

15 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Summarised financial information in respect of the Group's joint ventures and associates is set out below:

	31 December 2005 £m	31 December 2004 £m
a) Joint ventures' net assets (including goodwill)		
Non-current assets	1,362	1,184
Current assets	280	179
Total assets	1,642	1,363
Current liabilities	(188)	(104)
Non-current liabilities	(743)	(594)
Total liabilities	(931)	(698)
Net assets	711	665
Group's share of joint ventures' net assets	349	312
b) Associates' net assets (including goodwill)		
Non-current assets	7,690	6,167
Current assets	1,755	1,522
Total assets	9,445	7,689
Current liabilities	(840)	(799)
Non-current liabilities	(5,468)	(4,254)
Total liabilities	(6,308)	(5,053)
Net assets	3,137	2,636
Group's share of associates' net assets	1,026	857
c) Results of joint ventures		
Revenue	631	299
Profit for the year	104	47
Group's share of results of joint ventures		
Share of revenue	309	144
Share of profit for the year	50	24
d) Results of associates		
Revenue	2,024	1,266
Profit for the year	449	330
Group's share of results of associates		
Share of revenue	694	355
Share of profit for the year	148	89

At 31 December 2005 the Group's investments that are listed on a recognised stock market are those in The Hub Power Company Limited (HUBCO), Kot Addu Power Company Limited (KAPCO) and Malakoff Berhad. All are considered associates and International Power continues to equity account for Malakoff and HUBCO despite its shareholdings being less than 20% (see note 40). The Group's share of HUBCO and KAPCO was valued at £45 million (2004: £54 million) and £149 million (2004: unlisted) respectively, on the major Pakistan stock markets and the Group's share in Malakoff Berhad was valued at £203 million (2004: £159 million) on the Kuala Lumpur stock market. Market values for Group shareholdings in these investments were in excess of the respective book values at the year end.

A subsidiary, Al Kamil, is listed on the Muscat Securities Market and was valued at £15 million on 31 December 2005 (2004: £14 million).

The reporting period of Malakoff Berhad does not coincide with International Power's financial year. Consequently, the results of Malakoff Berhad for the period 1 December to 30 November are equity accounted by the Group each year. This treatment prevents Malakoff's results being made publicly available before its own shareholders have received the information through dissemination by Malakoff Berhad.

Included within the Group's share of net assets of joint ventures and associates is net debt of £1,625 million (2004: £1,285 million). These obligations are generally secured by the assets of the respective joint venture or associate borrower and are not guaranteed by International Power plc or any other Group company.

A full list of significant joint ventures and associates is included in note 40.

16 OTHER INVESTMENTS

	31 December 2005 £m	31 December 2004 £m
Non-current		
Investments available for sale carried at fair value	–	79
Other investments	4	7
	4	86

The Group owns minority shareholdings in a number of small businesses related to power generation and fuel supply activities in Europe and Asia. These equity instruments are not quoted but are shares in privately owned companies and therefore the fair value cannot be measured reliably. The carrying amount has thus been based on the cost of acquiring the shares in these companies.

17 FINANCE LEASE RECEIVABLES

	Minimum lease payments		Present value of minimum lease payments	
	31 December 2005 £m	31 December 2004 £m	31 December 2005 £m	31 December 2004 £m
Amounts receivable under finance leases:				
Within one year	48	50	12	11
Later than one year and not later than five years	192	211	57	65
After five years	649	717	391	419
	889	978	460	495
Less: unearned finance income	(429)	(483)		
Present value of minimum lease payments receivable	460	495		

Analysed as:

Non-current finance lease receivables (recoverable after 12 months)	448	484
Current finance lease receivables (recoverable within 12 months)	12	11
	460	495

Rentals receivable under finance leases by the Group during the year amounted to £48 million (2004: £6 million). The cost of assets acquired by the Group during the year for onward finance leasing was £nil (2004: £487 million).

International Power's business is the generation of electricity. Sometimes the Group enters into arrangements such as long-term PPAs to secure contracted revenues for a long period of time. Some of these arrangements are determined to be or to contain finance leases. The average term of the finance leases entered into is usually a substantial portion of the asset's useful economic life.

Unguaranteed residual values of assets leased under finance leases at the balance sheet date are estimated at £nil (2004: £nil).

The interest rate inherent in the lease is fixed at the contract date for all of the lease term. The average effective interest rate contracted is approximately 8% per annum.

The fair value of the Group's finance lease receivables as at 31 December 2005 is estimated at £460 million (2004: £495 million) based on discounting estimated cash flows at the market rate.

18 OTHER LONG-TERM RECEIVABLES

	31 December 2005 £m	31 December 2004 £m
Other receivables	67	74
Other receivables from joint ventures and associates	30	27
Total other long-term receivables	97	101