

Central Networks West plc
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2004

Registered No: 3600574



Central Networks West plc

Report of the directors for the year ended 31 December 2004

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2004.

Principal activities

The Company's principal activity during the year and at the year end was the distribution of electricity to industrial, commercial and domestic customers.

Review of business and future developments

During the year, Central Networks West plc (CNW) has been working closely with Central Networks East plc (CNE) on an integration programme across certain operational and support functions. However, from a regulatory point of view, the two businesses will continue to be managed as separate regulated entities.

CNW has, during 2004, completed formal discussions and reached agreement with OFGEM on the basis of the next price control settlement for the five years commencing April 2005. The agreed outcome of the price review will have a fundamental impact on the future earnings of the company and result in a significant increase in investment levels to the end of the decade.

Results and dividends

The Company's profit for the year was £98.0m (2003: £96.3m). The directors do not recommend the payment of a dividend (2003: £nil).

Directors and their interests

The directors who held office during the year and subsequent to the year end are given below:

G J Bartlett	(appointed 16 January 2004)
P Bridgewater	(appointed 30 June 2004)
P Golby	(appointed 16 January 2004)
R Taylor	(appointed 16 January 2004)
D G Bacon	(resigned 16 January 2004)
I Elcock	(resigned 16 January 2004)

During the year, no director had an interest in the shares of the company. At 31 December 2003 and 31 December 2004, no director had any interest requiring disclosure.

Central Networks West plc

Report of the directors for the year ended 31 December 2004 (continued)

Policy and practice on payment of creditors

Where appropriate in relation to specific contracts, the Company's practice is to:

- settle the terms of payment with the supplier when agreeing the terms of each transaction;
- ensure that those suppliers are made aware of the terms of payment by inclusion of other relevant terms in the contracts; and
- *pay in accordance with it's contractual and other legal obligations.*

For all other cases the Company supports the Better Payments Practice Code and has in place well developed arrangements with a view to ensuring that this is observed. Trade creditors at year end represented 42 days (2003: 40 days) of purchases.

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. The directors confirm that they have fulfilled their responsibilities.

Auditors

On 16 April 2004, KPMG resigned as auditors of the company and PricewaterhouseCoopers LLP were appointed auditors on that date. On that same date, 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

Peter Bridgewater
Central Networks West plc, Westwood Way
Westwood Business Park, Coventry CV4 8LG

22 July 2005

Central Networks West plc

Independent auditors' report to the members of Central Networks West plc

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 2004 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
Birmingham

22 July 2005

Central Networks West plc

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Year ended 31 December 2004 £m	Year ended 31 December 2003 £m
Turnover	2	302.1	312.8
Cost of sales		(25.5)	(38.9)
Gross profit		276.6	273.9
Net operating expenses	3	(117.6)	(126.5)
Exceptional operating costs	4	(1.0)	-
Operating profit	5	158.0	147.4
Loss on sale of fixed assets and investments		(1.7)	(0.9)
Interest receivable and similar income	8	0.1	-
Interest payable and similar charges	9	(28.6)	(32.2)
Profit on ordinary activities before taxation		127.8	114.3
Tax on profit on ordinary activities	10	(29.8)	(18.0)
Retained profit for the financial year	18	98.0	96.3

There are no material differences between the profit on ordinary activities before taxation and the retained profit for either of the years stated above and their historical cost equivalents.

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

All the above amounts relate to continuing operations.

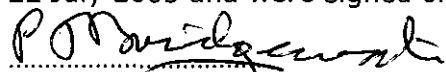
The accounting policies and the notes on pages 6 to 19 form part of these financial statements.

Central Networks West plc

BALANCE SHEET
AS AT 31 DECEMBER 2004

	Note	At 31 December 2004 £m	At 31 December 2003 £m
Fixed assets			
Tangible assets	11	1,065.7	1,001.1
Current assets			
Debtors: amounts falling due within one year	12	42.0	42.7
Creditors: amounts falling due within one year	13	(78.1)	(294.2)
Net current liabilities		(36.1)	(251.5)
Total assets less current liabilities		1,029.6	749.6
Creditors: amounts falling due after more than one year	14	(526.0)	(348.6)
Provisions for liabilities and charges	16	(129.7)	(125.1)
Net assets		373.9	275.9
Capital and reserves			
Called-up share capital	17	0.1	0.1
Profit and loss reserve	18	373.8	275.8
Equity shareholders' funds	19	373.9	275.9

The financial statements on pages 4 to 19 were approved by the Board of Directors on 22 July 2005 and were signed on its behalf by:


Peter Bridgewater, Director

The accounting policies and the notes on pages 6 to 19 form part of these financial statements.

Central Networks West plc

Notes to the financial statements **for the year ended 31 December 2004**

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. The principal accounting policies are set out below.

(a) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation which is calculated to write off assets over their useful economic lives. The cost of fixed assets is their purchase cost together with costs directly attributable to bringing them into working condition for their intended use. Where appropriate, costs includes own labour and associated overheads. No financing costs are capitalised. The lives of each major class of fixed assets are as follows:

	<i>Life in years</i>
<i>Distribution network assets and customer contributions</i>	<i>40-60</i>
<i>Meters</i>	<i>15-20</i>

Freehold land and assets in the course of construction are not depreciated.

Customers' contributions towards distribution network assets are credited to the profit and loss account over the life of the distribution network assets to which they relate. The contributions are deducted from the cost of the fixed assets. This is a departure from the Companies Act 1985 which requires fixed assets to be included at their purchase price or production cost and therefore any contribution would be presented as deferred income. However it is the opinion of the directors that the treatment adopted is necessary to give a true and fair view as the contributions relate directly to the cost of fixed assets used in the distribution network.

(b) Pension costs

The Company contributes to a funded group pension scheme operated by E.ON 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.

Central Networks West plc

Notes to the financial statements **for the year ended 31 December 2004 (continued)**

1 Accounting policies (continued)

(c) 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.

(d) 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).

(e) 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.

(f) 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 charges for electricity distributed during the year, including estimates of the sales value of units distributed to consumers between the date of the last meter reading and the year end. All the Company's turnover arises in the course of the Company's principal activity in the United Kingdom.

Central Networks West plc

Notes to the financial statements for the year ended 31 December 2004 (continued)

3 Net operating expenses

	Year ended 31 December 2004 £m	Year ended 31 December 2003 £m
Administrative expenses	2.4	7.9
Distribution costs	77.4	76.9
Depreciation	37.8	38.8
Group management charges	-	2.9
	<u>117.6</u>	<u>126.5</u>

Following the acquisition of the company by the E.ON Group on 16th January 2004, the Central Networks Group initiated a severance and restructuring programme. The costs arising from programme have been included in the financial statements of Central Networks Services Ltd and Central Networks plc and not recharged to Central Networks West plc.

4 Exceptional operating costs

Exceptional operating costs of £1.0m relate to the write-off of deferred financing costs in relation to a debtors securitisation programme. The securitisation programme ceased during February 2004 (see note 12).

5 Operating profit

Operating profit is stated after charging:

	Year ended 31 December 2004 £m	Year ended 31 December 2003 £m
Depreciation of tangible fixed assets:		
Owned assets	<u>37.8</u>	<u>38.8</u>

Auditors' remuneration, in the current and the preceding year, was borne by Central Networks plc and not recharged.

Central Networks West plc

Notes to the financial statements for the year ended 31 December 2004 (continued)

6 Directors' emoluments

	Year ended 31 December 2004 £m	Year ended 31 December 2003 £m
Aggregate emoluments	0.3	0.5
Aggregate amounts (excluding shares) receivable under long-term incentive schemes	-	-
Sums paid to third parties for directors' services	-	-
	0.3	0.5

Robert Taylor and Peter Bridgewater are directors of both Central Networks East plc and Central Networks West plc. They share their management time equally between these two companies. As a result, their emoluments, for the year ended 31 December 2004, have been split equally between Central Networks East plc and Central Networks West plc.

The other directors received no emoluments from the Company during the year (2003: £nil). Their remuneration is borne by E.ON UK plc and not directly recharged.

Retirement benefits are accruing to two (2003: nil) directors under a defined benefit scheme. During the year no (2003: nil) directors exercised options over shares they were rewarded for services to the E.ON Group.

Highest paid director

	Year ended 31 December 2004 £m	Year ended 31 December 2003 £m
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	0.2	0.2
Defined benefit pension scheme:		
Accrued pension at end of period	-	-

Central Networks West plc

Notes to the financial statements for the year ended 31 December 2004 (continued)

7 Employee information

The average monthly number of persons (including directors) employed by the Company during the year was:

By activity	Year ended 31 December 2004	Year ended 31 December 2003
Managerial	6	2
Non-industrial	18	62
Industrial	-	6
	<u>24</u>	<u>70</u>

The salaries and related costs of employees were:

	Year ended 31 December 2004 £m	Year ended 31 December 2003 £m
Wages and salaries	0.6	0.4
Social security costs	-	-
Other pension costs (see note 20)	0.1	0.1
	<u>0.7</u>	<u>0.5</u>

8 Interest receivable and similar income

	Year ended 31 December 2004 £m	Year ended 31 December 2003 £m
Interest receivable from group undertakings	(0.1)	-

Central Networks West plc

Notes to the financial statements
for the year ended 31 December 2004 (continued)

9 Interest payable and similar charges

	Year ended 31 December 2004 £m	Year ended 31 December 2003 £m
Interest payable on bank loans and overdrafts	4.4	14.9
Interest payable on other loans	-	0.5
Interest payable to group undertakings	24.2	16.8
Total interest payable and similar charges	28.6	32.2

10 Tax on profit on ordinary activities

	Year ended 31 December 2004 £m	Year ended 31 December 2003 £m
Current tax:		
UK corporation tax on profits for the year (payment for group relief)	22.6	18.9
Adjustment in respect of previous periods	-	(0.6)
Total current tax	22.6	18.3
Deferred tax:		
Accelerated capital allowances	15.0	15.1
Short-term timing differences	0.8	0.5
Adjustment in respect of prior periods	2.0	1.4
Increase in discount	(10.6)	(17.3)
Total deferred tax (see note 16)	7.2	(0.3)
Tax on profit on ordinary activities	29.8	18.0

Central Networks West plc

Notes to the financial statements
for the year ended 31 December 2004 (continued)

10 Tax on profit on ordinary activities (continued)

The difference between the tax on the profit on ordinary activities for the year and the tax assessed on the profit 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 2004 £m	Year ended 31 December 2003 £m
Profit on ordinary activities before tax	127.8	114.3
Tax on profit on ordinary activities before tax at 30% (2003:30%)	38.3	34.2
<i>Effects of:</i>		
Non-taxable income	(0.1)	-
Capital allowances in excess of depreciation	(15.0)	(15.1)
Expenses not deductible for tax purposes	0.2	0.3
Other timing differences	(0.8)	(0.5)
Adjustment in respect of prior periods	-	(0.6)
Current tax charge for the year	22.6	18.3

The corporation tax payable for the year has been reduced by £22.6m (2003: £18.9m) because of group relief received from a fellow group undertaking for which a payment of £22.6m (2003: £18.9m) will be made during 2005.

There are no significant factors currently known that will affect future tax charges.

Central Networks West plc

Notes to the financial statements
for the year ended 31 December 2004 (continued)

11 Tangible fixed assets

	Distribution network £m	Customer contributions £m	Total £m
Cost:			
At 31 December 2003	1,971.7	(374.1)	1,597.6
Additions	146.0	(41.5)	104.5
Disposals	(10.2)	-	(10.2)
At 31 December 2004	<u>2,107.5</u>	<u>(415.6)</u>	<u>1,691.9</u>
Accumulated Depreciation:			
At 31 December 2003	713.1	(116.6)	596.5
Charge for the year	47.1	(9.3)	37.8
Disposals	(8.1)	-	(8.1)
At 31 December 2004	<u>752.1</u>	<u>(125.9)</u>	<u>626.2</u>
Net book value:			
At 31 December 2004	<u>1,355.4</u>	<u>(289.7)</u>	<u>1,065.7</u>
At 31 December 2003	<u>1,258.6</u>	<u>(257.5)</u>	<u>1,001.1</u>

Fixed assets contain freehold land with a cost of £4.4m (2003: £4.4m) and assets in the course of construction of £20.8m (2003: £18.6m) which are not depreciated.

Central Networks West plc

Notes to the financial statements
for the year ended 31 December 2004 (continued)

12 Debtors: amounts falling due within one year

	At 31 December 2004 £m	At 31 December 2003 £m
Trade debtors	4.1	-
Unbilled consumption	32.2	23.6
Amounts owed by group undertakings	0.2	0.3
Prepayments and accrued income	5.5	6.4
	42.0	30.3
Gross debtors subject to non-recourse financing	-	22.4
Less: Non-refundable amounts received	-	(10.0)
	42.0	42.7

Amounts owed by group undertakings are unsecured, interest free and are payable on demand.

The securitisation programme, which involved the sale of eligible billed and future electricity trade debtors to a bank, was fully repaid during February 2004. Of the £100m at 31 December 2003, £10.0m has been deducted from debtors above. The balance of £90.0m is included within short-term borrowings.

The charges relating to the programme are as follows:

	Year ended 31 December 2004 £m	Year ended 31 December 2003 £m
Yield and programme fees	-	3.7
Other fees	-	0.3
	-	4.0

Central Networks West plc

Notes to the financial statements
for the year ended 31 December 2004 (continued)

13 Creditors: amounts falling due within one year

	At 31 December 2004 £m	At 31 December 2003 £m
Bank loans (note 15)	7.9	151.4
Amounts owed to group undertakings	53.3	35.2
Amounts owed to parent undertakings	-	91.2
Payments received on account	12.9	11.3
Other creditors	-	0.1
Accruals and deferred income	4.0	5.0
	78.1	294.2

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

14 Creditors: amounts falling due after more than one year

	At 31 December 2004 £m	At 31 December 2003 £m
Accruals & deferred income	-	1.0
Other loans (note 15)	-	197.9
Amounts owed to parent undertaking	526.0	149.7
	526.0	348.6

Amounts owed to the parent undertaking relate to a loan from E.ON UK plc (£222.4m) which incurs interest at 0.7% above LIBOR, a loan due to Powergen Luxembourg Holdings Limited (£153.7m) incurring interest at 5.59% and a £149.9m balance due to Central Networks plc attracting interest at 7.38%. All loan balances are unsecured. The loan from E.ON UK plc is repayable in January 2009, the loan from Powergen Luxembourg Holdings Limited was repaid in January 2005 and replaced by another loan from E.ON UK plc of £156m which is considered to be long-term. The balance due to Central Networks plc has no fixed date of repayment.

Central Networks West plc

Notes to the financial statements
for the year ended 31 December 2004 (continued)

15 Loans and other borrowings

	At 31 December 2004 £m	At 31 December 2003 £m
Debtor securitisation (note 12)	-	90.0
European Investment Bank loan	7.9	15.2
Committed bank loans	-	190.0
Other short-term bank loans	-	54.1
	7.9	349.3
Maturity of debt		
In one year or less, or on demand	7.9	151.4
In more than one year, but not more than two years	-	7.9
In more than two years, but not more than five years	-	190.0
	7.9	349.3

The amount repayable within one year, of £7.9m (2003: £7.3m), relates to an unsecured ten-year amortising loan from the European Investment Bank at an interest rate of 7.4% per annum. There is no balance due after more than one year (2003: £7.9m).

Other amounts repayable within one year comprise £nil (2003: £90.0m) relating to a debtor securitisation programme (see note 12) and £nil (2003: £54.1m) in relation to other short-term bank loans.

Amounts repayable between two and five years comprise £nil (2003: £190.0m of five year committed bank loans at an interest rate of LIBOR plus 0.65%).

16 Provisions for liabilities and charges

	Other liabilities £m	Deferred tax £m	Total £m
At 1 January 2004	5.7	119.4	125.1
(Credit)/charge to the profit and loss account	(0.5)	7.2	6.7
Released during the year	(2.1)	-	(2.1)
At 31 December 2004	3.1	126.6	129.7

Central Networks West plc

Notes to the financial statements
for the year ended 31 December 2004 (continued)

16 Provisions for liabilities and charges (continued)

Other liabilities principally comprise wayleave costs which are assessed on the basis of the best estimate of the settlement value of outstanding claims at the balance sheet date and are expected to be utilised in the next 12 to 24 months.

The deferred tax provision comprises:

	At 31 December 2004 £m	At 31 December 2003 £m
Accelerated capital allowances	232.4	214.8
Other timing differences	(1.4)	(2.4)
Supply gain held over	51.0	-
Available capital losses	(51.0)	-
Undiscounted provision for deferred tax	231.0	212.4
Discount	(104.4)	(93.0)
Discounted provision for deferred tax	126.6	119.4

No deferred tax asset has been recognised for tax losses which are not expected to be utilised in the foreseeable future. The total amount unrecognised in respect of these losses is £65.7m (31 December 2003: £190.1m).

The opening and closing deferred tax positions can be reconciled as follows:

	£m
Deferred tax provision at 31 December 2003	119.4
Deferred tax charge to profit and loss account (see note 10)	7.2
Deferred tax provision at 31 December 2004	126.6

In calculating the deferred taxation provision, the Company has taken into account any group relief available from fellow group undertakings and any charges made for that relief.

Central Networks West plc

Notes to the financial statements
for the year ended 31 December 2004 (continued)

17 Share capital

	At 31 December 2004 £'000	At 31 December 2003 £'000
Authorised		
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>
Allotted, called-up and fully paid		
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>

18 Reserves

	Profit and loss reserve £m
At 31 December 2003	275.8
Retained profit for the financial year	<u>98.0</u>
At 31 December 2004	<u>373.8</u>

19 Reconciliation of movements in shareholders' funds

	31 December 2004 £m	31 December 2003 £m
Profit for the financial year	<u>98.0</u>	<u>96.3</u>
Net addition to shareholders' funds	<u>98.0</u>	<u>96.3</u>
Opening shareholders' funds	<u>275.9</u>	<u>179.6</u>
Closing shareholders' funds	<u>373.9</u>	<u>275.9</u>

Central Networks West plc

Notes to the financial statements **for the year ended 31 December 2004 (continued)**

20 Pension commitments

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

The funds are 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 assessments of the schemes was at 31 March 2004. Particulars of this valuation are contained in the accounts of E.ON UK plc.

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 contributions paid by the Company are accounted as if the schemes were defined contribution schemes, as the Company is unable to identify its share of the underlying assets and liabilities in the schemes. The cost of contributions to the group schemes amount to £0.1m (2003: £0.1m), being 19.7% of pensionable salary, and are based on pension costs across the group as a whole. An actuarial valuation of the pension schemes was undertaken on 31 December 2004 and a deficit of £729.1m was identified. In order to make good this deficit and as part of the subsequent merger of the different schemes, E.ON UK plc agreed with the Trustees and the actuary to make a special payment of £420m into the schemes on 1 April 2005 and to make annual payments of £52.9m from 1 April 2008 to 31 March 2018.

The Company is unable to separately identify its share of the underlying FRS 17 assets and liabilities of the group pension scheme. Accordingly, the Company has taken advantage of the exemption contained in FRS 17 for multi-employer schemes to not disclose additional information. The FRS 17 valuation of the group pension scheme has been disclosed in the 31 December 2004 financial statements of E.ON UK plc.

21 Capital and other commitments

At 31 December 2004 the Company had commitments of £7.8m (2003: £18.6m) for capital expenditure not provided in these financial statements.

22 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Central Networks 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 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