

IMO STATE WATER AND SEWERAGE CORPORATION

ANNUAL REPORT AND AUDITED ACCOUNTS

2023



UGOCHUKWU UKAH & CO

Chartered Accountants

Nigeria

IMO STATE WATER AND SEWERAGE CORPORATION

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IMO STATE WATER AND SEWERAGE CORPORATION

Corporate Information

DIRECTORS:

Engr. Onyeji Boniface
Dr. Ezeribe Okonkwo
Engr. Henry Adiruo
Mrs. Ogbonna Obiageri
Mrs. Obinna Charity
Mrs. Oledinma Lilian
Engr. Celestine C. Ugoanyanwu

MANAGING DIRECTOR/CEO

Engr. Celestine C. Ugoanyanwu, FNSE

AG SECRETARY TO THE BOARD

Mrs. Okorie Assumpta

REGISTERED OFFICE:

Ugwu Orji, Okigwe Road,
Owerri, Imo State

AUDITORS/TAX CONSULTANTS:

Ugochukwu Ukah & Co.
Chartered Accountants
28/30 Orlu Road, Owerri,
Imo State, Nigeria
Tel. 08101839665
unclec4j@yahoo.com

BANKERS:

Access Bank Plc
UBA Plc
First Bank Plc
Zenith Bank Plc

IMO STATE WATER AND SEWERAGE CORPORATION

AUDITOR'S REPORT

We have the financial statement set out on pages 4 to 12 The financial statement is in agreement with the books which in our opinion have been properly kept. We obtained all the necessary information and explanation 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 base 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 includes, 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 Statement give a true and fair view of the Financial Position of IMO STATE WATER AND SEWERAGE CORPORATION as at 31st December, 2023, and of the Corporation financial performance and Cash Flows for the period under review in accordance with the Company and Allied Matters Act. 2004, and all relevant statement of International Financial Reporting Standards.

UGOCHUKWU UKAH & CO
Chartered Accountants
FRC/2013/ICAN/00000004755

OWERRI, NIGERIA

IMO STATE WATER AND SEWERAGE CORPORATION

Statement of Accounting Policies For the year ended 31st December 2023

The following are the significant accounting policies adopted in the preparation of its financial statement.

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS;

The financial statements are 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.

Boreholes & Accessories	10%
Plant and Machinery (Pumping Stations, Booster State, Pipes etc	10%
Motor vehicles	15%
Office Furniture and Equipment	10%
Household Furnitures & Equipment	10%
Tools & Equipment	10%

4. STOCKS;

The stocks are valued at lower of the cost and 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.

6. 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

For The Year Ended 31st December, 2023

	NOTES	2023 N	2022 N
Capital Employed			
Fixed Assets			
Less: Depreciation	(1)	32,404,600	60,309,103
Current Assets			
Water Rate Debtors	(2)	3,509,475	9,755,977
Stock	(3)	4,515,132	11,890,600
Cash and Bank Balances	(4)	12,303,896	13,700,946
Total Assets		<u>20,328,503</u>	<u>35,347,523</u>
Less: Current Liabilities			
Creditors	(5)	232,500	117,500
Other Creditors and Accruals	(6)	800,000	1,037,000
Total Liabilities		<u>1,032,500</u>	<u>1,154,500</u>
Net Current Assets		19,296,003	34,193,023
Net Assets		<u>51,700,603</u>	<u>94,502,126</u>
Capital and Reserves:			
Imo State Government Fund	(7)	120,075,123	120,075,123
Accumulated fund	(8)	(68,374,520)	(25,572,997)
Shareholders Fund		<u>51,700,603</u>	<u>94,502,126</u>

These financial Statements were approved by the Board of Directors
on _____, 2024 and signed on its behalf by:

Director

Director

IMO STATE WATER AND SEWERAGE CORPORATION

Statement of Income and Expenditure For The Year Ended 31st December, 2023

	Notes	2023 N	2022 N
Water Sales (charges)	(9)	2,968,997	3,746,590
Government Subventions/Grants	(10)	136,500,000	101,853,858
Other Income (Receipts)	(11)	8,072,000	15,705,793
		<u>147,540,997</u>	<u>121,306,241</u>
Direct Operating Expenses	(12)	98,776,515	83,292,967
Personnel Costs	(13)	101,101,587	94,935,253
Administrative and general Expenses	(14)	77,203,060	44,620,082
		<u>277,081,162</u>	<u>222,848,302</u>
Surplus/(Deficit) of income over Expenditure Transferred to Accumulated Fund		<u>(129,540,165)</u>	<u>(101,542,061)</u>

The accompanying notes form part of these financial statements.

IMO STATE WATER AND SEWERAGE CORPORATION

Statement of Cash Flow

For The Year Ended 31st December, 2023

	2023	2022
	N	N
Cash from Operating Activities:	(923,053)	(2,746,731)
Returns on Investment and Servicing of Finance	0	0
Taxation	0	0
Net Cash inflow from Operating activities:	<u>(923,053)</u>	<u>(2,746,731)</u>
Cash flow from Investing Activities :		
Purchase of fixed Assets	301,516,387	301,516,387
Net Cash flow before financing Activities	(299,196,484)	(289,426,279)
Financing Activities	<u>0</u>	<u>0</u>
Net Increase in Cash and Cash Equivalent	(1,396,850)	9,343,377
Cash and Cash Equivalent 1/1/2022	13,700,946	4,357,569
Cash and cash Equivalent 31/12/2022	<u>12,303,896</u>	<u>13,700,946</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Statement of Income and Expenditure For The Year Ended 31st December, 2023

	2023 N	2022 N
2. Water Debtors		
Owerri Urban & Others	4,679,300	13,007,970
25% Provision for Doubtful Collection	1,169,825	3,251,993
	<u>3,509,475</u>	<u>9,755,977</u>
3. Stocks		
Mechanical/Electrical/Chemicals Stores	4,399,522	11,821,700
Loose tools (Mowers)	115,610	68,900
	<u>4,515,132</u>	<u>11,890,600</u>
4. Cash and Bank Balances		
Cash in hand	12,063	488,369
FBN Plc A/C 100xxxxx136	287,312	283,006
Access bank Plc	1,692,002	983,112
Zenith Bank Plc	50,003	1,721,717
UBA plc A/C 102xxxxx919	10,262,516	10,224,742
	<u>12,303,896</u>	<u>13,700,946</u>
<u>5. Sundry Creditors:</u>		
Balance at 01/01/2023	117,500	117,500
Addition during the year	115,000	0
	<u>232,500</u>	<u>117,500</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2023	2022
	N	N
6. Other Creditors and Accrued Charges		
Ugochukwu Ukah & Co	800,000	800,000
Salaries Advance	0	237,000
	<u>800,000</u>	<u>1,037,000</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	(25,572,997)	(17,151,604)
Surplus(Deficit) Transferred from Revenue Account	(129,540,165)	(101,473,663)
Prior year adjustment	86,738,642	75,900,665
Balance at 31 st December	<u>(68,374,520)</u>	<u>(25,572,997)</u>
9. Water Sales (Charges) Owerri Urban:		
Head Office	95,997	199,200
Balance at 31 st December	<u>95,997</u>	<u>199,200</u>
Zones		
Orlu	1,593,000	1,330,500
Orji	201,400	921,390
Eke Nguru	388,500	564,000
Egebada	690,100	681,500
Umuoba Water Scheme	0	50,000
Total Water Sales from Zones	<u>2,873,000</u>	<u>3,547,390</u>
Grand Total	<u>2,968,997</u>	<u>3,746,590</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2023 N	2022 N
<u>10. Government Subvention/Grants:</u>		
Special Grants	136,500,000	96,853,858
Other world bank grants	0	5,000,000
	<u>136,500,000</u>	<u>101,853,858</u>
11. Other Income (Receipts)		
Hire of Equipment	600,000	55,000
Contract registration and tender Fees	1,965,000	45,000
Rent (Orji)	36,000	253,000
Private Borehole Permit/Analysis	3,624,000	5,410,000
Service Charge relaying Damaged Pipes	0	6,497,000
Tenement rate	1,200,000	3,000,000
Miscellaneous	647,000	445,793
	<u>8,072,000</u>	<u>15,705,793</u>
12. Direct Operating Expenses		
Depreciation Plant & Machinery	17,157,645	17,157,645
Depreciation of Boreholes/Accessories	6,630,372	6,630,372
Redevelopment of Boreholes	14,210,656	0
Maintenance Expenses Pipelines	15,393,665	29,381,000
Maintenance Expenses Water Scheme	5,605,100	15,747,750
Maintenance Expenses Plant & Equipment	408,625	603,200
Maintenance Expenses Motor Vehicles	1,334,100	1,621,500
Rehabilitation of Otamiri H/Works	20,179,152	575,000
Maintenance Expenses Laboratory/Water treatment	15,928,000	8,923,000
Maintenance expenses generator	1,928,000	2,653,500
	<u>98,776,515</u>	<u>83,292,967</u>
13. Personnel Costs		
Staff Salaries	99,056,587	92,695,253
Wages of Casual and project Staff	2,045,000	2,240,000
	0	0
	<u>101,101,587</u>	<u>94,935,253</u>

IMO STATE WATER AND SEWERAGE CORPORATION
Notes to Financial Statement (Cont'd)

	2023 N	2022 N
14. Administration and general Expenses		
Depreciation Other Assets	4,116,486	4,116,486
Transport and Travelling	4,967,945	3,267,450
Telephone and Postages/Communication	2,198,878	766,325
Security Allowances	2,973,000	2,445,000
Printing and Stationery	1,737,309	1,312,796
Entertainment and Hospitality	1,024,400	1,960,930
Audit fees	800,000	600,000
Professional Fees	1,040,000	900,000
Maintenance of Office Building	2,447,150	1,864,250
Office and General	15,157,945	5,716,315
Water Analysis Costs	616,000	455,000
Bank charges	30,714	26,091
Employee Pensions and Death benefits	182,100	635,500
Power and Light	5,346,533	4,420,644
Oil and Gas Expenses	10,104,200	1,279,000
Miscellaneous Expenses (surwash projects)	5,719,677	8,308,000
SWS (Deductions)	182,100	103,800
Vehicle Running Costs	1,956,532	894,140
IIRS (PAYE)	3,995,220	415,769
VAT	2,460,948	1,147,875
Union Dues	786,267	302,516
IMF(1%)	189,962	0
TSA	7,008,600	2,825,925
Stamp duty	195,886	131,020
WHT	<u>1,965,208</u>	<u>725,250</u>
	<u>77,203,060</u>	<u>44,620,082</u>

IMO STATE WATER AND SEWERAGE CORPORATION

Notes to Financial Statement (Cont'd)

	2023 N	2022 N
15. Prior year Adjustments		
This is made of the difference in the books		
As a result of prior period transactions	<u>86,738,642</u>	<u>75,900,665</u>
16. Statement of Operating Activities		
For the year ended 31 st December 2023		
Surplus(Deficit) of Income year over		
Expenditure for the year	(129,540,156)	(101,346,662)
Depreciation	27,904,503	27,904,503
Prior year Adjustment	86,738,642	75,900,665
(Increase)/Decrease in Debtors	6,246,502	(3,330,487)
(Increase)/Decrease in Stock	7,375,468	(1,182,750)
(Increase)/Decrease in Prepayments	0	0
Increase/(Decrease) in Creditors	115,000	0
Creditors and Accruals	<u>237,000</u>	<u>(692,000)</u>
	<u>(923,053)</u>	<u>(2,746,731)</u>