14 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £m	Plant, machinery and equipment £m	Assets in course of construction £m	Total £m
Cost				
At 1 January 2004	89	2,547	23	2,659
Additions	7	44	188	239
On acquisition of subsidiaries	80	1,304	–	1,384
Reclassifications and transfers	–	43	(46)	(3)
Disposals	–	(2)	–	(2)
Exchange differences	(2)	(71)	(4)	(77)
At 31 December 2004	174	3,865	161	4,200
Additions	5	78	184	267
On acquisition of subsidiaries	–	365	–	365
Reclassifications and transfers	–	54	(54)	–
Disposals	(2)	(9)	–	(11)
Disposal of a subsidiary	–	(54)	–	(54)
Exchange differences	3	241	25	269
At 31 December 2005	**180**	**4,540**	**316**	**5,036**
Accumulated depreciation and impairment loss				
At 1 January 2004	22	589	–	611
Depreciation charge for the year	3	82	–	85
Eliminated on disposals	–	(2)	–	(2)
Exchange differences	–	(36)	–	(36)
At 31 December 2004	25	633	–	658
Depreciation charge for the year	11	137	–	148
Disposals	(2)	(9)	–	(11)
Disposal of subsidiaries	–	(3)	–	(3)
Impairment reversal	–	(52)	–	(52)
Exchange differences	–	89	–	89
At 31 December 2005	**34**	**795**	**–**	**829**
Carrying amount				
At 31 December 2005	**146**	**3,745**	**316**	**4,207**
At 31 December 2004	149	3,232	161	3,542

At the end of the year the Group carried out a review of the recoverable amount of its UK power plants following a period of sustained increase in UK dark spreads. This led to the recognition of an impairment reversal of £52 million for Rugeley, based on the estimated value in use of this asset. The post-tax risk adjusted discount rate used in measuring value in use was 8%. The post-tax risk adjusted discount rate which was used at the time of the initial impairment in 2002 was 8%. The impairment reversal has been included in cost of sales.

Interest capitalised in the year was £14 million (2004: £8 million). On a cumulative basis, after taking into account exchange differences and depreciation, the carrying amount of interest capitalised is £69 million (2004: £64 million).

The property, plant and equipment of the Group's US operations has been revalued to fair value as at 1 January 2004, the date of transition to Adopted IFRSs in accordance with the choice available under IFRS 1 (First-time Adoption of International Financial Reporting Standards), by applying a risk-adjusted discount rate of 9.7% to the post-tax cash flows expected from the plant over their remaining useful lives. The impact of this election is to reduce at 1 January 2004 the cost of property, plant and equipment by £466 million to £2,547 million and accumulated depreciation by the same amount to £589 million.

The total value of land that is not depreciated included within land and buildings is £49 million (2004: £47 million).

Property, plant and equipment at subsidiaries at carrying amounts of approximately £3,924 million (2004: £3,607 million) is the subject of fixed and floating charges from banks providing facilities which are non-recourse to the Company.