

E.ON UK TRADING LIMITED
(formerly POWERGEN TRADING LIMITED)
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2004



Registered No: 4178314

E.ON UK TRADING LIMITED
(formerly POWERGEN TRADING LIMITED)

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, review of business and future developments

The Company's principal activity during the year 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.

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.

On 5 July 2004, the Company was re-named from POWERGEN TRADING LIMITED to E.ON UK TRADING LIMITED.

Results and dividends

The Company's profit for the financial year is £232,474 (2003: £207,230). 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
A D Cocker
B Tear

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.

E.ON UK TRADING LIMITED
(formerly POWERGEN TRADING LIMITED)

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

24 March 2005

E.ON UK TRADING LIMITED
(formerly POWERGEN TRADING LIMITED)

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

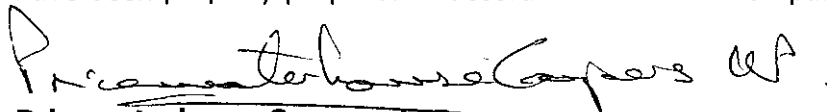
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

E.ON UK TRADING LIMITED
(formerly POWERGEN TRADING LIMITED)

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

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
London

24 March 2005

E.ON UK TRADING LIMITED
(formerly POWERGEN TRADING LIMITED)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Turnover	2	8,160,335	7,862,643
Cost of sales	3	(7,961,302)	(7,670,871)
Operating profit		199,033	191,772
Interest receivable and similar income	5	133,073	104,271
Profit on ordinary activities before taxation		332,106	296,043
Tax on profit on ordinary activities	6	(99,632)	(88,813)
Retained profit for the financial year	10	232,474	207,230

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.

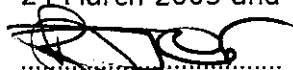
The accounting policies and the notes on pages 7 to 11 form part of these financial statements.

E.ON UK TRADING LIMITED
(formerly POWERGEN TRADING LIMITED)

BALANCE SHEET
AS AT 31 DECEMBER 2004

	Note	At 31 December 2004 £	At 31 December 2003 £
Current assets			
Debtors: amounts falling due within one year	7	1,013,690	715,998
Cash at bank and in hand		3,604,158	3,375,786
		4,617,848	4,091,784
Creditors: amounts falling due within one year	8	(1,177,409)	(883,819)
Net current assets		3,440,439	3,207,965
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	690,438	457,964
Equity shareholders' funds	11	3,440,439	3,207,965

The financial statements on pages 5 to 11 were approved by the Board of Directors on 24 March 2005 and were signed on its behalf by:



B Tear, Director

24 March 2005

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

E.ON UK TRADING LIMITED
(formerly POWERGEN TRADING LIMITED)

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) 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 (2003: 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 (formerly Powergen UK plc) and is not recharged.

E.ON UK TRADING LIMITED
(formerly POWERGEN TRADING LIMITED)

Notes to the financial statements
for the year ended 31 December 2004 (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 2004	Year ended 31 December 2003
Administration		
Management	6	7
Front Office	44	47
Trading	37	34
Finance and Back Office	6	5
Supporting Services	2	3
	95	96

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

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Wages and salaries	3,252,291	2,936,378
Social security costs	352,660	337,192
Other pension costs	568,893	381,728
	4,173,844	3,655,298

The directors received no emoluments from the company during either year. However, included in the recharges detailed above is £409,946 (2003: £352,259) 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 2004 £	Year ended 31 December 2003 £
Bank interest receivable	133,073	104,271

E.ON UK TRADING LIMITED
(formerly POWERGEN TRADING LIMITED)

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

6 Tax on profit on ordinary activities

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Current tax:		
UK corporation tax on profits for the year	99,632	88,813

There is no difference between the current tax charge on the profit on ordinary activities for the year and the tax on the 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 for the benefit.

7 Debtors: amounts falling due within one year

	At 31 December 2004 £	At 31 December 2003 £
Amounts owed by group undertakings	1,013,690	715,998

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

8 Creditors: amounts falling due within one year

	At 31 December 2004 £	At 31 December 2003 £
Amounts owed to group undertakings	1,177,409	883,819

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

E.ON UK TRADING LIMITED
(formerly POWERGEN TRADING LIMITED)

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

9 Share capital

	At 31 December 2004 £	At 31 December 2003 £
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 2003	2,500,000	457,964
Retained profit for the financial year	-	232,474
At 31 December 2004	2,500,000	690,438

11 Reconciliation of movements in shareholders' funds

	31 December 2004 £	31 December 2003 £
Profit for the financial year	232,474	207,230
Opening shareholders' funds	3,207,965	3,000,735
Closing shareholders' funds	3,440,439	3,207,965

E.ON UK TRADING LIMITED
(formerly POWERGEN TRADING LIMITED)

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

12 Ultimate parent undertaking and controlling party

The immediate parent undertaking is E.ON UK plc (formerly Powergen 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