287
Revenue Consultant Commission	0	235,000
Water to Government Officials	201,322	121,760
Bank Charges	22,500	0
Non-Accident Bonus	85,000	0
Employee Pensions and Death Benefits	237,100	0
Power and Light	227,000	0
Other Outside Services Employed	60,000	0
Injuries and Damages	222,000	0
Boreholes Fishing & Testing Pumps	97,000	111,363
IT students/Corpers Allowance	0	53,000
Plan Implementation and Monitoring	426,900	348,750
Computer Maintenance & Consumables	150,000	90,000
Consultancy Services	1,328,815	1,691,321
Miscellaneous Expenses	14,500	10,000
Licences/Insurance		
	<u>27,821,308</u>	<u>25,201,878</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2017 N	2016 N
16 Prior Year Adjustments		
This is made of the difference in the books as a result of prior period transactions	<u>23,53,297</u>	<u>11,435,471</u>
17 Statement of Operating Activities for the Year Ended 31st December, 2017		
Surplus (Deficit) of Income Year Over Expenditure for the Year	4,772,728	57,554,135
Depreciation	(19,323,267)	(19,323,267)
Prior Year Adjustment	23,513,297	(11,435,471)
(Increase)/Decrease in Debtors	(2,148,518)	(22,556,446)
(Increase)/Decrease in Stock	200,000	780,250
(Increase)/Decrease in Prepayments	0	0
Increase/(Decrease) in Creditors	(2,140,188)	(403,780)
Increase/(Decrease) in Other Creditors and Accruals	(2,501,422)	(1,165,710)
	<u>2,372,630</u>	<u>3,449,711</u>