

AES UK DATACENTER SERVICES LIMITED

**Annual Report and Financial Statements
31 December 2011**



AES UK DATACENTER SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2011

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AES UK DATACENTER SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS

The following directors were in office during the financial year ended 31 December 2011 and subsequently, except where noted

Name	Appointed	Resigned
Pradeep Parmar		26 April 2012
Donald Lehman		
Paul McCusker	30 April 2012	

SECRETARY

Donald Lehman

REGISTERED OFFICE

37- 39, Kew Foot Road
Richmond
Surrey
TW9 2SS

BANKERS

Citibank
Canada Wharf
London
E14 5LB

AUDITORS

Ernst & Young LLP
1, More London Place
London
SE1 2AF

AES UK DATACENTER SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2011. The directors' report has been prepared in accordance with the special provisions relating to small companies under the Companies Act of 2006.

RESULTS FOR THE YEAR AND DIVIDENDS

The company's results for 2011 showed a loss after tax of £1,756,000 (2010 £2,967,000)

The company has not declared any dividends during the year (2010 £nil)

PRINCIPAL ACTIVITY, REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The principal activity of the company is the development and maintenance of the IT facilities which support all AES companies within the Europe, CIS and Africa regions.

The company is expected to continue in its role to develop and maintain IT facilities for the foreseeable future.

FINANCIAL RISK MANAGEMENT

The company's activities expose it to a number of financial risks. The group to which the company belongs has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the levels of debt finance and related finance costs. The company does not use derivative financial instruments for speculative purposes.

Currency risk

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. The company manages this risk by regular monitoring of the foreign currency exchange rates.

Liquidity risk

The company actively maintains and monitors its bank financial statements to ensure that it always has sufficient funds available for its operations.

GOING CONCERN

The company continues to receive funds for costs incurred from its parent company. The directors confirm that the existing long-term intercompany payable between the company and the fellow group subsidiary will be not be called in the foreseeable future and accordingly the accounts are prepared on a going concern basis.

DIRECTORS

The directors of the company who served throughout the year and to the date of these financial statements (except as noted) are given on page 1.

DIRECTORS' INDEMNITY

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006.

AUDITORS

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year.

AES UK DATACENTER SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

INFORMATION TO AUDITORS

So far as each of the directors in office at the date of approval of these financial statements is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'Donald Lehman', with a long horizontal line extending to the right.

Donald Lehman
Director
28 September 2012

AES UK DATACENTER SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 are sufficient to show and explain the company's transactions and 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 2006. 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 complied with these requirements. Based on the assessment they have made of the company's profitability and financial situation, they have concluded that there are material uncertainties that cast significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, having considered the uncertainties over future results, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

AES UK DATACENTER SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AES UK DATACENTER SERVICES LIMITED

We have audited the financial statements of AES UK Datacenter Services Limited for the year ended 31 December 2011 which comprise Profit and Loss Account, the Balance Sheet, and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

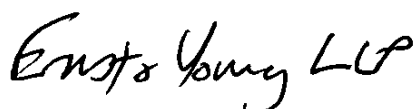
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or the directors were not entitled to take advantage of the small entities' exemption in preparing the Directors' report.



David Hales (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 September 2012

AES UK DATACENTER SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Administrative expenses		(2,397)	(2,916)
Other operating income, net	3	744	-
Finance costs	2	(32)	(61)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>(1,685)</u>	<u>(2,977)</u>
Tax on ordinary activities	6	(71)	10
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>(1,756)</u></u>	<u><u>(2,967)</u></u>

All of the results relate to continuing operations in both the current and previous year

There are no recognised gains or losses or other movements in shareholder's funds for the current and preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

AES UK DATACENTER SERVICES LIMITED

BALANCE SHEET

As at 31 December 2011

	Notes	2011 £'000	2010 £'000
FIXED ASSETS			
Tangible assets	7	219	482
CURRENT ASSETS			
Debtors due within one year	8	390	524
Cash at bank and in hand		673	65
CREDITORS: amounts falling due within one year	9	(410)	(274)
NET CURRENT ASSETS		653	315
TOTAL ASSETS LESS CURRENT LIABILITIES		872	797
CREDITORS: amounts falling after more than one year	9	(13,494)	(13,450)
NET LIABILITIES		(12,622)	(12,653)
CAPITAL AND RESERVES			
Called up share capital	10	1,000	1,000
Share premium	11	2,287	500
Profit and loss account	11	(15,909)	(14,153)
SHAREHOLDER'S DEFICIT	12	(12,622)	(12,653)

These financial statements were approved and authorised by the Board of Directors on 28 September 2012

Signed on behalf of the Board of Directors



Donald Lehman
Director

AES UK DATACENTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below and have all been applied consistently in both the current and preceding year.

Basis of preparation

The directors consider it appropriate to prepare the accounts on a going concern basis, since a group undertaking, AES Electric Limited, agreed to provide sufficient finance, whether directly or through one of its subsidiaries to enable the company to meet its liabilities as they fall due for the foreseeable future.

Statement of cash flows

The group financial statements of the ultimate parent undertaking contain a consolidated cash flow statement. The company has taken advantage of the exemption granted by the Financial Reporting Standard No 1 (Revised), whereby it is not required to publish its own cash flow statement.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The estimated useful lives are:

Computer equipment	3 years
Software	7 years

When assets are sold or retired, their costs and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

Other debtors

Other debtors are carried at the original invoice amount, less allowances made for doubtful receivables. Provision is made when there is objective evidence that the company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Foreign currency

Transactions expressed in foreign currencies are translated into sterling at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the period end.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

AES UK DATACENTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging

	2011	2010
	£'000	£'000
Depreciation – owned assets (Note 7)	292	670
Foreign exchange losses	32	61
	<u> </u>	<u> </u>

3. OTHER OPERATING INCOME, NET

	2011	2010
	£'000	£'000
Service fee income in respect of prior periods	490	-
Service fee income in respect of current period	254	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

4. AUDITOR'S REMUNERATION

Auditor's remuneration for the audit of the company's annual financial statements for the current year was £11,000 (2010 £8,000)

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

(a) Directors

The directors received total remuneration for the year of £743,000 (2010 £1,647,000), all of which was paid by various subsidiaries of the AES Corporation. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as employees of other companies within AES Corporation.

(b) Employee costs

Their aggregate remuneration comprised of

	2011	2010
	£'000	£'000
Wages and salaries	-	200
Employer taxes	-	39
Other pension costs	-	21
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

(c) The average monthly number of employees was nil (2010 three)

AES UK DATACENTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

6. TAX ON ORDINARY ACTIVITIES

	2011	2010
	£'000	£'000
Current tax		
UK corporation tax	-	-
Deferred tax		
Origination and reversal of timing differences	(37)	35
Change in tax rate to 25% (2010 27%)	(34)	(17)
Adjustment in respect of prior periods	-	(8)
	<u>(71)</u>	<u>10</u>
Total deferred tax	<u>(71)</u>	<u>10</u>
	<u>(71)</u>	<u>10</u>
Tax on ordinary activities	<u>(71)</u>	<u>10</u>

(a) Factors affecting the current tax charge

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2011	2010
	£'000	£'000
Loss on ordinary activities before taxation	<u>(1,685)</u>	<u>(2,977)</u>
Tax charge on ordinary activities at standard		
UK corporation tax rate of 26.5% (2010 28%)	(447)	(833)
Effect of		
Fixed asset timing differences	(40)	35
Other permanent differences	444	875
Group relief to be claimed for no consideration	43	(77)
	<u>-</u>	<u>-</u>
Current tax	<u>-</u>	<u>-</u>

(b) Provision for deferred tax

The deferred tax included in the balance sheet is as follows

	2011	2010
	£'000	£'000
Accelerated capital allowances	<u>386</u>	<u>457</u>
Provision for deferred tax	<u>386</u>	<u>457</u>
		2011
		£'000
At 1 January		457
Deferred tax credit in the profit and loss account		<u>(71)</u>
At 31 December		<u>386</u>

AES UK DATACENTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

6. TAX ON ORDINARY ACTIVITIES (CONTINUED)

A deferred tax asset has not been recognised in respect of capital losses due to uncertainty regarding its recovery. The amount of the deferred tax asset not recognised is £38,025,000 (2010 £41,187,000). The assets would only be recovered to the extent that the company makes suitable taxable profits in the future.

A reduction to the main rate of UK corporation tax to 25% was substantively enacted on 19 July 2011 and further phased reductions of 1% were subsequently enacted on 26 March 2012 and 3 July 2012 such that effective 1 April 2013 the rate of UK corporation tax will be 23%. In addition, effective from 1 April 2014 the main rate of UK corporation tax will be 22%.

The phased reduction to the main rate of UK corporation tax is expected to have an impact on the future income statement tax charge of the company as a lower tax rate is applied to taxable profits, and deferred tax assets and liabilities are adjusted to reflect their reversal at a lower rate of corporation tax.

7. TANGIBLE FIXED ASSETS

	Computer equipment £'000	Software £'000	Total £'000
Cost:			
At 1 January 2011	5,562	358	5,920
Additions	29	-	29
Disposals	(3,725)	-	(3,725)
At 31 December 2011	<u>1,866</u>	<u>358</u>	<u>2,224</u>
Accumulated depreciation:			
At 1 January 2011	5,280	158	5,438
Charge for the year	243	49	292
Disposals	(3,725)	-	(3,725)
At 31 December 2011	<u>1,798</u>	<u>207</u>	<u>2,005</u>
Net book value:			
At 31 December 2011	<u>68</u>	<u>151</u>	<u>219</u>
At 31 December 2010	<u>282</u>	<u>200</u>	<u>482</u>

8. DEBTORS

	2011 £'000	2010 £'000
Amounts falling due within one year:		
Other debtors	-	45
Prepayments	4	22
Deferred tax asset	386	457
	<u>390</u>	<u>524</u>

AES UK DATACENTER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

9. CREDITORS

	2011	2010
	£'000	£'000
Amounts falling due within one year:		
Trade creditors	273	7
Other creditors	-	9
Accruals	137	258
	<u>410</u>	<u>274</u>
	2011	2010
	£'000	£'000
Amounts falling due after more than one year:		
Amounts owed to group undertakings	13,494	13,450
	<u>13,494</u>	<u>13,450</u>

The amounts owed to group undertakings are unsecured, non-interest bearing and have no fixed repayment date but have been confirmed that it will not sought for repayment for a period less than 12 months from the date of the financial statements

10. CALLED UP SHARE CAPITAL

	2011	2010
	£'000	£'000
Called up, allotted and fully paid		
1,000,003 ordinary shares of £1 each	-	1,000
1,000,006 ordinary shares of £1 each	1,000	-
	<u>1,000</u>	<u>-</u>

During the year shares have been allotted to the immediate parent undertaking as below

Date	Ordinary shares allotted No.	Premium paid £'000
3 July 2011	1	600
19 September 2011	1	550
17 November 2011	1	637
	<u>3</u>	<u>1,787</u>

AES UK DATACENTER SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2011

11. CAPITAL AND RESERVES

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 January 2011	1,000	500	(14,153)	(12,653)
Issue of share	-	1,787	-	1,787
Loss for the year	-	-	(1,756)	(1,756)
	<u>1,000</u>	<u>2,287</u>	<u>(15,909)</u>	<u>(12,622)</u>
At 31 December 2011	1,000	2,287	(15,909)	(12,622)

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	2011 £'000	2010 £'000
Loss for the financial year	(1,756)	(2,967)
Issue of share	1,787	500
	<u>31</u>	<u>(2,467)</u>
Increase/ (decrease) in shareholder's interest	31	(2,467)
Shareholder's interest at 1 January	(12,653)	(10,186)
	<u>(12,622)</u>	<u>(12,653)</u>
Shareholder's interest at 31 December	(12,622)	(12,653)

13. ULTIMATE PARENT COMPANY

The immediate parent undertaking and controlling party is AES Drax Financing Inc , a company incorporated in the State of Delaware, USA

The ultimate parent company and controlling entity, and parent of the smallest and largest group for which consolidated financial statements are prepared of which this company is a part, is the AES Corporation, a company incorporated in the State of Delaware, USA. Copies of the parent company's financial statements can be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA

The company has taken advantage of the exemption granted by Financial Reporting Standard (FRS) 8 "Related Party Disclosures" not to disclose transactions with other undertakings that are wholly owned of The AES Corporation group