

E.ON UK TRADING LIMITED
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2005



Registered No: 4178314

E.ON UK TRADING LIMITED

Report of the directors for the year ended 31 December 2005

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2005.

Principal activities

The Company's principal activity during the year and at the year end was providing agency and arranging services to E.ON UK plc. These agency and arranging services included UK and European Power and Gas Exchange, together with "Over the Counter" and "bilateral" activity.

The company is authorised and regulated by the Financial Services Authority.

Review of business and future developments

Both the level of business during the year and the financial position of the Company at the year end were satisfactory and the directors believe that the present level of activity will be sustained in the current year.

Results and dividends

The Company's profit for the financial year is £310,631 (2004: £232,474). The directors do not recommend the payment of a dividend (2004: £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
A D Cocker
B Tear

During the year, no director had an interest in the shares of the Company. At 31 December 2004 and 31 December 2005, no director had any interest requiring disclosure.

E.ON UK TRADING LIMITED

Report of the directors for the year ended 31 December 2005 (continued)

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:

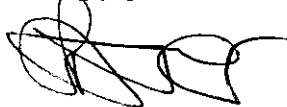
- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; 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 19 July 2001 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



B Tear
E.ON UK TRADING LIMITED
Westwood Way
Westwood Business Park
Coventry CV4 8LG

27 March 2006

Independent auditors' report to the members of E.ON UK Trading Limited

We have audited the financial statements of E.ON UK Trading Limited for the year ended 31 December 2005 which comprise Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 into 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

E.ON UK TRADING LIMITED

Report of the directors for the year ended 31 December 2005 (continued)

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
27 March 2006

E.ON UK TRADING LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Turnover	2	12,200,404	8,160,335
Cost of sales	3	(11,902,833)	(7,961,302)
Operating profit		297,571	199,033
Interest receivable and similar income	5	146,187	133,073
Profit on ordinary activities before taxation		443,758	332,106
Tax on profit on ordinary activities	6	(133,127)	(99,632)
Retained profit for the financial year	10	310,631	232,474

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.

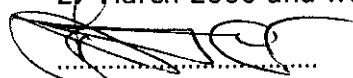
The accounting policies and the notes on pages 7 to 11 form part of these financial statements.

E.ON UK TRADING LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2005

	Note	At 31 December 2005 £	At 31 December 2004 £
Current assets			
Debtors: amounts falling due within one year	7	4,772,679	1,013,690
Cash at bank and in hand		4,426,563	3,604,158
		9,199,242	4,617,848
Creditors: amounts falling due within one year	8	(5,448,172)	(1,177,409)
Net Assets		3,751,070	3,440,439
Capital and reserves			
Called-up share capital	9	250,001	250,001
Share premium account	10	2,500,000	2,500,000
Profit and loss reserve	10	1,001,069	690,438
Equity shareholders' funds	11	3,751,070	3,440,439

The financial statements on pages 5 to 11 were approved by the Board of Directors on 27 March 2006 and were signed on its behalf by:


B Tear, Director

27 March 2006

The accounting policies and the notes on pages 7 to 11 form part of these financial statements.

E.ON UK TRADING LIMITED

Notes to the financial statements **for the year ended 31 December 2005**

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) 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).

(b) 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).

(c) 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.

2 Turnover

Turnover, which excludes Value Added Tax, represents the value of amounts charged to E.ON UK plc for services provided. The majority of the Company's turnover, all of which arises in the course of the Company's principal activity, arises in the United Kingdom.

3 Cost of sales

Cost of sales relate to costs borne by E.ON UK plc in relation to regulated activities. These costs are then recharged to the Company.

Costs recharged to the Company contain employee costs for individuals who are employed by E.ON UK plc. The Company has no employees (2004: Nil). Details of recharged employee costs are included in Note 4.

Auditor's remuneration is borne by the immediate parent undertaking, E.ON UK plc and is not recharged.

E.ON UK TRADING LIMITED**Notes to the financial statements**
for the year ended 31 December 2005 (continued)**4 Employee information**

The average monthly number of persons (including executive directors) employed by E.ON UK plc who perform work on behalf of the Company during the year was:

By activity	Year ended 31 December 2005	Year ended 31 December 2004
Administration		
Management	5	6
Trading	90	81
Finance and Back Office	33	6
Supporting Services	29	2
	157	95

The following salaries and related costs of employees, including directors, were contained in the service charges:

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Wages and salaries	5,918,339	3,252,291
Social security costs	587,879	352,660
Other pension costs	822,793	568,893
	7,329,011	4,173,844

The directors received no emoluments from the company during either year. However, included in the recharge detailed above is £491,628 (2004: £409,946) in respect of charges for director's services to E.ON UK Trading Limited. The emoluments of the directors are paid by E.ON UK plc and are disclosed in the accounts of that company.

5 Interest receivable and similar income

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Bank interest receivable	146,187	133,073
Total interest receivable and similar income	146,187	133,073

E.ON UK TRADING LIMITED

Notes to the financial statements for the year ended 31 December 2005 (continued)

6 Tax on profit on ordinary activities

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Current tax:		
UK corporation tax on profits for the year	133,127	99,632
Total current tax	<u>133,127</u>	<u>99,632</u>

There is no difference between the current tax charge on the profit on ordinary activities for the year and the tax on profit on ordinary activities for the year assessed at the standard rate of corporation tax in the UK (30%).

The corporation tax payable for the year represents payment to fellow group undertakings for group relief for which full payment will be made.

7 Debtors: amounts falling due within one year

	At 31 December 2005 £	At 31 December 2004 £
Amounts owed by group undertakings	4,772,679	1,013,690
	<u>4,772,679</u>	<u>1,013,690</u>

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

8 Creditors: amounts falling due within one year

	At 31 December 2005 £	At 31 December 2004 £
Amounts owed to group undertakings	5,448,172	1,177,409
	<u>5,448,172</u>	<u>1,177,409</u>

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

E.ON UK TRADING LIMITED

Notes to the financial statements
for the year ended 31 December 2005 (continued)

9 Share capital

	At 31 December 2005 £	At 31 December 2004 £
Authorised		
5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
Allotted, called-up and fully paid		
250,001 ordinary shares of £1 each	250,001	250,001

10 Reserves

	Share premium account £	Profit and loss reserve £
At 31 December 2004	2,500,000	690,438
Retained profit for the financial year	-	310,631
At 31 December 2005	2,500,000	1,001,069

11 Reconciliation of movements in shareholders' funds

	31 December 2005 £	31 December 2004 £
Profit for the financial year	310,631	232,474
Opening shareholders' funds	3,440,439	3,207,965
Closing shareholders' funds	3,751,070	3,440,439

E.ON UK TRADING LIMITED

Notes to the financial statements **for the year ended 31 December 2005 (continued)**

12 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