

**AES UK DATACENTER SERVICES LIMITED**

**Report and Financial Statements  
31 December 2010**

THURSDAY



\*A7ZHYXRJ\*

A03

22/09/2011

224

COMPANIES HOUSE

---

**AES UK DATACENTER SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2010**

**CONTENTS**

COMPANY INFORMATION	.	1
DIRECTORS' REPORT	.	2
STATEMENT OF DIRECTORS' RESPONSIBILITIES	.	4
INDEPENDENT AUDITOR'S REPORT	.	5
PROFIT AND LOSS ACCOUNT	.	6
STATEMENT OF RECOGNISED GAINS AND LOSSES	.	6
BALANCE SHEET	.	7
NOTES TO THE FINANCIAL STATEMENTS	.	8

---

---

**AES UK DATACENTER SERVICES LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

The following directors were in office during the financial year ended 31 December 2010 and subsequently, except where noted

<b>Name</b>	<b>Resigned</b>
Pradeep Parmar	
Dion Alley	4 February 2011
Donald Lehman	

**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 2010. 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 2010 showed a loss of £2,967,000 (2009 £3,535,000). The company has not declared any dividends during the year (2009 £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.

### **EVENTS SINCE THE BALANCE SHEET DATE**

After the balance sheet date, on 26 January 2011, 1 ordinary share of £1 each for a total nominal value of £1 was allotted to the immediate parent company at value of £600,000.

### **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



Donald Lehman  
Director  
15 September 2011

---

## **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 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. 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 2010 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 companies' exemption in preparing the Directors' Report.

*Ernst & Young LLP*

David Coulon (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

16 September 2011

## AES UK DATACENTER SERVICES LIMITED

### PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2010

	Notes	2010 £'000	Restated 2009 £'000
Administrative expenses		(2,916)	(3,562)
Finance costs	2	(61)	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	<u>(2,977)</u>	<u>(3,562)</u>
Tax on ordinary activities	5	10	27
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>(2,967)</u>	<u>(3,535)</u>

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

### STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2010

	2010 £'000	2009 £'000
Loss for the year	<u>(2,967)</u>	<u>(3,535)</u>
<b>Total recognised losses for the year</b>	<u>(2,967)</u>	<u>(3,535)</u>
Prior year adjustment (see note12)	447	
<b>TOTAL LOSSES RECOGNISED SINCE LAST ANNUAL REPORT</b>	<u>(2,520)</u>	



**AES UK DATACENTER SERVICES LIMITED**

**BALANCE SHEET**

**As at 31 December 2010**

	Notes	2010 £'000	Restated 2009 £'000
<b>FIXED ASSETS</b>			
Tangible assets	6	482	1,134
<b>CURRENT ASSETS</b>			
Debtors due within one year	7	524	576
Cash at bank and in hand		65	6
<b>CREDITORS</b> amounts falling due within one year	8	(274)	(301)
<b>NET CURRENT ASSETS</b>		315	281
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		797	1,415
<b>CREDITORS:</b> amounts falling after more than one year	8	(13,450)	(11,601)
<b>NET LIABILITIES</b>		(12,653)	(10,186)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1,000	1,000
Share premium	10	500	-
Profit and loss account	10	(14,153)	(11,186)
<b>SHAREHOLDER'S DEFICIT</b>	11	(12,653)	(10,186)

These financial statements were approved and authorised by the Board of Directors on 15 September 2011

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 2010

#### 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**

At 31 December 2010 the company's balance sheet had net current liabilities amounting to £274,000.

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 2010**

**2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

The loss on ordinary activities before taxation is stated after charging

	2010 £'000	2009 £'000
Depreciation – owned assets (Note 6)	670	1,469
Foreign exchange losses	61	-
	<u>670</u>	<u>1,469</u>

**3. AUDITOR'S REMUNERATION**

Auditor's remuneration for the audit of the company's annual financial statements for the current year was £8,113 (2009 £7,500)

**4. DIRECTORS, EMPLOYEES AND STAFF COSTS**

(a) Directors

The directors of the company receive remuneration from a separate limited company. 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 director of the separate limited company (2009 £nil)

(b) Employee costs

Their aggregate remuneration comprised of

	2010 £'000	2009 £'000
Wages and salaries	200	172
Employer taxes	39	38
Other pension costs	21	4
	<u>260</u>	<u>214</u>

(c) The average monthly number of employees was three (2009 four)

**AES UK DATACENTER SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2010

**5. TAX ON ORDINARY ACTIVITIES**

	2010 £'000	2009 £'000
<b>Current tax</b>		
UK corporation tax	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	35	254
Change in tax rate to 27%	(17)	-
Adjustment in respect of prior periods	(8)	(227)
	<u>10</u>	<u>27</u>
<b>Total deferred tax</b>	10	27
	<u>10</u>	<u>27</u>
<b>Tax credited on loss on ordinary activities</b>	<u>10</u>	<u>27</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

	2010 £'000	2009 £'000
<b>Loss on ordinary activities before taxation</b>	<u>(2,977)</u>	<u>(3,562)</u>
<b>Tax charge on ordinary activities at standard</b>		
UK corporation tax rate of 28% (2009 28%)	(833)	(998)
<b>Effect of</b>		
Fixed asset timing differences	35	254
Other permanent differences	875	1,047
Group relief to be claimed for no consideration	(77)	(303)
	<u>-</u>	<u>-</u>
<b>Current tax</b>	<u>-</u>	<u>-</u>

**(b) Provision for deferred tax**

The deferred tax included in the balance sheet is as follows

	2010 £'000	2009 £'000
<b>Accelerated capital allowances</b>	<u>457</u>	<u>447</u>
<b>Provision for deferred tax</b>	<u>457</u>	<u>447</u>
		<b>2010</b>
At 1 January		£'000
Deferred tax credit in the profit and loss account		447
		<u>10</u>
<b>At 31 December</b>		<u>457</u>

**AES UK DATACENTER SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2010

**5. TAX ON ORDINARY ACTIVITIES (CONTINUED)**

Deferred tax assets of £41,187,000 (2009 £42,712,000) in respect of capital losses have not been recognised as there is insufficient evidence that the assets will be recovered. The assets would be recovered if the company makes suitable taxable profits in the future.

In addition, a reduction to the main rate of UK corporation tax from 28% to 26% was enacted into the UK tax legislation on 29 March 2011. A further reduction to the main rate of UK corporation tax to 25% was substantively enacted on 5 July 2011. In addition, the Chancellor of the Exchequer announced that further phased reductions of 1% per annum would subsequently be enacted such that effective 1 April 2014 the main rate of UK corporation tax will be 23%.

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.

If the unrecognised deferred asset was realised at the 25% tax rate, which has been substantially enacted, the deferred tax asset in respect of capital losses would be £38,136,000.

If the recognised deferred tax asset was realised at the 25% tax rate, which has been substantially enacted, the deferred tax asset in respect of timing difference would be £423,000.

**6. TANGIBLE FIXED ASSETS**

	Computer equipment £'000	Software £'000	Total £'000
<b>Cost:</b>			
At 1 January 2010	5,544	358	5,902
Additions	18	-	18
At 31 December 2010	5,562	358	5,920
<b>Accumulated depreciation</b>			
At 1 January 2010	4,659	109	4,768
Charge for the year	621	49	670
At 31 December 2010	5,280	158	5,438
<b>Net book value:</b>			
At 31 December 2010	282	200	482
At 31 December 2009	885	249	1,134

**7. DEBTORS**

	2010 £'000	Restated 2009 £'000
<b>Amounts falling due within one year:</b>		
Other debtors	45	-
Prepayments	22	129
Deferred tax asset	457	447
	524	576

**AES UK DATACENTER SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2010

**8. CREDITORS**

	2010 £'000	2009 £'000
<b>Amounts falling due within one year:</b>		
Trade creditors	7	-
Other creditors	9	-
Accruals	258	301
	<u>274</u>	<u>301</u>
	2010 £'000	2009 £'000
<b>Amounts falling due after more than one year:</b>		
Amounts owed to group undertakings	13,450	11,601
	<u>13,450</u>	<u>11,601</u>

The amounts owed to the immediate parent company have no fixed repayment date and are interest free

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

**9. CALLED UP SHARE CAPITAL**

	2010 £'000	2009 £'000
<b>Called up, allotted and fully paid</b>		
1,000,002 ordinary shares of £1 each	1,000	1,000

On 27 April 2010, 1 ordinary share of £1 each was allotted and issued to the immediate parent company at premium of £500,000

**10. CAPITAL AND RESERVES**

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 January 2010	1,000	-	(11,633)	(10,633)
Prior year adjustment (see note 12)	-	-	447	447
At 1 January 2010 <i>restated</i>	1,000	-	(11,186)	(10,186)
Issue of share	-	500	-	500
Loss for the year	-	-	(2,967)	(2,967)
At 31 December 2010	<u>1,000</u>	<u>500</u>	<u>(14,153)</u>	<u>(12,653)</u>

**AES UK DATACENTER SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2010

**11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT**

	2010 £'000	Restated 2009 £'000
Cumulative prior year adjustment		420
Loss for the financial year	(2,967)	(3,535)
Issue of share	500	-
	<hr/>	<hr/>
Decrease in shareholder's interest	(2,467)	(3,115)
Shareholder's interest at 1 January	(10,186)	(7,071)
	<hr/>	<hr/>
Shareholder's interest at 31 December	<u>(12,653)</u>	<u>(10,186)</u>

**12. PRIOR YEAR ADJUSTMENT**

The company expects that it will make future tax profits as a result of a targeted mark up on costs. These profits can be utilised against the deferred tax asset arising from unrecognised fixed assets. As a result the directors decided it would be appropriate to recognise the deferred tax credit, which has resulted in a restatement of retained earnings as at 1 January 2009 of £420,000 and in the profit and loss account as a deferred tax credit of £27,000 the year to 31 December 2009. This recognition has been disclosed as a prior year adjustment (See note 5)

**13. POST BALANCE SHEET EVENT**

After the balance sheet date, 1 ordinary shares of £1 each for a total nominal value of £1 were allotted to the immediate parent company at par value and a share premium value of £599,999

**14. 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 within, and related parties of, The AES Corporation group. The company is also exempt from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) as it is a wholly owned subsidiary, for which the ultimate parent company prepares consolidated financial statements which include the results of the company and are publicly available