



## **DAIRY SPRING LIMITED**

*(Water Resources & Water Utility Services)*

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2019 Aug 19

Director General  
Office of Utilities Regulation  
36 Trafalgar Road  
Kingston 10

Dear Sir,

### **DAIRY SPRING LIMITED (DSL) - Application for increase in Water Rates**

We hereby apply for an increase in water rates charged to our customers as follows: -

Supply Category	Present			Proposed		
	Effective Date	Rate (J\$) 1000 gal	Rate (\$) 1000 litres	Effective Date	Rate (J\$) 1000 gal	Rate (\$) 1000 litres
Commercial	2011.02.11	700	154	2019.10.01	1,050	231
Export	2011.02.11	1,000	220	2019.10.01	1,500	330

DSL has the capacity to produce and distribute its licensed abstraction capacity of 3,406 m<sup>3</sup>/d with a near 100% reliability. Water supplied to customers continues to be of the highest quality and adequate pressure as determined by our daily monitoring of the distribution system. Non-Revenue Water over 2018 has averaged 4.2%. Neither have we breached any of the Conditions attached to the 2011 Rate Determination. A prior rate increase application that had been submitted in 2016 to the Office had been denied, as our Licence had not yet been renewed. The renewal has since been granted dated 17 December 2018 and issued 23 January 2019.

The following documents are submitted in support of our application: -

- Audited Financial Statements – 2018
- Chart – Water Production, Water Sales and Non-Revenue water
- Chart – Daily Water Pressures in the water Distribution system
- Chart – Daily Chlorine Residual in the Distribution System
- Fortnightly Bacteriological Quality

In evaluating our request, we ask that you take note of the following in the 2018 Audit Report: -

1. Revenue = Water Sales + Consulting Income = \$28,060,800 + \$15,431,465 = \$43,492,265
2. Debt includes \$13,136,784 (68%) Interest Free Loan provided by the Directors and an associated Company.
3. Interest on Debt of \$818,928 was incurred on commercial debt of \$6,298,025

The **50% proposed increase in rates** is intended to recover losses in earnings and increased costs resulting from a **49.5% increase in inflation** (2011 January to 2019 June; STATIN, 2019) and **60.7% devaluation of the Jamaican dollar** with respect to the US Dollar (2011.02.01 to 2019.07.24, BoJ). Also, it is intended to facilitate continued loan repayments, allow planned capital improvements and continue our efficient operations.

We ask for your prompt and favourable response to our application for increased water rates.

Yours respectfully  
DAIRY SPRING LIMITED



Michael N. White  
MANAGING DIRECTOR

**DAIRY SPRING LIMITED  
FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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**DECEMBER 31, 2018**

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**Bogle and Company**  
Chartered Accountants  
Worrick Bogle FCCA, FCA, CPA

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**Independent Auditor's Report**

**To the Shareholders of Dairy Spring Limited**

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Dairy Spring Limited set out on pages 4 to 20, which comprise the statements of financial position as at December 31, 2018, statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management and the Board of Directors for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.