

CELL SITE CONNECTION SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2006

Registered No: 4566781



CELL SITE CONNECTION SERVICES LIMITED

Report of the directors for the year ended 31 December 2006

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2006

Principal activities

The Company's principal activity was the rental of space on radio masts and management of electrical connections to mobile phone transmitters and relay sites. These services are provided to mobile phone companies in England.

Review of business

On 1 January 2006, the Company's principal trading activity was transferred to E ON UK Energy Services Limited, a newly formed Company within the E ON UK Group. Amounts owed to group undertakings and amounts owed by group undertaking were excluded from this transfer and remain within the Company. The Company ceased trading from that date and the directors do not expect the Company to undertake any trade in the future.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the E ON UK plc consolidated group ('group') and are not managed separately. Accordingly, the principal risks and uncertainties of E ON UK plc, which include those of the Company, are discussed within the financial review section of the group's annual report which does not form part of this report.

As the Company no longer trades, measurement of performance by reference to key performance indicators is not considered relevant.

Results and dividends

The Company's loss for the year was £18 (2005: £444,147 profit). The directors do not recommend the payment of a dividend (2005: £nil).

Directors and their interests

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

Mr G M Thompson	(appointed 2 October 2006)
E ON UK Directors Limited	(appointed 4 July 2007)
Mr C D Badger	(resigned 2 October 2006)
Mr P Bridgewater	(resigned 2 October 2006)
Mr R Taylor	(resigned 4 July 2007)

During the year, no director had an interest in the shares of the Company. At 31 December 2005 and 31 December 2006, no director had any interest requiring disclosure.

CELL SITE CONNECTION SERVICES LIMITED

Report of the directors for the year ended 31 December 2006 (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 period

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 departures disclosed and explained in the financial statements
- d) Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Auditors and disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

On 30 June 2003, 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



Mr G M Thompson
Director
Cell Site Connection Services Limited
Westwood Way
Westwood Business Park
Coventry
CV4 8LG

5 September 2007

CELL SITE CONNECTION SERVICES LIMITED

Independent auditors' report to the shareholders of Cell Site Connection Services Limited

We have audited the financial statements of Cell Site Connection Services Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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

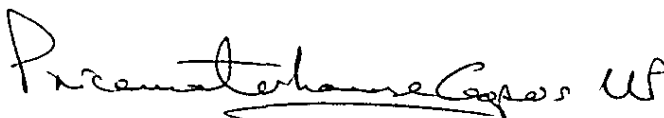
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

24 September 2007

CELL SITE CONNECTION SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Discontinued operations:			
Turnover	2	-	1,337,390
Operating expenses	3	-	(702,466)
Operating profit on ordinary activities before taxation	4	-	634,924
Tax on profit on ordinary activities	6	(18)	(190,777)
Retained (loss)/profit for the financial period	11	(18)	444,147

There are no material differences between the profit on ordinary activities before taxation and the retained (loss)/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

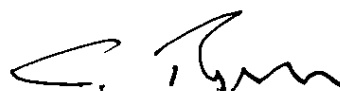
The accounting policies and the notes on pages 6 to 10 form part of these financial statements

CELL SITE CONNECTION SERVICES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	At 31 December 2006 £	At 31 December 2005 £
Current assets			
Debtors amounts falling due within one year	7	1,109,573	1,109,591
Creditors: amounts falling due within one year	8	(671,964)	(671,964)
Net current assets		437,609	437,627
Capital and reserves			
Called-up share capital	9	1	1
Profit and loss reserve	10	437,608	437,626
Equity shareholders' funds	11	437,609	437,627

The financial statements on pages 4 to 10 were approved by the Board of Directors on 5 September 2007 and were signed on its behalf by:



Mr G M Thompson
Director

5 September 2007

The accounting policies and the notes on pages 6 to 10 form part of these financial statements

CELL SITE CONNECTION SERVICES LIMITED

Notes to the financial statements **for the year ended 31 December 2006**

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) 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 accounts 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.

(b) 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 (of which was nil in the current year and previous year), using the approach set out in Financial Reporting Standard 19 'Deferred tax' (FRS 19).

(c) 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).

(d) 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 providing rental of space on radio masts and management of electrical connections to mobile phone transmitters and relay sites. All the Company's turnover arises in the course of the Company's principal activity in the United Kingdom. The business of the Company was transferred on 1 January 2006 to E.ON UK Energy Services Limited and hence no turnover is presented for the year ended 31 December 2006. As a result of the transfer of the business all amounts including comparatives are presented as discontinued operations.

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Notes to the financial statements for the year ended 31 December 2006 (continued)

3 Operating expenses

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Staff costs (note 5)	-	481,684
Other operating charges	-	220,782
	-	702,466

4 Operating profit

Auditors' remuneration for 2006 was borne by E ON UK plc and not recharged

The directors received no emoluments from the Company for their services (2005. £nil)

5 Employee information

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

No of employees by activity	Year ended 31 December 2006	Year ended 31 December 2005
Operational	-	16

The salaries and related costs of employees were

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Wages and salaries	-	387,472
Social security costs	-	37,279
Other pension costs	-	56,933
	-	481,684

CELL SITE CONNECTION SERVICES LIMITED

Notes to the financial statements for the year ended 31 December 2006 (continued)

6 Tax on profit on ordinary activities

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Current tax:		
UK corporation tax charge on profit for the year	-	190,777
Under provision in prior period	18	-
Tax on profit on ordinary activities	18	190,777

There is no difference between the tax on 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%).

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Profit on ordinary activities before tax	-	634,924
Tax on profit on ordinary activities before tax at 30% (2005, 30%)	-	190,477
Expenses not deductible for tax purposes	-	300
Under provision in prior period	18	-
Current tax charge for the year	18	190,777

There are no deferred tax assets or liabilities in the current year or the preceding year

7 Debtors: amounts falling due within one year

	At 31 December 2006 £	At 31 December 2005 £
Amounts owed by group undertakings	1,109,573	1,109,591

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

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Notes to the financial statements for the year ended 31 December 2006 (continued)

8 Creditors: amounts falling due within one year

	At 31 December 2006 £	At 31 December 2005 £
Amounts owed to group undertakings	<u>671,964</u>	<u>671,964</u>

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

9 Share capital

	At 31 December 2006 £	At 31 December 2005 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called-up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

10 Reserves

	Profit and loss reserve £
At 31 December 2005	437,626
Retained loss for the financial year	(18)
At 31 December 2006	<u>437,608</u>

11 Reconciliation of movements in total equity shareholders' funds

	At 31 December 2006 £	At 31 December 2005 £
(Loss)/Profit for the financial year	<u>(18)</u>	<u>444,147</u>
Net reduction/addition to shareholders' funds	<u>(18)</u>	<u>444,147</u>
Opening total equity shareholders' funds	<u>437,627</u>	<u>(6,520)</u>
Closing total equity shareholders' funds	<u>437,609</u>	<u>437,627</u>

CELL SITE CONNECTION SERVICES LIMITED

Notes to the financial statements **for the year ended 31 December 2006 (continued)**

12 Pension costs

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

The fund is 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 assessment of the scheme was at 31 March 2004.

The Company is unable to identify its share of the underlying assets and liabilities in the scheme. Consequently, the Company accounts for the scheme as a defined contribution scheme. The cost of contributions to the scheme in the year amounts to £nil (2005: £56,933). An amount of £nil in 2006 (2005: £56,933) is included within amounts owed to group undertakings being the outstanding contributions to the scheme.

13 Ultimate parent undertaking and controlling party

The immediate parent undertaking is East Midlands Electricity Distribution Holdings. 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 Powergen (East Midlands) Investments is the parent undertaking. Copies of E.ON AG's accounts are available from the offices of E.ON AG at the following address:

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E.ON-Platz 1
D-40479
Düsseldorf
Germany