

AES UK POWER FINANCING LIMITED

Report and Financial Statements

Year ended 31 December 2005

WEDNESDAY



A74AVMAM

A34

17/01/2007

685

COMPANIES HOUSE

AES UK POWER FINANCING LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

CONTENTS

Page

Officers and professional advisers

1

Directors' report

2

Statement of directors' responsibilities

3

Balance sheet

4

Notes to the accounts

5

AES UK POWER FINANCING LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

John Turner
Neil Hopkins
Garry Levesley (resigned 19 May 2006)
Naveed Ismail

SECRETARY

Neil Hopkins

REGISTERED OFFICE

37 Kew Foot Road
Richmond
Surrey
TW9 2SS

DIRECTORS' REPORT

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

ACTIVITIES

The principal activity of the company is that of an intermediate holding company. The company has not traded in the current year and is not expected to trade in the foreseeable future.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Drax group of companies ("Drax") had been operating under standstill arrangements with its senior creditors since 12 December 2002 to provide a period of stability during which consensual restructuring of Drax could take place. On 5 August 2003 The AES Corporation withdrew its support for, and participation in, the restructuring process.

On 30 September 2003, the security trustee delivered enforcement notices affecting the revocation of voting rights in the shares in AES Drax Acquisition Limited, one of the assets held by the company, which were mortgaged in favour of the security trustee.

As of 30 September 2003, The AES Corporation and its subsidiaries have no continuing involvement in Drax.

We understand that on 22 December 2003 restructured credit arrangements were entered into by Drax with the senior creditors. At the time AES entered into a letter agreement with Drax, the senior creditors and others under which AES and certain of its subsidiaries were released from their obligations under the original credit agreement.

RESULTS AND DIVIDENDS

The company did not trade during the year and will not trade for the foreseeable future. The directors do not recommend the payment of a dividend (2004: £Nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the year and to date are shown on page 1.

None of the directors had any interests, as defined by the Companies Act 1985, in the shares of the company or of any other group company during the current or preceding financial year.

AUDITORS

No auditors are planned to be appointed by the directors going forward because the Company is entitled to the exemption provided by section 249AA(1) of the Companies Act 1985 relating to dormant companies.

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

Neil Hopkins

Director

15 January 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, they are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- 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 which 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AES UK POWER FINANCING LIMITED

BALANCE SHEET 31 December 2005

	Note	2005 £'000	2004 £'000
FIXED ASSETS			
Investments	6	-	-
CREDITORS: amount falling due within one year	7	<u>(171,000)</u>	<u>(171,000)</u>
NET CURRENT LIABILITIES		<u>(171,000)</u>	<u>(171,000)</u>
NET LIABILITIES		<u>(171,000)</u>	<u>(171,000)</u>
CAPITAL AND RESERVES			
Called up share capital	8	1,000	1,000
Profit and loss account	9	<u>(172,000)</u>	<u>(172,000)</u>
TOTAL SHAREHOLDERS' DEFICIT	10	<u>(171,000)</u>	<u>(171,000)</u>

The annual accounts have not been audited because the Company is entitled to the exemption provided by section 249AA(1) of the Companies Act 1985 relating to dormant companies and its members have not required the company to obtain an audit of these accounts in accordance with section 249B(2).

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records that comply with section 221 of the Companies Act 1985. The directors also acknowledge their responsibilities for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and its profit or loss for the financial period in accordance with section 226 of the Companies Act 1985 and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the Board of Directors on 15 January 2007.

Signed on behalf of the Board of Directors



Neil Hopkins

Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2005

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation of financial statements

The group impaired its investments during 2002 leaving net liabilities and is not expected to trade in the foreseeable future. However the directors have continued to prepare the financial statements on the going concern basis because they do not believe that any material adjustments arise from preparation on any other basis.

Accounting Policies

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidation

The company is exempt from the requirement to prepare and deliver consolidated financial statements.

These financial statements therefore present information about the company as an individual undertaking and not about the group.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

2. PROFIT AND LOSS ACCOUNT

The company did not trade during the year and made neither profit nor loss. No director received any emoluments for their services to the company for the year ended 31 December 2005 or the preceding year. The company has no employees (2005 – none).

AES UK POWER FINANCING LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2005

3. INVESTMENTS HELD AS FIXED ASSETS

£'000

At 31 December 2004 and 2005

-

Details of the investment are below:

Name of company	Country of incorporation	Type of Shares	Proportion of voting rights held	Proportion of shares held	Nature of business
Subsidiary undertakings:					
<i>Directly owned</i>					
AES UK Power Financing II Limited	England & Wales	Ordinary	100%	100%	Non-trading
AES Drax Power Finance Holdings Limited	England & Wales	Ordinary	99%	99%	Non-trading
<i>Indirectly owned</i>					
AES Drax Power Finance Holdings Limited	England & Wales	Ordinary	1%	1%	Non-trading
AES Drax Energy Limited	Cayman Islands	Ordinary	100%	100%	Non-trading
AES Drax Energy II Limited	England & Wales	Ordinary	100%	100%	Non-trading
AES Drax Power Finance Limited	England & Wales	Ordinary	100%	100%	Non-trading
AES Drax Acquisition Holdings Limited	England & Wales	Ordinary	100%	100%	Non-trading

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	2004 £'000
Amount owed to immediate parent	171,000	171,000

AES UK POWER FINANCING LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2005

5. CALLED UP SHARE CAPITAL

	2005 £'000	2004 £'000
Authorised		
1,000,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Called up, allotted and fully paid		
1,000,001 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

6. PROFIT AND LOSS ACCOUNT

	£'000
At 1 January 2005	<u>(172,000)</u>
At 31 December 2005	<u>(172,000)</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £'000	2004 £'000
Opening shareholders' deficit	<u>(171,000)</u>	<u>(171,000)</u>
Closing shareholders' deficit	<u>(171,000)</u>	<u>(171,000)</u>

11. ULTIMATE PARENT COMPANY

The immediate parent company, and smallest group for which accounts are prepared is AES UK Power Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the group accounts of AES UK Power Holdings Limited can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

The ultimate parent company and controlling entity is The AES Corporation, a company incorporated in the State of Delaware, USA. Copies of that company's financial statements may 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 No. 8 "Related Party Disclosures" not to disclose transactions with other undertakings within the AES Corporation group. The company is also exempt from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).