

**POWERGEN INTERNATIONAL LIMITED**

**REPORT AND ACCOUNTS**

**for the year ended 31 December 2003**

**Registered No: 3548380**



# POWERGEN INTERNATIONAL LIMITED

## Report of the directors for the year ended 31 December 2003

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2003.

### **Principal activities, review of business and future developments**

The Company's principal activity during the year was the management of certain international assets owned by Powergen Limited and its subsidiaries (together the "Powergen Group") including the provision of services to its subsidiaries and associates. Significant developments during the year in respect of the ongoing process of disposal of the Powergen Group's remaining international assets were:

1. Completion of transfers to CLP Power International (CLP-PI)
2. Progress towards the disposal of the Company's Indonesian interests.

The effect of these developments has been to reduce the Company's overall level of activity. With the exception of its Indonesian interests the Company has no remaining trading assets.

### *Completion of transfers to CLP Power International (CLP-PI)*

By the end of October 2002 the Powergen Group had completed the transfer of its Australian, Indian and certain of its Asian interests to entities managed by CLP-PI, a subsidiary of CLP Holdings Limited, and owned by CLP-PI (80%) and the Powergen Group (20%). On 8 November 2002 the Powergen Group and CLP-PI agreed that CLP-PI would buy out the Powergen Group's 20% interests in these entities. During 2003 completion of this agreement was achieved as follows:

1. On 14 January 2003 CLP-PI acquired, for a nominal consideration, Powergen Holdings BV's 20% interest in CLP Powergen SE Asia limited, which held an interest in BLCP Power Limited and also paid Powergen Holdings BV for sale of rights.
2. On 16 April 2003 CLP-PI acquired, for US\$65,000,000, Ergon Overseas Holdings Limited's 20% interest in CLP Powergen Funding Limited and CLP Powergen Sdn Bhd, completing the disposal of the Powergen Group's interests in Yallourn Energy Pty Ltd.
3. On 11 June 2003 CLP-PI acquired, for consideration totalling US\$45,000,000, Ergon Overseas Holdings Limited's 20% interest in CLP Powergen India Limited, completing the disposal of the Powergen Group's interests in Gujarat Paguthan Energy Corporation ("GPEC").

Following the completion of these transfers the directors have reviewed the carrying values of its subsidiaries and have reversed impairment provisions totalling £115,154,000 made in earlier years.

### *Progress towards the disposal of the Company's Indonesian interests*

During the year preparations were made for a possible sale by the Powergen Group of its interests in Indonesia, comprising 35% of PT Jawa Power (owner of a 1220MW coal fired power station) and 100% of PT Powergen Jawa Timur (operator of the plant under contract to the owner). On 21 December 2003 the Powergen Group initialled a draft agreement with one of the potential buyers, a consortium of Keppel Energy Pte Ltd of Singapore and Electric Power Development Co Ltd of Japan. The terms of the sale as proposed, which was subject to finalisation of the Sale and Purchase Agreement (SPA), envisaged receipt, by subsidiaries of the Company, of a total consideration of US\$165,000,000. This comprises the first US\$22,400,000 of dividends expected to be paid to the Powergen Group between 31 December 2003 and completion, and

## **POWERGEN INTERNATIONAL LIMITED**

### **Report of the directors for the year ended 31 December 2003 (continued)**

US\$142,600,000 payable on completion. As described in Note 19 the SPA was signed on 30 January 2004. Completion is subject to a number of factors, including the pre-emption rights of equity partners and receipt of third party approvals from, inter alia, project lenders, and Indonesian authorities. Any further distributions received before completion will be deducted from the consideration paid at completion.

#### **Results and dividends**

The Company's profit for the financial year is £109,146,000 (2002: loss of £4,884,000). The directors do not recommend the payment of a dividend (2002: £nil).

#### **Directors and their interests**

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

C R Scoins	
M Soehlke	(resigned 22 March 2004)
E A Wallis	(resigned 18 July 2003)
J R Watts	(resigned 22 March 2004)
G J Bartlett	(appointed 22 March 2004)

During the year, no director had an interest in the shares of the Company. At 31 December 2002 and 31 December 2003 no director had any interest requiring disclosure.

#### **Introduction of the Euro**

The directors of the Company recognise the wide implications of the Euro for businesses, including impacts on commercial arrangements and financial systems. In 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.

#### **Post balance sheet events**

Post balance sheet events have been disclosed in note 19 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

## POWERGEN INTERNATIONAL LIMITED

### Report of the directors for the year ended 31 December 2003 (continued)

- 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.

The directors have fulfilled their responsibilities.

#### **Auditors**

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

BY ORDER OF THE BOARD



C R Scoins  
Director  
Powergen International Limited  
53 New Broad Street  
London  
EC2M 1SL  
26 October 2004

# POWERGEN INTERNATIONAL LIMITED

## Independent auditors' report to the members of Powergen International Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **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.

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. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### **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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors  
London  
26 October 2004

**POWERGEN INTERNATIONAL LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

		Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
	Note		
<b>Turnover</b>	2	<b>634</b>	1,588
Exceptional reversal of provisions (2002: provision) for impairment of investments	3	<b>115,154</b>	(7,092)
Other operating costs	3	<b>(1,603)</b>	(2,234)
<b>Operating profit/(loss)</b>		<b>114,185</b>	(7,738)
Profit on disposal of investment	4	-	3,227
Profit/(Loss) on closure of international operations (including provisions)	4	<b>1,259</b>	(880)
<b>Profit/(Loss) on ordinary activities before interest and taxation</b>		<b>115,444</b>	(5,391)
Interest payable	7	-	(183)
<b>Profit/(Loss) on ordinary activities before taxation</b>		<b>115,444</b>	(5,574)
Tax on profit/(loss) on ordinary activities	8	<b>(6,298)</b>	690
<b>Retained profit/(Loss) for the financial year</b>	15	<b>109,146</b>	(4,884)

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for either of the years stated above and their historical cost equivalents.

The Company has no recognised gains and losses other than the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented.

All the above amounts relate to continuing operations.

The accounting policies and the notes on pages 7 to 19 form part of these financial statements.

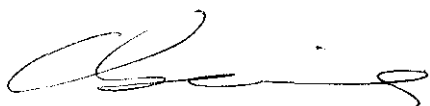
**POWERGEN INTERNATIONAL LIMITED**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2003**

	Note	At 31 December 2003 £'000	At 31 December 2002 £'000
<b>Fixed assets</b>			
Tangible assets	9	-	3
Investments	10	<b>989,692</b>	874,538
		<b>989,692</b>	874,541
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	<b>82,199</b>	82,418
Cash at bank and in hand		<b>85</b>	926
		<b>82,284</b>	83,344
<b>Creditors: amounts falling due within one year</b>	12	<b>(333,278)</b>	(327,890)
<b>Net current liabilities</b>		<b>(250,994)</b>	(244,546)
<b>Total assets less current liabilities</b>		<b>738,698</b>	629,995
<b>Provisions for liabilities and charges</b>	13	<b>(2,891)</b>	(3,334)
		<b>735,807</b>	626,661
<b>Capital and reserves</b>			
Called-up share capital	15	<b>84,153</b>	84,153
Share premium account	16	<b>757,372</b>	757,372
Profit and loss account	16	<b>(105,718)</b>	(214,864)
<b>Equity shareholders' funds</b>	17	<b>735,807</b>	626,661

The financial statements on pages 5 to 19 were approved by the Board of Directors on 26 October 2004 and were signed on its behalf by:



C R Scoins  
26 October 2004

The accounting policies and the notes on pages 7 to 19 form part of these financial statements.

# POWERGEN INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 December 2003

### **1 Accounting policies**

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 1985 and applicable United Kingdom Accounting Standards all of which have been consistently applied, except as regards the specific provisions of the Companies Act 1985 relating to the disclosure of operating costs as explained in Note 3. The Company is exempt from the requirement to produce consolidated financial statements as it is included in the consolidated financial statements of E.ON AG, a company registered in Germany. The principal accounting policies are set out below.

#### **(a) Fixed asset investments**

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

#### **(b) Tangible fixed assets**

Tangible fixed assets are stated at their purchase or production cost less accumulated depreciation. 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 E.ON UK plc (formerly 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 were 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 and depreciation of fixed assets. 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 when it is more likely than not that they will be recovered.



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## Notes to the financial statements for the year ended 31 December 2003 (continued)

### **1 Accounting policies (continued)**

#### **(e) Foreign currencies**

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 E.ON AG, the ultimate parent undertaking of the E.ON Group, and is included in the publicly available consolidated financial statements of E.ON AG. 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 E.ON AG, its subsidiaries and associates (together "the E.ON Group") or investees of the E.ON 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 E.ON 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 administrative and payroll services provided, principally to subsidiaries, fellow subsidiaries and other related entities in Asia.

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## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 3 Operating costs

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Exceptional reversal of provision (2002: provision) for impairment of assets	(115,154)	7,092
Other operating costs:		
Staff costs (Note 6)	1,175	1,647
Depreciation of tangible fixed assets	1	3
Auditors' remuneration		
– audit services	10	10
– non-audit services	9	370
Other international development and administrative costs	408	204
Total other operating costs	1,603	2,234
Total operating (credit)/costs	(113,551)	9,326

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.

#### **Exceptional provision for impairment of assets**

In earlier years, 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 reviews concluded that the then book values needed to be written down to reflect net recoverable amounts and accordingly appropriate exceptional charges were made to profit and loss account, culminating in a charge of £7,092,000 in the year ended 31 December 2002. As described in the Directors' report the directors have updated their review as at 31 December 2003 in the light of the successful conclusion of the disposals of the Australian and other assets. The directors have concluded that certain of PGI's investments (as supported by underlying assets) are no longer impaired and consequently £115,154,000 of the impairment provisions have been written back.

# POWERGEN INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 4 Non-operating exceptional items

#### **Profit on disposal of investment (2002)**

During 2002 the Company acquired 20% of the shares in CLP Powergen Funding Limited for £16,910,000 and sold them to a subsidiary for £20,137,000, realising a profit of £3,227,000.

#### **Profit/(Loss) on closure of international operations (including provisions)**

As explained in the directors' report the E.ON Group has continued the process of rationalising or disposing of its international operations and closing or disposing of its international offices. Exceptional credits of £1,259,000 (2002: costs of £880,000), which have arisen in connection with these activities, comprise:

	<b>Year ended 31 December 2003 £'000</b>	<b>Year ended 31 December 2002 £'000</b>
Severance costs	-	800
Staff costs (Note 6)	-	214
Other closure costs	<b>(1,259)</b>	<b>(134)</b>
	<b><u>(1,259)</u></b>	<b><u>880</u></b>

Other closure costs principally comprise savings in respect of the anticipated costs incurred in closing overseas operations (decrease in accrual for tax deductions) and repatriation (reduction of accruals for ex pats repatriation) and redeployment of staff.

### 5 Directors' remuneration

	<b>Year ended 31 December 2003 £</b>	<b>Year ended 31 December 2002 £</b>
Aggregate emoluments	<b><u>141,824</u></b>	<b><u>70,158</u></b>

Retirement benefits are accruing to one director (2002: one director) under a defined benefit scheme (Note 17). During the year no (2002: six) directors exercised options over shares they were awarded for services to the E.ON Group.

# POWERGEN INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 6 Employee information

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

	<b>Year ended 31 December 2003 Number</b>	<b>Year ended 31 December 2002 Number</b>
Based in the UK	<b>7</b>	10
Overseas	<b>6</b>	13
	<b>13</b>	23

Costs relating to these employees (including director) and charged to the Company were:

	<b>Year ended 31 December 2003 £'000</b>	<b>Year ended 31 December 2002 £'000</b>
Wages and salaries	<b>1,005</b>	1,636
Social security costs	<b>63</b>	70
Other pension costs (Note 17)	<b>107</b>	155
	<b>1,175</b>	1,861
Charged to:		
Operating costs (Note 3)	<b>1,175</b>	1,647
Closure costs (Note 4)	-	214
	<b>1,175</b>	1,861

### 7 Interest payable

	<b>Year ended 31 December 2003 £'000</b>	<b>Year ended 31 December 2002 £'000</b>
Interest payable to subsidiary undertakings	-	(183)

# POWERGEN INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 8 Tax on profit/(loss) on ordinary activities

	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
UK Corporation tax charge/(credit) on profits/(losses) for the year	85	(690)
Under provision in respect of prior periods	6,200	-
Double taxation relief	(85)	-
	<b>6,200</b>	<b>(690)</b>
Overseas tax	98	-
UK Corporation tax charge/(credit) on profits/(losses) for the year	<b>6,298</b>	<b>(690)</b>

The difference between the current tax charge/(credit) on the profit/(loss) on ordinary activities for the year and the tax assessed on the profit/(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 2003 £'000	Year ended 31 December 2002 £'000
Profit/(loss) on ordinary activities before tax	<b>115,444</b>	<b>(5,574)</b>
Tax on profit/(loss) on ordinary activities before tax at 30%	<b>34,633</b>	<b>(1,672)</b>
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	2,301
Net origination and reversal of timing differences	(2)	(200)
Non-taxable income	<b>(34,546)</b>	<b>(1,119)</b>
Under provision in respect of prior periods	6,200	-
Double taxation relief	(85)	(1,119)
<b>Current tax charge/(credit) for the year</b>	<b>6,200</b>	<b>(690)</b>

**POWERGEN INTERNATIONAL LIMITED**

**Notes to the financial statements**  
**for the year ended 31 December 2003 (continued)**

**9 Tangible fixed assets**

	<b>Fixtures, fittings, tools and equipment £'000</b>
<b>Cost:</b>	
At 31 December 2002	9
Disposals	(9)
<b>At 31 December 2003</b>	<b>-</b>
<b>Depreciation:</b>	
At 31 December 2002	6
Charge for the year	1
Disposals	(7)
<b>At 31 December 2003</b>	<b>-</b>
<b>Net book value:</b>	
<b>At 31 December 2003</b>	<b>-</b>
At 31 December 2002	3

**10 Fixed asset investments**

	<b>Shares in subsidiaries £'000</b>
<b>Cost</b>	
<b>At 31 December 2002 and 31 December 2003</b>	<b>1,031,525</b>
<b>Provisions</b>	
At 31 December 2002	156,987
Reversal of provisions for impairment of assets (Note 3)	(115,154)
<b>At 31 December 2003</b>	<b>41,833</b>
<b>Net book value</b>	
<b>At 31 December 2003</b>	<b>989,692</b>
At 31 December 2002	874,538

# POWERGEN INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 10 Fixed asset investments (continued)

Details of the principal 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.

<b>Held by the Company</b>				
<b>Name</b>	<b>Country of incorporation</b>	<b>Shares held</b>	<b>Voting rights held</b>	<b>Nature of business</b>
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

<b>Held by subsidiary undertakings</b>				
<b>Name</b>	<b>Country of incorporation</b>	<b>Shares held</b>	<b>Voting rights held</b>	<b>Nature of business</b>
Powergen Holdings BV	Netherlands	100% euro ordinary and preference capital	100%	Investment
PT Powergen Jawa Timur	Indonesia	100% ordinary shares of 1000 US Dollars each	100%	Power station management and support services

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

**POWERGEN INTERNATIONAL LIMITED**

**Notes to the financial statements**  
**for the year ended 31 December 2003 (continued)**

**10 Fixed asset investments (continued)**

Details of the principal investments in associated undertakings at 31 December 2003 are set out below:

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

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

As explained in the directors' report and in Note 19, an agreement has been signed for the disposal of the interests in PT Powergen Jawa Timur and PT Jawa Power.



# POWERGEN INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### **11 Debtors: amounts falling due within one year**

	<b>31 December 2003</b>	31 December 2002
	<b>£'000</b>	£'000
Trade debtors	-	4
Amounts owed by subsidiaries	<b>82,199</b>	82,247
Amounts owed by associated undertakings	-	67
Prepayments and accrued income	-	100
	<b>82,199</b>	<b>82,418</b>

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

### **12 Creditors: amount falling due within one year**

	<b>31 December 2003</b>	31 December 2002
	<b>£'000</b>	£'000
Trade creditors	<b>170</b>	214
Amounts owed to parent undertaking and fellow subsidiaries	<b>136,625</b>	135,966
Amounts owed to subsidiaries	<b>195,498</b>	189,293
Other taxation and social security	<b>99</b>	884
Accruals and deferred income	<b>886</b>	1,533
	<b>333,278</b>	<b>327,890</b>

Amounts owed to the parent undertaking and fellow subsidiaries and amounts owed to subsidiaries are unsecured and interest-free and repayable on demand.

Accruals at 31 December 2003 include £2,891,000 (2002: £3,334,000) in respect of severances.

# POWERGEN INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 13 Provisions for liabilities and charges

	Closure Costs £'000
At 31 December 2002	3,334
Released in year	(443)
<b>At 31 December 2003</b>	<b>2,891</b>

The provision relates to severance costs for employees which will be released as they cease to be employed by Powergen International Limited.

### 14 Deferred taxation

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 £808,000 (2002: £810,000).

### 15 Share capital

	31 December 2003 £'000	31 December 2002 £'000
<b>Authorised</b>		
100,000,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
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	Total £'000
At 31 December 2002	757,372	(214,864)	542,508
Retained profit for the financial year	-	109,146	109,146
<b>At 31 December 2003</b>	<u>757,372</u>	<u>(105,718)</u>	<u>651,654</u>

# POWERGEN INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### **17 Reconciliation of movements in equity shareholders' funds**

	<b>31 December 2003 £'000</b>	31 December 2002 £'000
Profit/(Loss) for the financial year	<b>109,146</b>	(4,884)
Opening shareholders' funds	<b>626,661</b>	631,545
<b>Closing shareholders' funds</b>	<b>735,807</b>	626,661

### **18 Pension commitments**

The Company participates in a funded group pension scheme operated by E.ON 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. The latest published actuarial assessment of the scheme was at 31 March 2001. Particulars of this valuation are contained in the accounts of Powergen Limited.

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

The total pension cost charged to the Company was £107,000 (2002: £155,000). The reduced charge for 2003 reflects the reduction in the number of employees.

### **19 Post balance sheet events**

On 30 January 2004, Keppel Energy Pte Ltd ("Keppel Energy") together with Electric Power Development Co. Ltd ("J Power") signed an agreement with E.ON UK plc and certain of the Company's subsidiaries to acquire all of the Powergen Group's interests in the Jawa Power Project, comprising the 35% equity interest and loan stocks in PT Jawa Power and the 100% equity interest in PT Powergen Jawa Timur, for a total cash consideration of US\$142,600,000.

On 5 February 2004 Ergon Energy Limited received from PT Jawa Power US\$22,400,000 in respect of dividends.

On 30 April 2004 PT Bumipertiwi Tatapradipta, a shareholder in PT Jawa Power, exercised its pre-emption rights over the sale of the Powergen Group's shares in PT Jawa Power.

On 2 July 2004 E.ON UK plc terminated the sale agreement with Keppel Energy and J-Power in accordance with its terms.

The sale of all Powergen Group's interests in the Jawa Power Project is proceeding in accordance with the terms of PT Bumipertiwi Tatapradipta's pre-emption, subject to receipt of outstanding third party approvals.

# POWERGEN INTERNATIONAL LIMITED

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### **20 Ultimate parent undertaking and controlling party**

The immediate parent undertaking is E.ON UK Plc. The ultimate parent undertaking and controlling party is E.ON AG, a company incorporated in Germany, 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 E.ON UK plc, the principal UK trading subsidiary of E.ON AG, is the parent undertaking. Copies of E.ON AG's accounts are available from the offices of E.ON AG at the following address:

E.ON AG  
E.ON-Platz 1  
D-40479  
Düsseldorf  
Germany