

COMPANY INFORMATION

Board of Directors	Mrs. Sughra Mahmood Mr. Klaus Triendl Ms. Hermance Bernier Mr. Sultan Kurji Mr. Anthony Rustin Mr. Stephane Mailhot Syed Akbar Kazim Mr. Mumtaz H. Syed Mr. Imtiaz Hizkil
Chief Executive	Mr. Ali Mahmood
Company Secretary	Syed Akbar Kazim
Auditors	Taseer Hadi Khalid & Co Chartered Accountants
Bankers of the Company	ABN Amro Bank N. V. Allied Bank of Pakistan Al-Faysal Investment Bank ANZ Bank Askari Commercial Bank Limited Crescent Investment Bank Limited Habib Bank AZ Zurich Habib Bank Limited National Development Finance Corporation Prime Commercial Bank Limited Saudi Pak Commercial Bank Limited Sanwa Bank Limited Standard Chartered Bank
Registered Office	6th Floor, 90-West Razia Sharif Plaza, Blue Area Islamabad - 44000, Pakistan Tel: (92-51) 227 8118, 227 9230-1 Fax: (92-51) 282 5465
Share Department	6th Floor, 90-West Razia Sharif Plaza, Blue Area Islamabad - 44000, Pakistan Tel: (92-51) 227 8118, 227 9230-1 Fax: (92-51) 282 5465

Plant

Raiwind near Lahore

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DIRECTOR'S REPORT

Your directors are pleased to present before you the 7th annual report of the Company, the annual audited accounts, and annexed notes for the year ended June 30, 2001. The Company made a profit of Rs. 295.868 million for the year as compared to RS 281.384 million last year. The earning per share is RS 3.17 as compared to RS 3.02 last year:

The Company has incurred the following expenditures as of:

	June 30, 2001 Rupees '000	June 30, 2000 Rupee '000
Operating Fixed Assets	8,119,074	6,832,193

THE YEAR IN REVIEW:

The gross generation of electricity based on the dispatch required by WAPDA remained at the level of 17.5% of installed capacity, the same as last year. The Company continued supplying power to WAPDA and receiving the corresponding payments, under the MoU signed in July 1999. The formal amendment to the Power Purchase Agreement has now been agreed and is expected to be signed shortly.

FINANCIAL RESTRUCTURING:

The lenders and the Company signed the financial restructuring agreement on June 30, 2001. Despite the signing of financial restructuring and the approval of LTFC funding by the Ministry of Finance, the funds have still not been disbursed by NDFC. Due to the dissolution of NDFC and its merger with NBP certain procedural matters remain to be resolved as of the date of writing this report.

APPROPRIATIONS:

The management of the company is mindful of the fact that the shareholders have been patiently awaiting a dividend. However, under the above-mentioned circumstances, the directors are not in a position to recommend a dividend.

AUDITORS:

The present auditors Messrs. Taseer Hadi Khalid & Company, Chartered Accountants, retire and bring eligible, offer themselves for re-appointment.

PATTERN OF SHAREHOLDING:

A statement showing the pattern of shareholding as of June 30, 2001 is attached.

FOR AND ON THE BEHALF OF THE BOARD

Islamabad
December 07 , 2001

Ali Mahmood
Chief Executive

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AUDITORS' REPORT TO THE MEMBERS



Taseer Hadi Khalid & Co.
Chartered Accountants

We have audited the annexed balance sheet of Southern Electric Power Company Limited as at 30 June 2001 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied,
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2001 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Islamabad
December 07 ,2001

Taseer Hadi Khalid & Co.
Chartered
Accountants

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BALANCE SHEET AS AT JUNE 30, 2001

	2001 Rupees '000	2000 Rupees '000
SHARE CAPITAL	931,880	931,880
UNAPPROPRIATED PROFIT	577,252	281,384
	1,509,132	1,213,264
SPONSORS' SUPPORT	314,143	253,976
LONG TERM LOANS - SECURED	5,419,127	3,663,756
DEFERRED LIABILITY-for staff gratuity	10,737	6,398
 CURRENT LIABILITIES		
Current portion of long term loans and overdue installments	546,573	1,030,801
Short term borrowing - secured	28,754	213,396
Creditors, accrued and other liabilities	506,824	861,538
	1,082,151	2,105,735
	8,335,290	7,243,129
 FIXED CAPITAL EXPENDITURE		
Operating fixed assets	7,644,067	6,613,825

Capital work in progress	5,957	-----
	6,613,825	6,709,890

CURRENT ASSETS

Stores, spares and tools	111,385	111,727
Stock in trade	81,666	38,040
Trade debtor - secured	331,380	389,113
Advances, deposits, prepayments and other receivable	104,180 50,655	78,266 12,158
Cash and bank balances	685,266	629,304
	8,335,290	7,243,129

Islamabad
December 07 , 2001

Chief Executive

Director

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2001

	2001 Rupees '000	2000 Rupees '000
Turnover	1,687,464	1,435,961
Operating Costs	827,714	607,458
Gross profit	859,750	828,503
Administration and general expenses	64,403	55,345

Operating Profit	795,347	773,158
Loss on sale of fixed assets	(99)	(27)
Interest Income	<u>20,301</u>	<u>20,666</u>
	815,549	793,797
Financial charges	<u>519,681</u>	<u>512,413</u>
Profit for the year	<u>295,868</u>	<u>281,384</u>
Unappropriated profit brought forward	<u>281,384</u>	<u>-----</u>
Unappropriated profit carried to balance sheet	<u>577,252</u>	<u>281,384</u>
Earnings per share	<u>3.17</u>	<u>3.02</u>

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December 07 2001

Chief Executive

Director

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CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2001

2000	1999
Rupees '000	Rupees '000

CASH FLOW FROM OPERATING ACTIVITIES

Profit for the year	295,868	281,384
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Adjustments for non cash charges/(credits) and other items

Depreciation	250,871	203,386
Amortization of deferred costs	-----	142
Provision for gratuity	4,339	1,919
Financial Charges	<u>519,681</u>	<u>512,413</u>
	<u>1,070,759</u>	<u>999,244</u>

Working capital charges

(Increase)/decrease in current assets

Store, spares and tools	(5,658)	(963)
Stock in trade	(43,626)	(6,239)
Trade debtor	57,733	(321,932)
Advances, deposits, prepayments and other receivables	(25,914)	(65,603)
Decrease in current liabilities	<u>(874,395)</u>	<u>(629,751)</u>
	(891,860)	(1,024,488)

Net cash generated from / (used in) operations

	(178,899)	(25,244)
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CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditure

(1,287,070)	(107,321)
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Net cash used in investing activities

(1,287,070)	(107,321)
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CASH FLOW FROM FINANCING ACTIVITIES

Sponsor's support

60,167	119,189
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Long term loans

1,271,143	44,631
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Short term borrowing

(184,642)	(25,571)
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Net cash generated from financing activities

<u>1,146,668</u>	<u>138,249</u>
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Net increase in cash and cash equivalents

38,497	5,684
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Cash and cash equivalents at the beginning of the year

<u>12,158</u>	<u>6,474</u>
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Cash and cash equivalents at the end of year

<u>50,655</u>	<u>12,158</u>
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Islamabad

December 07, 2001

Chief
Executive

Director