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Audit Report

Report of the Director of Audit on the Financial Statements of the Central Electricity Board for the year ended December 31, 2002

I have audited the accompanying balance sheet of the Central Electricity Board as of 31 December 2002, and the related statements of income, and cash flows for the year then ended. These financial statements are the responsibility of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Audit Opinion

In my opinion, the financial statements give a true and fair view of the state of affairs of the Central Electricity Board as of 31 December 2002, and of its income and expenditure for the year then ended and comply with the Statutory Bodies (Accounts and Audit) Act.

(R. JUGURNAUTH)
Director of Audit

Government Audit Office
Level 14,
Air Mauritius
PORT LOUIS
31 July 2003

Balance Sheet



as at December 31, 2002

	NOTES	2002 Rs	2001 Restated Rs
ASSETS			
Non-current assets			
Plant and equipment	2	12,361,724,211	9,792,575,487
Work in progress	3	112,382,286	81,605,414
Loans receivable	4	22,066,416	24,685,860
		12,496,172,913	9,898,866,761
Current assets			
Inventories	5	751,947,839	714,963,634
Trade receivables	6	781,126,667	672,965,660
Other receivables	7	164,530,999	137,678,831
Loans receivable	4	8,190,000	9,266,057
Cash and cash equivalents		59,880,773	398,148
		1,765,676,277	1,535,272,330
TOTAL ASSETS		14,261,849,190	11,434,139,091
EQUITY AND LIABILITIES			
Equity			
Capital reserves	11	7,623,950,879	4,840,270,683
Other reserves	11	670,856,196	670,856,196
Accumulated deficit	11	(2,421,825,729)	(2,601,377,102)
Total equity		5,872,981,346	2,909,749,777
Non-current liabilities			
Long term borrowings	8	4,881,690,732	4,658,615,710
Retirement benefit obligations	10	995,871,000	907,283,000
		5,877,561,732	5,565,898,710
Current liabilities			
Bank overdraft		521,868,726	1,405,730,995
Short term borrowings	8	805,878,891	686,462,360
Trade and other payables	9	1,183,558,495	866,297,249
		2,511,306,111	2,958,490,604
TOTAL EQUITY AND LIABILITIES		14,261,849,190	11,434,139,091

PROF. A. S. KASENALLY
CHAIRMAN

J.S. PAUL VAN NIEKERK
GENERAL MANAGER

J. CHARITAR
FINANCIAL MANAGER



Income and Expenditure Account

for the year ended December 31, 2002

	NOTES	2002 Rs	2001 Rs
Turnover	12	4,543,752,231	3,929,704,886
Cost of sales	13	(3,019,433,606)	(2,680,709,782)
Gross profit		1,524,318,625	1,248,995,104
Operating costs	14	(805,754,552)	(584,595,026)
Operating profit		718,564,073	664,400,078
Difference on exchange		(311,744,921)	(135,660,912)
Profit before finance costs		406,819,152	528,739,166
Net finance costs	15	(444,939,755)	(462,801,933)
Profit after finance costs		(38,120,602)	65,937,233
Other income		227,212,353	142,615,508
Profit on ordinary activities		189,091,750	208,552,741
Loss incurred on Rodrigues Branch operations	17	(9,540,376)	(14,789,604)
Profit for the year	11	179,551,374	193,763,137

Cash Flow Statement



for the year ended December 31, 2002

	2002	2001
	Rs	Restated Rs
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(deficit) for the year before interest	624,491,130	(133,747,560)
Adjustment for :		
Depreciation	586,143,965	563,321,559
Foreign exchange difference	299,496,332	130,319,138
Amortisation of grants	(71,855,315)	(64,560,118)
Profit on sale of fixed assets	(187,996)	(505,000)
Operating surplus before working capital changes	1,438,088,116	494,828,019
Increase in pension provision	88,588,000	722,383,000
(Increase)/decrease in stocks	(36,984,204)	2,305,714
(Increase)/decrease in receivables	(131,317,673)	(133,828,299)
Increase/(decrease) in accounts payable	184,333,533	37,959,930
Cash generated from operations	<u>1,542,707,771</u>	<u>1,123,648,364</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	3,130,065	2,166,617
Interest paid	(397,175,858)	(464,968,550)
	<u>(394,045,793)</u>	<u>(462,801,933)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of tangible fixed assets	(417,398,083)	(496,407,109)
Sale of fixed assets	1,778,244	505,000
	<u>(415,619,839)</u>	<u>(495,902,109)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received	749,844,990	533,369,332
Loans repaid	(624,816,023)	(692,702,286)
Grants from local & foreign sources	85,273,787	64,266,421
	<u>210,302,754</u>	<u>(95,066,533)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	943,344,893	69,877,789
CASH AND CASH EQUIVALENTS AT 1 JAN 2002	<u>(1,405,332,847)</u>	<u>(1,475,210,636)</u>
CASH AND CASH EQUIVALENTS AT 31 DEC 2002	<u>(461,987,954)</u>	<u>(1,405,332,847)</u>

1 ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year is set out below:-

(i) Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards on the historical cost basis, modified to include the revaluation of fixed assets. All generation, transmission and distribution assets were revalued as at 31 December 2002. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(ii) Comparative Figures

Comparative figures have been restated, wherever necessary to conform with changes in accounting policies.

(iii) Turnover

Turnover excluding VAT represents

- electricity sold on the basis of cyclical billings
- the invoiced value of goods sold and services provided

(iv) Tangible Fixed Assets

Fixed assets are valued in the balance sheet at gross replacement costs less accumulated depreciation. Gross replacement cost is periodically calculated by professional valuers. The last valuation in respect of generation, transmission and distribution assets was carried out in December 2002.

(v) Trade Debtors

Trade debtors are carried at anticipated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified.

(vi) Retirement benefits

State Plan

Contributions to the National Pension Scheme are expensed to the Income Statement in the period in which they fall due.

Defined benefit pension plan

The present value of funded obligations is recognised in the balance sheet as a non-current liability after adjusting for the fair value of plan assets, any unrecognised actuarial gains and losses and any unrecognised past service cost. The valuation of these obligations is carried out regularly by a firm of consulting actuaries.

The current service cost and any past service cost are included as an expense together with the associated interest cost, net of expected return on plan assets.

(vii) Stocks

Major plant spares are capitalised and depreciated over the remaining useful life of the power station. All other items are stated at weighted cost less provision for deterioration and obsolescence.

Notes to the Financial Statements



for the year ended December 31, 2002

(viii) Depreciation

Depreciation is calculated on the basis of the gross replacement costs of tangible fixed assets, as distinct from their original costs. The charge for depreciation on fixed assets is calculated to write off assets over their estimated useful lives. These are subject to regular review particularly where new technology is involved. When the life of an asset is changed, the existing net asset value is written off over the new remaining life. The lives of each major class of depreciation asset generally adopted are as follows:

Plant and Machinery	15 – 35 years
Civil Works	35 – 50 years
Transmission & Distribution Assets	15 – 50 years
Furniture	10 years
Computer Equipment	4 years
Vehicles	6 years

There is no charge for depreciation in the year of commissioning. No allowance is made for any residual value.

(ix) Foreign Currency Translation

Transactions in foreign currencies are recorded in Mauritian Rupees at the rate of exchange ruling at the date of the transactions. Monetary assets & liabilities at the balance sheet date which are expressed in foreign currencies are translated into Mauritian Rupees at the rate of exchange ruling at the balance sheet date. Exchange gains and losses are dealt with through the income statement.

(x) Grant Receivable

Asset-related grants are treated as deferred income and amortised over a ten year period, whereas income-related grants are recognised in the period they become receivable.

(xi) Capitalisation of Interest

Interest incurred up to the time that separately identifiable major capital projects are ready to service is capitalised as part of the cost of assets. Major network development usually consists of minor capital projects and is not therefore normally classified as a separately identifiable major capital project.

(xii) Leases

Finance Lease

Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term loans. The interest element of the lease payment is charged to the Income and Expenditure account over the period of the lease. The asset acquired under the finance lease contract is depreciated over the useful life of the asset.

Operating Lease

Rentals paid under operating leases are recognised in the Income Statement on a straight line basis over the period of the lease.

Notes to the Financial Statements

for the year ended December 31, 2002

Note 2 – Schedule of Fixed Assets

	Total Cost 31.12.2001 As Restated	Cost 2002 Additions/ Disposal	Revaluation Surplus	Total Cost as at 31.12.2002	Depreciation for 2002	Depreciation Adjustment on Revaluation	Accumulated Depreciation to 31.12.2001	Accumulated Depreciation to 31.12.2002	Net Book Value as at 31.12.2002	Net Book Value as at 31.12.2001 As restated
GENERATING ASSETS										
Hydro Power Stations	3,114,270,374	6,693,334	-	3,120,963,708	55,872,670		1,915,241,727	1,971,114,397	1,149,849,311	1,199,028,647
Thermal Power Stations	8,396,555,527	16,490,955		8,413,046,482	287,028,952		3,791,730,297	4,078,759,249	4,334,287,233	4,604,825,230
SUB TOTAL	11,510,825,901	23,184,289	1,463,241,718	11,534,010,190	342,901,622	(459,276,548)	5,706,972,024	6,049,873,646	5,484,136,544	5,803,853,877
Revaluation				1,463,241,718			(459,276,548)	(459,276,548)	1,922,518,266	-
SUB TOTAL POST REVALUATION	11,510,825,901	23,184,289	1,463,241,718	12,997,251,908	342,901,622	(459,276,548)	5,706,972,024	5,590,597,098	7,406,654,810	5,803,853,877
TRANSMISSION & DISTRIBUTION ASSETS										
Civil Pairs Cables	897,099,673	26,319,614		923,419,287	31,633,146		401,091,059	432,724,205	490,695,082	496,008,614
22 KV Transformers	1,303,525,774	28,583,769		1,332,109,543	43,510,405		565,951,317	609,461,722	722,647,821	737,574,457
6.6 KV Transformers	181,333,844	473,775		181,807,619	5,966,994		107,807,172	113,774,166	68,033,453	73,526,672
132 KV Project	208,988,506	68,262,623		277,251,129	6,966,284		-	6,966,284	270,284,845	208,988,506
66 KV O/H Lines Steel Towers	240,258,166	19,329,555		259,587,721	8,127,794		140,027,823	148,155,617	111,432,104	100,230,343
HT/22 KV Over Head Lines	569,359,955	47,065,462		616,425,417	19,349,271		195,602,801	214,952,072	401,473,345	373,757,154
HT/6.6 KV Over Head Lines	43,933,419	348,706		44,282,125	1,499,605		28,549,918	30,049,523	14,232,602	15,383,501
LV Over Head Lines	1,782,017,611	30,804,779		1,812,822,390	59,065,795		726,998,028	786,063,823	1,026,758,567	1,055,019,583
22 KV Under Ground Cables	272,319,950	32,525,033		304,844,983	8,978,026		92,445,927	101,423,953	203,421,030	179,874,023
6.6 KV Under Ground Cables	71,579,404	9,560		71,588,964	2,454,092		61,199,567	63,653,659	7,935,305	10,379,837
400 KV / LV Under Ground Cables	12,142,183	2,591,418		14,733,601	404,739		911,141	1,315,880	13,417,721	11,231,042
Scada System – as previously reported	207,755,810	-		207,755,810	-		-	-	-	-
Scada System – prior year adjustment	(106,468,755)	-		(106,468,755)	-		-	-	-	-
Scada System – as restated	101,287,055	19,431,651		120,718,706	2,420,634		65,609,497	68,030,131	52,688,575	35,677,558
Voice /Comm/Expt/W/Shop Inst	21,924,283	1,011,370		22,935,653	823,253		10,097,208	10,920,461	12,015,192	11,827,075
SLI & Meters	169,763,377	57,288,427		227,051,804	5,658,779		5,483,969	11,142,748	215,909,056	164,279,408
Mechanical W/Shop Equipment	356,457	-		356,457	11,662		216,516	228,178	128,279	139,941
Transport W/Shop Equipment	185,951	-		185,951	6,084		112,949	119,033	66,918	73,002
Transformer W/Shop Equipment	4,084,976	-		4,084,976	133,634		2,480,093	2,613,727	1,471,249	1,604,883
SUB TOTAL	5,880,160,584	334,045,742	227,952,785	6,214,206,326	197,010,197	(581,222,812)	2,404,584,985	2,601,595,182	3,612,611,144	3,475,575,599
Revaluation				227,952,785			(581,222,812)	(581,222,812)	809,175,597	-
SUB TOTAL POST REVALUATION	5,880,160,584	334,045,742	227,952,785	6,442,159,111	197,010,197	(581,222,812)	2,404,584,985	2,020,372,370	4,421,786,741	3,475,575,599
TOTAL GENERATION, TRANSMISSION & DISTRIBUTION – POST REVALUATION	17,390,986,485	357,230,031	1,691,194,503	19,439,411,019	539,911,819	(1,040,499,360)	8,111,557,009	7,610,969,468	11,828,441,551	9,279,429,476
LAND, BUILDINGS & OTHER ASSETS										
Leaseland	14,965,000	-		14,965,000	-		-	-	14,965,000	14,965,000
Land full ownership	103,798,001	-		103,798,001	-		-	-	103,798,001	103,798,001
Buildings	118,507,238	1,376,856		119,884,094	2,338,793		62,648,613	64,987,406	54,896,688	55,858,625
Furniture & Office Equipment	38,683,377	1,364,902		40,048,279	2,809,997		30,607,845	33,417,842	6,030,437	8,075,532
Motor Vehicles	94,612,046	6,377,046		100,989,092	8,096,596		70,471,621	71,217,658	20,830,627	24,140,425
Motor Vehicles Disposal	-	(8,940,807)		(8,940,807)	(7,350,559)		-	-	-	-
Computer Equipment	36,544,235	8,502,778		45,047,013	5,658,527		28,259,092	33,917,619	11,129,394	8,285,143
Tools & Instruments (Mauritius)	82,442,764	8,677,319		91,120,083	10,317,937		56,464,631	66,782,568	24,337,515	25,978,133
SUB TOTAL	489,552,661	17,358,094	(2,662,129)	506,910,755	21,871,291	(41,229,992)	248,451,802	270,323,093	236,587,662	241,100,859
TOTAL MAURITIUS	17,880,539,146	374,588,125	1,691,194,503	19,946,321,774	561,783,110	(1,040,499,360)	8,360,008,811	7,881,292,561	12,065,029,213	9,520,530,335
RODRIGUES										
Generating Assets	278,171,215	-	42,938,785	321,110,000	11,490,469	(13,294,143)	101,960,262	100,156,588	220,953,412	176,210,953
Transmission & Distribution Assets	126,471,104	2,839,578	(45,600,914)	83,709,768	4,307,908	(27,935,849)	48,098,526	24,470,585	59,239,183	78,372,578
Administrative Assets	24,957,919	252,701		25,210,620	1,211,919		7,496,298	8,708,217	16,502,403	17,461,621
TOTAL RODRIGUES	429,600,238	3,092,279	(2,662,129)	430,030,388	17,010,296	(41,229,992)	157,555,086	133,335,390	296,694,998	272,045,152
GRAND TOTAL	18,310,139,384	377,680,404	1,688,532,374	20,376,352,162	578,793,406	(1,081,729,352)	8,517,563,897	8,014,627,951	12,361,724,211	9,792,575,487

Notes to the Financial Statements



for the year ended December 31, 2002

3 CAPITAL WORKS IN PROGRESS

	2002 Rs	2001 Rs
Buildings	51,623,720	25,445,989
132 kV Transmission Project	33,729,523	56,159,425
Rodrigues	27,029,043	-
	112,382,286	81,605,414

4 LOANS TO EMPLOYEES

	2002 Rs	2001 Rs
Vehicles	29,228,644	33,014,918
Others	1,027,772	936,999
	30,256,416	33,951,917
Less receivable within 12 months	(8,190,000)	(9,266,057)
Receivable after 12 months	22,066,416	24,685,860

5 INVENTORIES

Inventories comprise the following items :

	2002 Rs	2001 Rs
Fuel and lubricating oil	133,322,147	145,648,907
Spare parts for power stations	298,711,510	280,966,804
Transmission and distributions	299,260,552	277,864,573
Others	9,789,773	5,212,706
	741,083,981	709,692,990
Sub total	741,083,981	709,692,990
Rodrigues	18,460,572	12,867,358
	759,544,554	722,560,348
Less Provision for obsolete stock	(7,596,714)	(7,596,714)
	751,947,839	714,963,634

6 TRADE RECEIVABLES

	2002 Rs	2001 Rs
Debtors for electricity	789,126,667	680,965,660
Less Provision for Bad debts	(8,000,000)	(8,000,000)
	781,126,667	672,965,660

The above debtors include electricity bills amounting to Rs 499.8M delivered in January 2003.

Notes to the Financial Statements

for the year ended December 31, 2002

7 OTHER RECEIVABLES

	2002 Rs	2001 Rs
Sundry debtors	158,530,999	11,187,900
Add down payments	6,000,000	126,490,931
	164,530,999	137,678,831

8 LONG TERM BORROWINGS

	2002 Rs	2001 Rs <i>Restated</i>
Current		
Term loans	699,156,497	579,951,502
Debentures	104,980,000	104,980,000
Leasing finance	1,742,394	1,530,858
	805,878,891	686,462,360
Non-current		
Term loans (note a)	4,654,215,460	4,324,417,843
Debentures (note b)	225,100,000	330,080,000
Leasing finance (note c)	2,375,272	4,117,868
	4,881,690,732	4,658,615,711
<i>Note (a)</i>		
Term loans due after one year, are repayable as follows:		
– Between one and two years	662,160,097	574,212,221
– Between two and five years	1,657,541,217	1,640,414,952
– After five years	2,334,514,146	2,109,790,700
	4,654,215,460	4,324,417,873
<i>Note (b)</i>		
Debentures due after one year, are repayable as follows:		
– Between one and two years	104,980,000	104,980,000
– Between two and five years	120,120,000	225,100,000
– After five years	–	–
	225,100,000	330,080,000
<i>Note (c)</i>		
Leasing Finance due after one year, are repayable as follows:		
– Between one and two years	1,716,559	1,742,394
– Between two and five years	658,713	2,375,474
– After five years	–	–
	2,375,272	4,117,868

Loans, debentures and part of the bank overdrafts are either guaranteed by the Government or secured by floating charges on the assets of the Board.

Interest rates on loans range from 2% to 12% p.a.

Notes to the Financial Statements



for the year ended December 31, 2002

Note 8 – Schedule of Loans

Loan Description	INDEBTEDNESS		LOANS RECEIVED		LOANS REDEEMED		INDEBTEDNESS		INSTALMENTS		REPAYABLE	
	As at 01.01.02	In 2002	Currency Variation	Total as at 31.12.02	As at 1.1.02	In 2002	As at 31.12.02	due but not paid	within one year	after one year		
GOVERNMENT LOANS												
Govt Consolidated Loan	84,824,929	–	–	84,824,929	72,322,546	(1,778,106)	70,544,440	14,280,489	3,392,997	848,249	10,039,243	
Development Loans	97,107,707	2,999,905	–	100,107,612	20,532,400	492,500	21,024,900	79,082,712	38,532,656	7,595,081	32,954,975	
Champagne Project	60,000,000	–	–	60,000,000	26,000,000	–	26,000,000	34,000,000	18,000,000	4,000,000	12,000,000	
Exim Bank India	4,276,845	–	–	4,276,845	3,742,239	–	3,742,239	534,606	–	–	–	
A. F. D Champagne (Loan No 4)	171,943,595	–	5,910,932	177,854,527	130,916,000	–	130,916,000	46,938,527	46,938,527	–	–	
K. F. W. (Rodrigues)	58,854,870	–	6,099,955	64,954,825	16,516,500	(1,740,309)	14,776,191	50,178,634	15,620,177	3,471,151	31,087,306	
O. P. E. - C Fund	31,097,798	–	(292,259)	30,805,539	22,224,248	–	22,224,248	8,581,291	8,581,291	–	–	
Kuwait Fund – Fort George	379,609,994	–	(5,195,195)	374,414,799	–	–	–	374,414,799	89,252,880	29,750,960	255,410,959	
Nordic Investment Bank	209,189,781	–	29,640,219	238,830,000	–	–	–	238,830,000	59,707,500	23,883,000	155,239,500	
Kuwait Fund – 132 kV	185,067,740	29,746,465	(10,778,979)	204,035,226	–	–	–	204,035,226	–	–	204,035,226	
BADEA	–	43,465,225	–	43,465,225	–	–	–	43,465,225	–	–	43,465,225	
SUB TOTAL	1,281,973,259	76,211,595	25,384,672	1,383,569,526	292,253,933	(3,025,915)	289,228,018	1,094,341,508	280,560,634	69,548,441	744,232,433	
OTHER LOANS (C.E.B)												
E. I. B. No 4	327,576,863	–	7,009,217	334,586,080	204,624,806	32,975,422	237,600,228	96,985,852	–	37,339,726	59,646,126	
A. F. D – Tamarind Fall	32,586,390	–	–	32,586,390	32,586,390	–	32,586,390	–	–	–	–	
A. F. D – Nicolay	186,262,308	–	14,334,109	200,596,417	71,900,905	14,869,018	86,769,923	113,826,494	–	17,011,198	96,815,296	
K. F. W. – Fort Victoria	248,384,728	–	16,750,040	265,134,768	124,376,055	7,750,542	132,126,597	133,008,171	–	8,867,211	124,140,960	
A. F. D – F/G Unit 1 – 1st guichet	1,147,033,612	–	132,640,643	1,279,674,255	111,243,993	115,136,206	226,380,199	1,053,294,056	–	131,723,878	921,570,178	
A. F. D – F/G Unit 1 – 2nd guichet	284,425,567	–	15,545,789	299,971,356	140,560,322	35,966,490	176,526,811	123,444,545	–	41,148,182	82,296,363	
A. F. D – F/G Unit 2 – 1st guichet	509,026,200	–	62,441,602	571,467,802	24,632,599	50,988,891	75,621,490	495,846,312	–	58,334,861	437,511,452	
A. F. D – F/G Unit 2 – 2nd guichet	126,743,888	–	8,034,781	134,778,669	55,040,887	15,934,028	70,974,915	63,803,754	–	18,229,644	45,574,110	
BIM – Rodrigues	132,765,736	–	(10,531,500)	122,234,236	97,738,490	23,351,502	121,089,992	11,291,202	–	11,291,202	–	
BIM & Consortium F/G Unit 5	424,643,100	–	(10,531,500)	414,111,600	19,618,200	85,268,400	104,886,600	309,225,000	–	82,460,000	226,765,000	
SBI & Consortium	754,842,308	–	36,093,722	790,936,030	121,369,230	115,157,108	236,526,338	554,409,692	–	123,202,154	431,207,538	
DBSA – FG 5	167,491,500	–	(5,516,500)	161,975,000	–	–	–	161,975,000	–	–	161,975,000	
DBSA – 132kV	–	120,391,652	(2,591,652)	117,800,000	–	–	–	117,800,000	–	–	117,800,000	
DBSA – Rodrigues	–	23,774,700	285,950	24,060,650	–	–	–	24,060,650	–	–	24,060,650	
C.E.B. Pension Funds	580,744,312	–	86,583,874	667,328,186	18,800,000	3,000,000	21,800,000	645,528,186	–	–	645,528,186	
Consumers Development Loans	302,337,397	–	14,877,338	317,214,735	246,609,028	20,933,272	267,542,300	49,672,435	–	–	49,672,435	
Security Deposit – Rodrigues	3,335,635	–	690,887	4,026,522	–	–	–	4,026,522	–	–	4,026,522	
Security Deposit	154,078,262	–	–	154,078,262	–	–	–	154,078,262	–	–	154,078,262	
Debentures	750,000,000	–	–	750,000,000	–	–	–	750,000,000	–	–	750,000,000	
Barclays Bank plc	–	200,000,000	–	200,000,000	–	–	–	200,000,000	–	–	200,000,000	
First City Bank	–	100,000,000	–	100,000,000	–	–	–	100,000,000	–	–	100,000,000	
State Bank of Mauritius	–	100,000,000	–	100,000,000	–	–	–	100,000,000	–	–	100,000,000	
SUB TOTAL	6,132,277,806	673,633,395	274,111,660	7,080,022,861	1,584,040,904	626,310,878	2,210,351,783	4,869,671,078	–	734,588,056	4,135,083,022	
Leases as previously reported	89,308,558	–	–	89,308,558	2,304,832	1,531,060	3,835,892	4,117,666	–	1,742,394	2,375,272	
Leases – prior year adjustment	(81,355,000)	–	–	(81,355,000)	–	–	–	–	–	–	–	
Leases – as restated	7,953,558	–	–	7,953,558	2,304,832	1,531,060	3,835,892	4,117,666	–	1,742,394	2,375,272	
TOTAL	7,422,204,623	749,844,990	299,496,332	8,471,545,946	1,878,599,669	624,816,023	2,503,415,693	5,968,130,253	280,560,634	805,878,891	4,881,690,727	

Notes to the Financial Statements

for the year ended December 31, 2002

9 TRADE AND OTHER PAYABLES

	2002 Rs	2001 Rs Restated
Provision for loose bagasse	65,196,643	64,719,941
Arrears of debts to Govt.	482,578,943	349,686,092
Provision for back pay	15,502,950	-
MBC TV Licence Fee	43,063,507	18,089,309
Retention Money on Contracts	6,138,579	20,613,542
Other creditors and accruals	571,077,873	413,188,365
	1,183,558,495	866,297,249

10 PENSION OBLIGATIONS

The Board operates a Defined Benefit Plan for its employees which is wholly funded. The assets of the Funds are held independently and administered by the CEB Staff Pension Fund and the CEB Manual Workers Pension Fund.

Amounts recognised in the Balance sheet at end of year:

	2002 Rs	2001 Rs
Present value of funded obligation	1,280,778,000	1,173,164,000
Fair value of plan assets	(814,318,000)	(743,037,000)
	466,460,000	430,127,000
Present value of unfunded obligation	529,387,000	477,631,000
Unrecognised actuarial gain/(loss)	24,000	(475,000)
	995,871,000	907,283,000
Amounts recognised in the Income Statement		
Current service cost	54,920,000	50,633,000
Interest cost	177,650,000	161,890,000
Expected return on plan assets	(81,178,000)	(73,922,000)
	151,392,000	138,601,000
Movements in liability recognised in the Balance Sheet		
At 1 January		
- as previously reported	907,283,000	184,900,000
- effect of adopting MAS25	-	644,409,000
	907,283,000	829,309,000
- as restated	907,283,000	829,309,000
Total expense as above	151,392,000	138,601,000
Contributions and direct benefits paid	(62,804,000)	(60,627,000)
	995,871,000	907,283,000
As at 31 December	995,871,000	907,283,000
Actual return on plan assets	81,677,000	73,447,000

Notes to the Financial Statements



for the year ended December 31, 2002

11 STATEMENT OF CHANGES IN EQUITY

	Revaluation Surplus	Loan Redemption Reserve	Grants Received	Total Capital Reserves	Other Reserves*	Retained Reserves	Total Equity
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Balance at 1 January 2001							
- As previously reported	4,569,448,761	3,021,566	218,134,052	4,840,604,379	670,856,197	(2,004,827,607)	3,506,632,969
- Prior year adjustment	-	-	-	-	-	(644,409,000)	(644,409,000)
Effect of adopting MAS 25 (note 10)							
- As restated	4,569,448,761	53,021,566	218,134,052	4,840,604,379	670,856,197	(2,649,236,607)	2,862,223,969
Profit for the year - as reported						193,763,137	193,763,137
Change in accounting policy							
(note (i) below)	-	-	-	-	-	(56,815,877)	(56,815,877)
Effect of reclassification of asset							
(note (ii) below)	-	-	-	-	-	(11,113,755)	(11,113,755)
Effect of adopting MAS 25 (note 10)							
Receipts during the year	-	-	-	64,266,422	-	(77,974,000)	(13,707,578)
Grants Amortised	-	-	64,266,422	64,266,422	-	-	64,266,422
Fixed assets disposal	(40,000)	-	(64,560,118)	(64,560,118)	-	-	(64,560,118)
				(40,000)	-	-	(40,000)
Balance at 31 December 2001	4,569,408,761	53,021,566	217,840,356	4,840,270,683	670,856,197	(2,601,377,102)	2,909,749,778
Balance at 1 January 2002							
- As previously reported	4,569,408,761	53,021,566	217,840,356	4,840,270,683	670,856,196	(1,811,064,470)	3,700,062,409
- Prior year adjustment	-	-	-	-	-		
Change in accounting policy							
(note (i) below)	-	-	-	-	-	(56,815,877)	(56,815,877)
Effect of reclassification of asset							
(note (ii) below)	-	-	-	-	-	(11,113,755)	(11,113,755)
Effect of adopting MAS 25							
-As restated	4,569,408,761	53,021,566	217,840,356	4,840,270,683	670,856,196	(2,601,377,102)	2,909,749,777
Fixed assets revaluation	2,770,261,725	-	-	2,770,261,725	-	-	2,770,261,725
Receipts during the year	-	-	85,273,786	85,273,786	-	-	85,273,786
Grants Amortised	-	-	(71,855,316)	(71,855,316)	-	-	(71,855,316)
Profit for the year	-	-	-	-	-	179,551,374	179,551,374
At 31 December 2002	7,339,670,486	53,021,566	231,258,826	7,623,950,878	670,856,196	(2,421,825,728)	5,872,981,346

Notes: Comparative figures have been restated in respect of: (i) Passage benefits accrued to date and (ii) Interest previously capitalised now charged to expenditure.

* Other Reserves represent the total value of non paid debts as at 30.6.1992 written off by the Government.

Notes to the Financial Statements

for the year ended December 31, 2002

12 TURNOVER

	2002 Rs	2001 Rs
Sales of electricity	4,520,337,871	3,920,560,511
Rental of meters	23,414,360	9,144,375
	4,543,752,231	3,929,704,886

13 COST OF SALES

	2002 Rs	2001 Rs
Generation costs	1,261,428,494	1,108,023,758
Purchase of electricity	1,415,103,490	1,229,639,878
Depreciation of generation assets	342,901,622	343,046,146
	3,019,433,606	2,680,709,782

14 OPERATING COSTS

	2002 Rs	2001 Rs
Distribution costs	294,816,662	291,746,824
Administrative/establishment expenses	173,082,778	144,696,988
End of year gratuities	19,522,126	11,577,718
Back pay	15,502,950	-
Stock differences	481,392	(274,837)
Bad debts & provision for doubtful debts	6,457,015	6,759,185
Grants amortised	(71,855,315)	(64,560,118)
Cyclone expenditure	61,023,494	-
Pension Fund obligations	88,588,000	-
Depreciation of distribution assets	207,328,134	184,445,651
Depreciation of buildings and other assets	10,807,317	10,203,615
	805,754,552	584,595,026

15 NET INTEREST

	2002 Rs	2001 Rs
Interest payable	448,069,820	464,968,550
Interest receivable	(3,130,065)	(2,166,617)
	444,939,755	462,801,933

Notes to the Financial Statements



for the year ended December 31, 2002

16 FINANCIAL INSTRUMENTS

In its operations, the board is exposed to various financial risks such as foreign currency risks, interest rate risks and credit risks.

Credit Risk

The Board's credit risk is primarily attributed to its trade receivables. The amounts stated in the Balance Sheet are net of allowances for doubtful debts. The Board does not have significant concentration of credit risk.

Currency Risk

The Board is exposed to the risk that the Exchange Rate of the Mauritian rupee relative to the currencies listed above may change in a manner which has a material effect on the reported values of the assets and liabilities.

Currency Profile and Interest Rate Risk

The currency profile of the Board's liabilities and their effective interest rates are summarised below:

Currency	Financial Liabilities (Rs '000) 2002	Interest Rates Range % p.a
MUR	1,990,216	7 – 12
USD – Fixed Interest Rate	14,033	5
USD – Floating Interest Rate	863,182	0.9 ~ 1.25 + Libor
EURO – Fixed Interest Rate	2,080,340	2 – 11
JPY – Fixed Interest Rate	61,947	5
JPY – Floating Interest Rate	554,410	2 + Libor
Others	404,002	4 – 5
TOTAL	5,968,130	

17 RODRIGUES BRANCH OPERATION

The total loss recorded in Rodrigues amounts to Rs 20.7M . This sum includes loan interest of Rs 5.0 M and loss on exchange of Rs 6M which have been aggregated with net interest and difference on exchange.

18 CAPITAL COMMITMENTS

	2002 Rs m	2001 Rs m
Capital Expenditure authorised but not spent	1,168.3	961

19 CONTINGENT LIABILITIES

There are no material contingent liabilities other than those arising in the normal course of business.

Schedule A

for the year ended December 31, 2002

INCOME FROM SALES OF ELECTRICITY

Tariff	Units Sold kWh	Sales Revenue Rs	Average Price per unit Rs
DOMESTIC			
110/111	155,380,507	442,246,587	2.846
120/121	279,437,725	864,614,483	3.094
140/141	86,319,248	310,478,436	3.597
SUB-TOTAL	521,137,480	1,617,339,506	3.103
COMMERCIAL			
209/210/215	112,774,786	589,887,686	5.231
211/212/217	228,714,774	835,352,603	3.652
221/225	71,870,209	240,522,046	3.347
213	953,102	2,865,015	3.006
223	5,374,825	14,425,760	2.684
SUB-TOTAL	419,687,696	1,683,053,110	4.010
INDUSTRIAL (GENERAL)			
309/310/315	29,200,218	93,898,755	3.216
311/313/341	181,866,412	424,419,694	2.334
312/317	159,457,203	318,642,962	1.998
320	2,146,515	4,222,484	1.967
321/323/351	25,088,383	49,050,283	1.955
322/325	92,324,845	151,972,979	1.646
340	803,558	2,085,850	2.596
350	4,657,010	10,730,630	2.304
411/421	2,736,168	9,380,393	3.428
412/422	950,346	7,489,257	7.881
SUB-TOTAL	499,230,658	1,071,893,287	2.147
INDUSTRIAL (IRRIGATION)			
511/515	27,447,489	44,595,561	1.625
STREET LIGHTING			
510	21,841,034	91,845,478	4.205
TEMP. SUPPLY			
610	104,453	748,967	7.170
SPECIAL & NON-CLASSIFIED			
	2,220,081	10,861,961	4.893
GRAND TOTAL	1,491,668,891	4,520,337,870	3.030

Schedule B



for the year ended December 31, 2002

ANALYSIS OF REVENUE EXPENDITURE

	2002 Rs	2001 Rs
GENERATION COST & PURCHASE OF ELECTRICITY		
Generation Expenses Hydro	29,402,596	26,907,602
Direct Overheads (Hydro)	11,287,689	13,978,383
Generation Expenses Thermal	1,166,409,040	1,019,840,874
Direct Overheads (Thermal)	54,329,169	47,296,899
Generation Expenses Coal	859,640,715	693,760,899
Purchase of Electricity	555,462,775	535,878,979
TOTAL GENERATION COSTS	2,676,531,984	2,337,663,636
TRANSMISSION & DISTRIBUTION COST		
Distribution Substations	15,118,361	16,267,803
Overhead Lines	62,366,783	65,294,811
Underground Cables	1,588,539	1,017,354
Radio Equipment, Tools & Instruments	714,291	647,729
Service Line, Lead-ins and Meters	17,068,379	15,281,656
Works for Consumers	28,406,738	24,512,027
Fraud Detection and Prevention	1,986,567	2,141,857
Direct Overhead Charges	99,739,515	100,309,712
Sal.& trav.of staff:	67,827,490	66,273,875
TOTAL TRANSMISSION & DISTRIBUTION	294,816,663	291,746,824
ADMINISTRATIVE & ESTABLISHMENT EXPENSES		
Administrative expenses	172,915,334	143,903,986
Back Pay	18,687,646	4,196,450
Pension Obligations	88,588,000	-
Electricity Charges	4,282,468	3,331,957
Audit Fees	125,000	125,000
Boards Fees	1,022,628	1,402,412
Re-engineering of Finance Dept	10,492,782	-
Bad debts	6,457,015	6,759,185
Stock Differences	481,392	(111,547)
Cyclone Expenditure	61,023,494	3,151,611
<i>Financial Charges</i>		
Net Interest on Loans	331,391,154	325,712,037
Net Interest on Overdraft	113,548,601	136,329,958
Loss on Exchange rates	311,744,921	135,660,912
Bank Charges & Commissions	581,994	759,938
<i>Depreciation of Assets</i>		
Generation Assets	342,901,622	343,046,146
Transmission & Distribution Assets	207,328,134	184,445,651
Building and Other Assets	10,807,317	10,203,615
<i>Loss on Rodrigues Operation</i>	9,540,376	14,789,604
TOTAL REVENUE EXPENDITURE AND PROVISIONS	4,663,268,525	3,943,117,375

for the year ended December 31, 2002

DEPRECIATION OF ASSETS (EXCLUDING RODRIGUES)

	Rs	Rs
GENERATION ASSETS		
Hydro Power Station	55,872,670	
Thermal Power Station	287,028,952	342,901,622
TRANSMISSION & DISTRIBUTION ASSETS		
Civil Parts & Cables	31,633,146	
Transformers	49,477,399	
66 KV O/H lines Steel Towers	8,127,794	
132 KV Lines	6,966,284	
H.T. Lines	20,848,876	
L.T. Lines	59,065,795	
Underground Cables	11,836,857	
Scada System	2,420,634	
Voice & Communication Equipment	823,253	
SLLI & Meters	5,658,779	
Workshop & Other Plant	151,380	
Loose Tools & Instruments	10,317,937	207,328,134
BUILDINGS & OTHER ASSETS		
Buildings	2,338,793	
Furniture & Fittings	2,809,997	
Computer Equipment	5,658,527	
Motor Vehicles & Cycles	8,096,596	18,903,913
TOTAL		569,133,669
Less: Depreciation of M/Vehicles reallocated to various Capital & Revenue Items	(8,096,596)	
Depreciation on Disposal of Motor Vehicles	7,350,559	(746,037)
TOTAL		568,387,632

Note:

Depreciation of Rodrigues Assets (Rs17,010,296) is included in the item Loss on Rodrigues operation charged to Income & Expenditure Account.

Schedule D



for the year ended December 31, 2002

SELECTED STATISTICAL DATA

	2002		2001	
	% of TURNOVER	Rs	% of TURNOVER	Rs
During the year ended 31st December INCOME AROSE FROM:				
1 Sales of electricity	93.34	4,520,337,871	94.77	3,920,560,511
2 Meter rent	0.48	23,414,360	0.22	9,144,375
3 Miscellaneous income	4.69	227,212,353	3.45	142,615,508
4 Amortisation of grants	1.48	71,855,315	1.56	64,560,118
5 Making a total turnover of	100	4,842,819,899	100	4,136,880,512
6 Expenditure on generation, transmission and distribution and administration aggregated	69.08	3,345,546,776	67.85	2,806,959,118
7 Balance before depreciation and interest	30.92	1,497,273,123	32.15	1,329,921,394
8 Depreciation of fixed assets	11.58	561,037,073	13.00	537,695,412
9 Balance after depreciation	19.33	936,236,050	19.15	792,225,982
10 Interest on loans & Loss on Exchange	15.62	756,684,676	14.47	598,462,845
11 Net Surplus/(Deficit) for the year	3.71	179,551,374	4.68	193,763,137
OTHER DATA				
12 Sales GWH		1,494.67		1,449.81
13 Maximum effective capacity at year end MW		507.5		507.5
14 Peak demand MW		308.6		297.4
15 Average selling price RS/KWH		3.027		2.305
16 Net loan indebtedness/total capitalization %		57.74		89.20
17 Coverage of Interest TIMES		2.10		1.71
18 Return on average net fixed assets in operation %		8.45		8.12
19 Debt service coverage TIMES		2.39		1.44
20 Operating ratio %		87.10		84.15

for the year ended December 31, 2002

FINANCIAL STATISTICAL OVER 10 YEARS

FINANCIAL YEAR ENDED 31 December

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1 Units exported during the year	843.1	915.9	1,016.5	1,119.3	1,215.1	1,327.1	1,382.9	1,527.3	1,615.7	1,715.1
2 Units sold during the year	742.9	810.0	895.1	985.0	1,075.1	1,176.4	1,229.3	1,358.5	1,449.8	1491.7
3 Losses	100.2	105.9	121.4	134.3	140.0	150.7	153.6	168.8	165.9	223.4
4 Number of Consumers at 31st December	246.8	253.1	266.8	276.2	284.6	293.9	304	313.9	323.2	330.3
5 Income										
Sales of Electricity	1,623.5	1,770.8	1,950.5	2,135.9	2,366.8	2,516.4	2,593.8	3,131.1	3,920.6	4520.3
Rental of Meters	6.8	7.0	7.7	7.7	7.9	8.2	8.6	8.9	9.1	23.4
Miscellaneous	60.0	74.6	88.4	86.8	92.7	96.9	148.6	160.4	207.2	299.1
TURNOVER	1,690.3	1,852.4	2,046.6	2,230.4	2,467.4	2,621.5	2,751.0	3,300.4	4,136.9	4,842.8
6 Expenditure										
Generation Costs	625.4	715.1	750.2	1,044.3	1,254.4	1,334.7	1,196.8	1,039.5	1,108.0	1261.4
Purchase of Electricity	104.5	117.8	112.0	114.3	175.1	354.9	534.7	1001.9	1,229.6	1415.1
Transmission & Distribution Costs	73.8	113.4	125.1	195.4	218.9	236.2	224.8	252.0	291.7	294.8
Depreciation of Generation, Transmission & Distribution Assets	329.6	347.6	349.3	376.7	447.4	473.6	485.4	508.5	537.8	550.2
TOTAL	1,133.3	1,293.9	1,336.6	1,730.7	2,095.8	2,399.4	2,441.7	2,801.9	3,167.1	3,521.5
7 Gross Operating Surplus	557.00	558.50	710.0	499.7	371.6	222.1	309.3	498.5	969.80	1321.30
8 (a) Administration, Establishment & Other Cost	316.5	403.0	481.7	300.6	164	871.4	(160.90)	365.1	178.31	385.1
(b) (Gain)/Loss on Exchange								75.60	135.66	311.70
(c) Interest on Loans & Overdraft	161.1	166.3	203.3	209.3	264.7	336.7	406.1	433.1	462.04	444.9
9 Retained Profit(Loss)	79.4	(10.8)	25.0	(10.2)	(57.1)	(986.0)	(173.2)	(375.3)	193.79	179.60
10 NET ASSETS										
Fixed Assets Less Depreciation	5626.6	5717.4	5,983.7	9,111.4	9,192.0	9,440.3	9,773.1	9,941.1	9980.65	12474.1
Investments	0	3.5	-	-	-	-	-	-	-	-
Current Assets Less Current Liabilities	211.00	413.20	535.4	(12.7)	112.0	(131.20)	(649.80)	(1,012.90)	(1,565.30)	(745.60)
TOTAL	5,837.60	6,134.10	6,519.10	9,098.70	9,304.00	9,309.10	9,123.30	8,328.20	8,415.35	11,728.50
11 Net Capital Expenditure for year	412.2	463.6	636.7	1,601.5	504.4	748.5	887.8	702.8	602.90	417.4
12 Financed by										
Outside Sources	172.5	400.8	359.9	947.9	504.4	671.2	524.9	253.7	512.50	220.4
Internal Sources	239.7	62.8	276.8	653.6	0	77.3	362.9	449.1	90.40	197.0
13 Gross Operating Surplus to Net Assets	9.5	9.1	10.9	5.5	4.0	2.39	3.39	5.99	11.52	11.27
14 Gross Operating Surplus to Turnover	33.0	30.2	34.7	22.4	15.1	8.47	11.24	15.10	23.44	27.28
15 Net Profit or (Loss) to Turnover	4.7	(0.6)	1.2	(0.46)	(2.31)	(37.61)	(6.30)	(11.37)	4.68	3.71
16 Generation & Purchase Cost(excl dep) to Turnover	43.18	44.96	42.13	51.95	57.94	64.45	62.94	61.85	56.51	55.27
17 Transmission & Distribution Cost to Turnover	4.4	6.1	6.1	8.76	8.87	9.01	8.17	7.64	7.05	6.09
18 Depreciation of Generation, Transmission & Distribution Asset to Turnover	19.5	18.8	17.1	16.9	18.1	18.07	17.64	15.41	13.00	11.36
19 Administration Establishment & Other Cost to Turnover	18.7	21.8	23.5	13.5	6.6	33.24	8.63	11.06	4.31	7.95
20 Interest on Loans to Turnover	9.5	9.0	9.9	9.4	10.7	12.84	14.76	13.12	11.17	9.19
21 Return on Average Net Fixed Assets in Operation	4.47	2.80	4.11	2.77	2.36	(7.40)	2.61	0.61	8.12	8.45
22 Units Lost to Units Exported	11.9	11.6	11.9	12.0	11.5	11.36	11.11	11.05	10.27	13.03