

POWERGEN INTERNATIONAL LIMITED

REPORT AND ACCOUNTS

for the year ended 31 December 2001



Registered No: 3548380

POWERGEN INTERNATIONAL LIMITED

Report of the directors for the year ended 31 December 2001

The directors present their report and the audited financial statements of Powergen International Limited for the year ended 31 December 2001.

Principal activities, review of business and future developments

The Company's principal activity is the management of certain international assets of the Powergen Group including the provision of services to its subsidiaries and associates. During the year the Powergen Group, following its strategic aim of re-focusing its business on the US and UK energy markets, has disposed of a number of these international assets and is continuing the disposal process. The effect of these disposal transactions, which have been made by subsidiaries of the Company, has been to reduce the Company's overall level of activity, which is expected to continue to reduce in the coming months as the disposal process continues.

The key disposals made by the Group and affecting the Company were as follows:

On 7 December 2000 the Powergen Group announced that it had agreed to sell its Australian, Indian and other Asian interests to joint venture companies managed and 80% owned by CLP Power International (CLP-PI), a subsidiary of CLP Holdings Limited. Under the agreement the Powergen Group retains a 20% minority shareholding in each of these joint venture companies. On 27 February 2001 the sale of the Australian assets (principally Yallourn Energy Pty Limited) was completed as a part of this process, and on 20 February 2002 the sale of the Indian assets (principally Powergen India Limited and the 88% interest in Gujarat Powergen Energy Corporation) was completed. On 7 August 2001 CLP-PI acquired an option for first refusal from Powergen to purchase Powergen's Indonesian assets, PT Jawa Power, at a future date. Following completion, Powergen has put options to sell its minority shareholdings over a specified period, whilst CLP-PI has a call option to acquire Powergen's interest in respect of the Australian joint venture and a further call option covering all the investments in the event of a change of ownership of the Powergen Group. Powergen may receive further payments if specific development projects, transferred as part of the deal, subsequently reach financial close.

On 27 April 2001 the Powergen Group completed the sale of its shareholdings in the joint ventures in Germany and the Netherlands to NRG Energy, Inc. These comprised its 50% share of Saale Energie GmbH (and hence its 20.95% interest in Kraftwerk Schkopau GbR) and its 33.33% shareholding in Mibrag BV (and hence its 33.33% interest in the Mibrag GmbH group).

On 11 May 2001 the Powergen Group completed the sale of its 49.99% shareholding in Turbogás Produtora Energetica SA, Portugal to RWE Power. The sale also included Powergen's 75% interest in Portugén Energia SA, the Company which operates and maintains the Turbogás power station.

On 29 June 2001 the Powergen Group completed the sale of its three wholly-owned subsidiaries in Hungary, Csepeli Áramtermelő Rt, Csepel Éromu Rt and Powergen Energia Rt to NRG Energy, Inc.

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Report of the directors for the year ended 31 December 2001 (continued)

Results and dividends

The Company's loss for the financial year is £4,097,000 (2000: restated - £189,105,000). The directors do not recommend the payment of a dividend (2000: £nil).

Directors and their interests

The directors who held office during the year are given below:

M H Hannah	(resigned 31 March 2001)
J A Hart	
P C F Hickson	
P R Hughes	(resigned 31 March 2001)
D J Jackson	
E A Wallis	(resigned 31 March 2001)
C Wood	

During the year, no director had an interest in the shares of the Company.

The following directors had the following interests in the ordinary shares of Powergen plc, the Company's ultimate parent undertaking, at 31 December 2001:

	Beneficial holdings in ordinary shares		Options over ordinary shares			
	At 31 December 2000	At 31 December 2001	At 31 December 2000	Exercised	Granted	At 31 December 2001
J A Hart	8,396	1,625	247,660	(6,630)	16,917	257,947
D J Jackson	15,112	15,432	239,783	-	15,000	254,783
C Wood	2,286	3,079	111,500	(671)	14,045	124,874

P C F Hickson is also a director of Powergen plc and his interest in the shares of that company are shown in the annual report of Powergen plc.

No director had any interest, other than as a nominee, in the shares of any other member of the Powergen Group.

Introduction of the Euro

The Powergen Group recognises the wide implications of the Euro for businesses, including impacts on commercial arrangements and financial systems. Appropriate preparation has been made by Powergen entities resident in Euro-land countries. Within the UK, the Powergen Group's preparations recognise the uncertain position regarding possible UK entry to the single currency, and the situation is monitored closely.

POWERGEN INTERNATIONAL LIMITED

Report of the directors for the year ended 31 December 2001 (continued)

Post balance sheet events

Post balance sheet events have been disclosed in note 20 to the financial statements.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- d) prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 4 October 1999 the Company passed an elective resolution dispensing with the requirement to appoint auditors annually. Therefore, PricewaterhouseCoopers will continue in office.

BY ORDER OF THE BOARD



P C F Hickson
City Point
1 Ropemaker Street
London
EC2Y 9HT

5 April 2002

POWERGEN INTERNATIONAL LIMITED

Independent auditors' report to the members of Powergen International Limited

We have audited the financial statements on pages 5 to 21.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Report and Accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of 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 statements are free from material misstatement, 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 statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

15 April 2002

POWERGEN INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001

		Year ended 31 December 2001 £'000	Year ended 31 December 2000 (restated – Note 14) £'000
	Note		
Turnover	2	3,306	7,022
Operating costs	3	(4,957)	(15,104)
Operating loss		(1,651)	(8,082)
Loss on closure of international operations (including provisions)	4	(6,926)	(172,456)
Loss on ordinary activities before interest and taxation		(8,577)	(180,538)
Net interest receivable / (payable)	7	1,687	(21,927)
Loss on ordinary activities before taxation		(6,890)	(202,465)
Tax credit on loss on ordinary activities	8	2,793	13,360
Loss for the financial year	16	(4,097)	(189,105)

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents. All the above amounts relate to continuing operations.

STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2001

		Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Loss for the financial year		(4,097)	
As previously reported			(189,165)
Prior year adjustment	14		60
As restated			(189,105)
Currency translation differences on foreign currency net investments		18	320
Total recognised losses for the financial year		(4,079)	(188,785)

The accounting policies and the notes on pages 7 to 21 form part of these financial statements.

POWERGEN INTERNATIONAL LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2001

	Note	At 31 December 2001 £'000	At 31 December 2000 £'000
Fixed assets			
Tangible assets	9	2	176
Investments	10	691,630	724,900
		<u>691,632</u>	<u>725,076</u>
Current assets			
Debtors: amounts falling due after more than one year	11	-	110,428
Debtors: amounts falling due within one year	11	85,486	92,725
Cash at bank and in hand		1,458	1,148
		<u>86,944</u>	<u>204,301</u>
Creditors: amounts falling due within one year	12	<u>(147,031)</u>	<u>(183,325)</u>
Net current (liabilities) / assets		<u>(60,087)</u>	<u>20,976</u>
Total assets less current liabilities		631,545	746,052
Creditors: amounts falling due after more than one year	13	-	(110,428)
		<u>631,545</u>	<u>635,624</u>
Capital and reserves			
Called-up share capital	15	84,153	84,153
Share premium account	16	757,372	757,372
Profit and loss account	16	<u>(209,980)</u>	<u>(205,901)</u>
Equity shareholders' funds	17	<u>631,545</u>	<u>635,624</u>

The financial statements on pages 5 to 23 were approved by the Board on 5 April 2002 and were signed on its behalf by:

P C F Hickson
5 April 2002



The accounting policies and the notes on pages 7 to 21 form part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2001

1 Accounting policies

These financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable United Kingdom Accounting Standards. The Company is exempt from the requirement to produce consolidated financial statements as it is included in the consolidated financial statements of Powergen plc, a company registered in England and Wales.

(a) Fixed asset investments

Fixed asset investments are stated at original cost plus subsequent loans advanced. Provision is made for any impairment in value of investments.

(b) Tangible fixed assets

Tangible fixed assets are stated at their purchase or production cost less provision for depreciation. The provision for depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over their useful economic lives. The estimated useful economic lives used for the principal categories of fixed assets are as follows:

Fixtures, fittings, vehicles and equipment	3 - 5 years
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(c) Pension costs

The Company contributes to a funded group pension scheme operated by Powergen UK plc, the assets of which are invested in a separate trustee-administered fund. The Company is unable to identify its share of the underlying assets and liabilities of the group pension scheme. The Company has accounted for its contribution to the group pension scheme as if the scheme was a defined contribution scheme and accounts for contributions payable to the group pension scheme in the accounting period in which they fall due.

(d) Taxation

The tax charge for the year is based on the profits or losses on ordinary activities for the year and takes into account full provision for deferred tax in respect of timing differences on a discounted basis, using the approach set out in Financial Reporting Standard 19 "Deferred Tax" (FRS 19). Such timing differences arise primarily from the differing treatment for taxation and accounting purposes of provisions under FRS 19. Deferred tax liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised to the extent that their recoverability is probable through future profits of the same trade. Previously the provision for deferred tax was accounted for on the partial provisioning basis required by Statement of Standard Accounting Practice 15 "Accounting for Deferred Tax" (SSAP 15).

The effect of the change in accounting policy on the results and net assets on the current and previous financial year is disclosed in Note 14. Comparative figures have been restated in the profit and loss account, the statement of recognised gains and losses and the notes to the financial statements.

POWERGEN INTERNATIONAL LIMITED

Notes to the financial statements for the year ended 31 December 2001 (continued)

1 Accounting policies (continued)

(e) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates ruling at the end of the financial year. Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date payment takes place unless related or matching forward foreign exchange contracts have been entered into when the rate specified in that contract is used. Any resultant foreign exchange differences are taken to the profit and loss account in the period in which they arise.

(f) Cash flow statement

The Company is a wholly-owned subsidiary undertaking of Powergen plc, the ultimate parent undertaking of the Powergen Group, and is included in the publicly available consolidated financial statements of Powergen plc. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

(g) Related party transactions

The Company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Powergen Group or investees of the Powergen Group.

(h) Going concern

Notwithstanding the fact that the Company has net current liabilities, the directors have prepared the accounts on the going concern basis. The directors have received confirmation from Powergen UK plc, the Company's immediate parent undertaking, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these accounts.

2 Turnover

Turnover, which excludes Value Added Tax, represents the value of services provided, principally to the Company's current and former subsidiaries and associates in Europe and worldwide.

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Notes to the financial statements
for the year ended 31 December 2001 (continued)

3 Operating costs

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Staff costs (Note 6)	4,307	9,367
Depreciation of tangible fixed assets	75	185
Auditors' remuneration – audit services	10	10
Other international development and administrative costs	565	5,542
Operating costs	<u>4,957</u>	<u>15,104</u>

The directors believe that the nature of the Company's business is such that the analysis of operating costs required by the Companies Act 1985 is not appropriate. As required by the Act, the directors have therefore adopted the presented format so that operating costs are disclosed in a manner appropriate to the Company's principal activity.

4 Loss on closure of international operations (including provisions)

As explained in the directors' report the Powergen Group, following its strategic aim of re-focusing its business on the US and UK energy markets, continued the process, begun last year, of rationalising its international operations and closing or disposing of its international offices. Exceptional items which have arisen in connection with these disposals are set out below:

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Waiver of amount due from subsidiary undertaking (a)	(3,222)	-
Closure costs (b)	(4,408)	(23,627)
Asset impairment (c)	-	(149,895)
Profit on disposal of development option (d)	704	1,066
	<u>(6,926)</u>	<u>(172,456)</u>

The tax credit on the exceptional items was £1,322,000 (year ended 31 December 2000 - £4,600,000).

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Notes to the financial statements
for the year ended 31 December 2001 (continued)

4 Loss on closure of international operations (including provisions) (continued)

(a) Waiver of amount due from subsidiary undertaking

In connection with the Company's withdrawal from Malaysia its local subsidiary, Powergen Malaysia Sdn Bhd (PMSB) is to be liquidated. To enable this process to commence the directors of the Company passed a resolution on 28 September 2001 to waive the debt of £3,222,000 owing to the Company in respect of staff and development costs incurred by PMSB and funded by the Company.

(b) Closure costs

The charge of £4,408,000 (2000: £23,627,000) included in these accounts comprises:

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Severance costs	500	21,127
Staff costs (Note 6)	3,456	558
Other closure costs	452	1,942
	4,408	23,627

(c) Asset impairment

As at 31 December 2000, following the agreements to dispose of the company's interests in Australia, India, Asia and Portugal and in the light of the ongoing disposal process, the directors reviewed the book values of all relevant investments in the books of Powergen International Limited in accordance with the requirements of Financial Reporting Standard No. 11 (Impairment of Fixed Assets and Goodwill) ("FRS11"). The review concluded that the agreed disposals represented a triggering event under FRS11 and based on net recoverable amount, in the case of the Australian interests, the book values as at that date needed to be written down. An exceptional charge of £149,895,000 was made to the 2000 profit and loss account to provide for the anticipated exceptional loss on disposal based on the then expected disposal proceeds. In the opinion of the directors the current book values of the Company's investments adequately reflect the values of the remaining underlying assets and as at 31 December 2001 no further adjustment is required.

(d) Profit on disposal of development option

A profit of £704,000 (2000: £1,066,000) arose as a result of agreements relating to the sale in 2000 of the Company's option to build an 800MW gas fired plant near Cologne in Germany, comprising the second cash payment received. All development costs incurred by the Company and its parent in previous years were written off as incurred. Under the agreements the cash payments received to date may be followed by further instalments, conditional on receipt of permits and the commercial operation of the plant.

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Notes to the financial statements
for the year ended 31 December 2001 (continued)

5 Directors' remuneration

The directors are remunerated by the parent undertaking, Powergen UK plc, in respect of their services to the Powergen Group as a whole. They do not receive remuneration in respect of their services as directors of Powergen International Limited.

6 Employee information

The Company had no contracted employees during the year. Staff engaged in the Company's business were employed by Powergen UK plc, which charged their costs of employment to the Company. The average number of persons so engaged were:

	Year ended 31 December 2001 Number	Year ended 31 December 2000 Number
Based in the UK	30	87
Overseas	29	76
	<u>59</u>	<u>163</u>

Costs relating to these employees and charged to the Company were:

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Wages and salaries	6,539	8,422
Social security costs	826	630
Other pension costs (Note 18)	398	873
	<u>7,763</u>	<u>9,925</u>
Charged to:		
Operating costs (Note 3)	4,307	9,367
Closure costs (Note 4)	3,456	558
	<u>7,763</u>	<u>9,925</u>

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Notes to the financial statements
for the year ended 31 December 2001 (continued)

7 Interest receivable / (payable)

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Interest receivable and similar income		
Interest receivable from subsidiary undertakings	1,674	2,582
Other interest receivable	202	747
Total interest receivable and similar income	1,876	3,329
Interest payable and similar charges		
Interest payable to parent undertaking	-	(24,685)
Interest payable to subsidiary undertakings	-	(75)
Interest payable to associated undertakings	(189)	(496)
Total interest payable and similar charges	(189)	(25,256)
Total interest receivable / (payable)	1,687	(21,927)

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Notes to the financial statements
for the year ended 31 December 2001 (continued)

8 Tax credit on loss on ordinary activities

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000 (restated – Note 14)
Current tax:		
UK Corporation tax credit on loss for the year	2,793	13,300
Deferred tax:		
Net origination and reversal of timing differences	-	63
Unwinding of discount	-	(3)
Total deferred tax	-	60
Tax on loss on ordinary activities	2,793	13,360

The difference between the current tax credit on the loss on ordinary activities for the year and the tax assessed on the loss on ordinary activities for the year assessed at the standard rate of corporation tax in the UK (30%) can be explained as follows:

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Loss on ordinary activities before tax	6,890	202,465
Tax credit on loss on ordinary activities before tax at 30%	2,067	60,740
<i>Effects of</i>		
Expenses not deductible for tax purposes	(750)	(47,342)
Net origination and reversal of timing differences	1,476	(98)
Current tax credit for the year	2,793	13,300

The tax credit of £2,793,000 (2000: £13,300,000) on the loss on ordinary activities represents an amount receivable from the parent company in respect of the transfer of tax losses, at a tax rate of 30% (2000: 30%), under group relief provisions. The tax credit in respect of the exceptional items is given in Note 4.

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Notes to the financial statements
for the year ended 31 December 2001 (continued)

9 Tangible fixed assets

	Fixtures, fittings, vehicles and equipment £'000
Cost:	
At 31 December 2000	560
Disposals	(555)
At 31 December 2001	5
Depreciation:	
At 31 December 2000	384
Charge for the year	75
Disposals	(456)
At 31 December 2001	3
Net book value:	
At 31 December 2001	2
At 31 December 2000	176

10 Fixed asset investments

	Shares in subsidiaries £'000	Loans to subsidiary £'000	Total £'000
At 31 December 2000	691,630	33,270	724,900
Additions	-	3,638	3,638
Disposals	-	(37,394)	(37,394)
Foreign exchange adjustment	-	486	486
At 31 December 2001	691,630	-	691,630

The loans to the subsidiary undertaking were repaid in full on disposal of the subsidiary during the year.

Details of the principal investments in subsidiary undertakings are set out below. Principal subsidiaries are those which, in the opinion of the directors, are significant in terms of the proportion of profit or assets and liabilities they represent in relation to the Company's world-wide operations.

POWERGEN INTERNATIONAL LIMITED

Notes to the financial statements
for the year ended 31 December 2001 (continued)

10 Fixed asset investments (continued)

<i>Name</i>	<i>Country of incorporation</i>	<i>Shares held</i>	<i>Voting rights held</i>	<i>Nature of business</i>
Held by the Company				
Ergon Overseas Holdings Limited	England and Wales	100% ordinary £1 shares	100%	Investment
Inputrapid Limited	England and Wales	100% ordinary £1 shares	100%	Dormant
Ergon Energy Limited	England and Wales	100% ordinary £1 shares	100%	Investment
Powergen Overseas Holdings Limited	England and Wales	100% ordinary £1 shares	100%	Investment

Held by subsidiary undertakings				
<i>Name</i>	<i>Country of incorporation</i>	<i>Shares held</i>	<i>Voting rights held</i>	<i>Nature of business</i>
Powergen Holdings BV	Netherlands	100% euro ordinary and preference capital	100%	Investment
Powergen India Limited	India	100% ordinary shares of 10 Indian Rupees	100%	Power station management and support services
Gujarat Powergen Energy Corporation	India	88% ordinary shares of 10 Indian Rupees	88%	Generation and sale of electricity
PT Powergen Jawa Timur	Indonesia	99% ordinary shares of 1000 US Dollars each	99%	Power station management and support services
Powergen Ergon Luxembourg Finance Partnership	Luxembourg	100% euro partnership capital	100%	Financing

The Company's subsidiaries in Hungary and Portugal were sold during the year. As explained in Note 20 the Company's interests in the subsidiaries in India were sold with effect from 20 February 2002 to a joint venture company of which Powergen holds a 20% share.

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Notes to the financial statements
for the year ended 31 December 2001 (continued)

10 Fixed asset investments (continued)

Held jointly by the Company and subsidiary undertakings				
<i>Name</i>	<i>Country of incorporation</i>	<i>Shares held</i>	<i>Voting rights held</i>	<i>Nature of business</i>
Visioncash	England and Wales	99% ordinary £1 shares and 100% Preference shares	99.3%	Non-trading

Details of the principal investments in associated undertakings at 31 December 2001 are set out below:

Associated undertaking, held through a subsidiary				
<i>Name</i>	<i>Accounting reference date</i>	<i>Country of incorporation</i>	<i>Nature of investment</i>	<i>Voting rights held</i>
PT Jawa Power	31 December	Indonesia	Rupiah ordinary shares	35.00%

The interests in Germany, the Netherlands and Portugal were sold during the year. Under the agreement with CLP-PI, the Company's interest in Yallourn Energy Pty Limited, held through a subsidiary, was reduced during the year from 49.95% to 18.4%. It is accounted for by that subsidiary as a trade investment.

The principal activities of the remaining associated undertaking, PT Jawa Power, are the generation and sale of electricity from its coal-fired power station.

11 Debtors

Amounts falling due after more than one year

	31 December	31 December
	2001	2000
	£'000	£'000
Amount owed by parent undertaking	-	110,428

The amount of £110,428,000 owed by the parent undertaking at 31 December 2000 was repaid during the year.

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Notes to the financial statements
for the year ended 31 December 2001 (continued)

11 Debtors (continued)

Amounts falling due within one year

	31 December	31 December
	2001	2000
	£'000	£'000
Trade debtors	671	2,180
Amounts owed by parent undertaking and fellow subsidiaries	41	299
Amounts owed by subsidiaries	84,705	89,949
Amounts owed by associated undertakings	37	276
Other debtors	-	5
Prepayments and accrued income	32	16
	<hr/> 85,486 <hr/>	<hr/> 92,725 <hr/>

The amounts owed by subsidiary undertakings are unsecured, interest-free and repayable on demand.

12 Creditors: amount falling due within one year

	31 December	31 December
	2001	2000
	£'000	£'000
Trade creditors	3,179	2,445
Amounts owed to parent undertaking and fellow subsidiaries	131,186	141,869
Amounts owed to subsidiaries	6,362	7,061
Amount owed to associated undertaking	-	13,034
Other tax and social security	1,146	747
Accruals and deferred income	5,158	18,169
	<hr/> 147,031 <hr/>	<hr/> 183,325 <hr/>

Amounts owed to the parent undertaking and fellow subsidiaries and amounts owed to subsidiaries are unsecured and interest-free. The amount owed to the associated undertaking at 31 December 2000 was repaid during the year when that undertaking was sold.

Accruals at 31 December 2001 include £5,104,000 (2000: £17,877,000) in respect of severances.

POWERGEN INTERNATIONAL LIMITED

Notes to the financial statements
for the year ended 31 December 2001 (continued)

13 Creditors: amounts falling due after more than one year

	31 December 2001 £'000	31 December 2000 £'000
Amount owed to parent undertaking	-	110,428

The amount of £110,428,000 owed to the parent undertaking at 31 December 2000 was repaid during the year.

14 Deferred taxation

The adoption of FRS 19 "Deferred Tax", which was issued on 1 December 2000, has necessitated adjustment to the deferred tax provision made in the prior year. Prior to the adoption of FRS 19, provision for deferred tax was made using the partial provisioning basis in accordance with SSAP 15 "Accounting for Deferred Tax". Under the partial provisioning basis, provision for deferred tax was made to the extent that it was probable that a liability would crystallise in the foreseeable future. In accordance with FRS 19 the Company's policy is now to provide for deferred tax on a full provision basis. As a result of this change in accounting policy prior year figures have been restated.

The impact of the adoption of FRS 19 on retained profits and opening net assets is as follows:

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000	Balance sheet at 31 December 2000 £'000
Tax credit on loss on ordinary activities	-	60	-
Deferred tax	-	-	-

A potential deferred tax asset, in respect of certain closure costs, has not been recognised as the timing of the severance payments giving rise to the potential asset is uncertain and therefore the recovery of the asset cannot be assured. The estimated value of this unrecognised deferred tax asset, measured on a discounted basis at a standard taxation rate of 30%, is £855,000 (2000: £35,000).

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Notes to the financial statements
for the year ended 31 December 2001 (continued)

15 Share capital

	31 December 2001 £'000	31 December 2000 £'000
Authorised		
100,000,000 (31 December 2000: 100,000,000) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
84,152,511 (31 December 2000: 84,152,511) ordinary shares of £1 each	<u>84,153</u>	<u>84,153</u>

16 Reserves

	Share premium account £'000	Profit and loss Account £'000
At 31 December 2000	757,372	(205,901)
Loss for the financial year	-	(4,097)
Currency translation differences on foreign currency net investments	-	18
At 31 December 2001	<u>757,372</u>	<u>(209,980)</u>

17 Reconciliation of movements in equity shareholders' funds

	31 December 2001 £'000	31 December 2000 (restated – Note 14) £'000
Loss for the financial year	(4,097)	(189,105)
Currency translation differences on foreign currency net investments	18	320
Net reduction in shareholders' funds	<u>(4,079)</u>	<u>(188,785)</u>
Opening shareholders' funds as previously stated	<u>635,624</u>	<u>824,469</u>
Prior year adjustment (Note 14)	-	(60)
Opening shareholders' funds as restated for prior year adjustment	<u>635,624</u>	<u>824,409</u>
Closing shareholders' funds	<u>631,545</u>	<u>635,624</u>

Notes to the financial statements
for the year ended 31 December 2001 (continued)

18 Pension commitments

The Company participates in a funded group pension scheme operated by Powergen UK plc, which is part of an industry wide scheme, the Electricity Supply Pension Scheme. The pension scheme is of the defined benefit type and its assets are held in a separate trustee-administered fund.

The fund is valued every three years by a professionally qualified, independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the

actuary reviews the appropriateness of the rates. An actuarial assessment of the scheme at 31 March 2001 is currently being finalised. The latest published actuarial assessment of the scheme was at 31 March 1998. Particulars of this valuation are contained in the accounts of Powergen plc.

Accounting for amortisation of surpluses, other than the impact on regular costs and contributions payable, is dealt with in the accounts of Powergen plc.

The total pension cost charged to the Company was £398,000 (2000: £873,000). The reduced charge for 2001 reflects the reduction in the number of employees.

19 Capital and other commitments

Commitments of the Powergen plc Group to fund capital investment in the areas of activity of the Company and its subsidiary and associated undertakings are disclosed in the Powergen Group accounts.

20 Post balance sheet events

On 20 February 2002, in accordance with the agreement announced on 7 December 2000, the sale of the Indian assets to a joint venture company managed and 80% owned, by CLP Power International (CLP-PI), a subsidiary of CLP Holdings Limited, was completed. These assets principally comprise the Company's interest in Powergen India Limited (100%) and its interest in Gujarat Powergen Energy Corporation (88%). Under the agreement the Company through its subsidiaries retains a 20% minority shareholding in this joint venture investment. In a separate transaction the Company's parent undertaking has acquired the remaining 12% of Gujarat Powergen Energy Corporation and this stake is to be sold on to the joint venture company.

Notes to the financial statements
for the year ended 31 December 2001 (continued)

21 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Powergen UK plc. The ultimate parent undertaking and controlling party is Powergen plc, which is the parent company of the largest group to consolidate these financial statements. The smallest group to consolidate these financial statements is that of which Powergen UK plc, the principal trading subsidiary of Powergen plc, is the parent undertaking. Copies of Powergen plc's accounts are available from the Company Secretary at the following address:

D J Jackson
Company Secretary
Powergen plc
City Point
1 Ropemaker Street
London
EC2Y 9HT