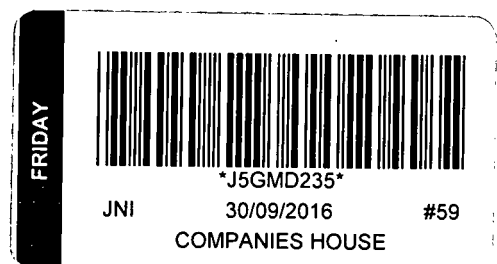


AES UK HOLDINGS LIMITED**Annual report and financial statements****Registered number 03387045****31 December 2015**

AES UK Holdings Limited

Annual report and financial statements 31 December 2015

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AES UK Holdings Limited

Company information

Directors

The following directors were in office throughout the financial year ended 31 December 2015 and subsequently, except where noted:

Name	Appointed	Resigned
Julian Jose Nebreda Marquez		8 March 2016
Roger Paul Casement	14 July 2016	
Ian Robert Luney	14 July 2016	
Mark Eugene Green	03 May 2016	

Registered office

21 St Thomas Street
Bristol
United Kingdom
BS1 6JS

Auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Strategic report

The directors present their strategic report and audited financial statements for the year ended 31 December 2015.

Principal activity, trading review and future developments

The company acts as an intermediate parent company within the group of companies controlled by the AES Corporation. The subsidiary undertakings are listed in note 8 to these financial statements.

The directors are not expecting a change in the nature of the principal activity of the company in the foreseeable future.

No key financial and other performance indicators have been identified for this company.

Principal risks and uncertainties

The company's activities are exposed to a number of financial risks which the directors consider to be the company's principal risks. The group which the company belongs to has a risk management programme in place 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.

Interest rate cash flow risk

The company has interest bearing assets comprising mainly of inter-group loans which earn interest at variable rates plus a fixed margin. Where appropriate, the company fixes the interest rate on inter-group loans to minimise the interest rate cash flow risk.

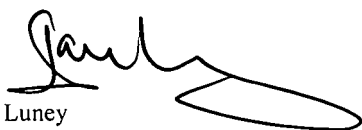
Foreign currency exchange risk

Fluctuations in foreign exchange rates can have significant effects on the company's reported results. The company's dividend income is received in a currency other than the company's functional currency. The management of such risks is performed at group level. AES's foreign exchange management policy is to minimise economic and significant transactional exposures arising from currency movements against the US dollar. The handling of foreign exchange risks is co-ordinated centrally by the group.

Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. This includes the possibility that changes in foreign currency exchange rates, interest rates or oil, natural gas and power prices will adversely affect the value of the company's financial assets, liabilities or expected future cash flows. The management of such risks is performed at group level. The group has developed a control framework to manage the inherent volatility of its natural business exposures. In accordance with this control framework the group enters into various transactions using derivatives for risk management purposes.

By order of the Board



Ian Luney

Director

26 September 2016

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2015.

Results and dividends

The company's results for 2015 showed a profit after taxation of £1,216,000 (2014: profit after taxation of £36,403,000).

The directors paid an interim dividend in the year of £12,875,000 (2014: £48,364,000). The directors do not recommend the payment of a final dividend (2014: £nil).

Subsequent events

By the date of signing of these financial statements, the company issued four shares to AES Global Power Holdings BV, its immediate parent company, for a total consideration of £1,575,000. By the date of signing of these financial statements, the company has made interim dividend payments to AES Global Power Holdings BV as follows: £238,000 in April 2016 and £240,000 in June 2016.

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

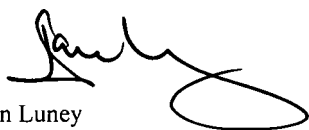
During the year the company maintained liability insurance for its Directors and officers. The company indemnifies the directors in its Articles of Association to the extent allowed under the Companies Act 2006. The indemnity provision, which is a qualifying third-party indemnity provision as defined by section 236 of the Companies Act 2006, has been in force throughout the year.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report 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, the directors have 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.

Auditor

Pursuant to section 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.



Ian Luney

Director

26 September 2016

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 judgments 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 adequate 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 and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

Independent auditor's report to the members of AES UK Holdings Limited

We have audited the financial statements of AES UK Holdings Limited for the year ended 31 December 2015 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 17. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 Directors' Responsibilities Statement 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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 Strategic Report and 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.

Ernst & Young LLP

Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: September 2016

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AES UK Holdings Limited

Statement of Comprehensive Income for year ended 31 December 2015

	<i>Note</i>	2015 £'000	2014 £'000
Revenue		1,570	37,107
Administrative expenses		(34)	(22)
Impairment of investment		-	(350)
Operating profit		1,536	36,735
Interest receivable and similar income	5	2,035	2,279
Interest payable and similar charges	6	(2,188)	(2,611)
Profit on ordinary activities before taxation		1,383	36,403
Tax on profit on ordinary activities	7	(167)	-
Profit on ordinary activities after taxation		1,216	36,403
Other comprehensive loss for the year		(14,076)	-
Total comprehensive (loss)/income for the year		(12,860)	36,403

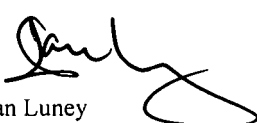
All amounts above relate to continuing operations of the company.

AES UK Holdings Limited

Statement of Financial Position at 31 December 2015

		31 December 2015 £'000	31 December 2014 £'000
	Note		
Non-current assets			
Investments	8	192,900	206,976
Debtors: amounts falling due after more than one year	9	29,148	30,129
Deferred tax asset	7	1,499	1,666
		<u>223,547</u>	<u>238,771</u>
Current assets			
Debtors: amounts falling due within one year	9	1,684	8,929
		<u>1,684</u>	<u>8,929</u>
Creditors: amounts falling due within one year	10	(540)	(479)
Net current assets		<u>1,144</u>	<u>8,450</u>
Total assets less current liabilities		<u>224,691</u>	<u>247,221</u>
Net assets		<u>224,691</u>	<u>247,221</u>
Capital and reserves			
Called up share capital	11	18,002	18,002
Share premium account	13	141,387	138,182
Revaluation reserve	8	17,019	31,095
Profit and loss account	13	48,283	59,942
Shareholders' funds	13	<u>224,691</u>	<u>247,221</u>

These financial statements were approved by the Board of Directors on 26 September 2016 and were signed on its behalf by:


Ian Luney

Director

26 September 2016

Company registered number: 03387045

AES UK Holdings Limited

**Statement of Changes in Equity
For the year ended 31 December 2015**

	Called up Share capital £000	Share Premium account £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2014	18,002	128,778	31,095	71,903	249,778
Total comprehensive income for the year					
Profit for the year	-	-	-	36,403	36,403
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	36,403	36,403
Dividends	-	-	-	(48,364)	(48,364)
Issue of shares	-	9,404	-	-	9,404
Balance at 31 December 2014	18,002	138,182	31,095	59,942	247,221
Total comprehensive income for the year					
Profit for the year	-	-	-	1,216	1,216
Other comprehensive (loss)	-	-	(14,076)	-	(14,076)
Total comprehensive income for the year	-	-	(14,076)	1,216	(12,860)
Dividends	-	-	-	(12,875)	(12,875)
Issue of shares	-	3,205	-	-	3,205
Balance at 31 December 2015	18,002	141,387	17,019	48,283	224,691

AES UK Holdings Limited

Notes to the financial statements For the year ended 31 December 2015

1. Authorisation of financial statements and statement of compliance with FRS 101

AES UK Holdings Limited is a company limited by shares and incorporated and domiciled in the UK and Wales. These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework "The Financial Reporting Standard" applicable in the UK and Republic of Ireland ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company transitioned from previously extant UK GAAP to FRS 101 for all periods presented. In the transition to FRS 101 from previous UK GAAP, the Company has elected to adopt fair value of investments as deemed costs. The transition adjustments made by the Company are discussed in note 18. FRS 101 grants certain first time adoption exemptions from the full requirements of FRS 101. The Company has not applied any exemptions since no items in the current financial statements fall within the allowed by FRS 101 exemptions.

The company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes allowed by FRS 101.8(h);
- Comparative period reconciliations for share capital and tangible fixed assets allowed by FRS 101.8(a);
- Disclosures in respect of transactions with wholly owned subsidiaries allowed by FRS 101.8(k);
- Disclosures in respect of capital management allowed by FRS 101.8(g);
- The effects of new but not yet effective IFRSs allowed by FRS 101.8(i);
- Disclosures in respect of the compensation of Key Management Personnel allowed by FRS 101.8(j).

As the consolidated financial statements of the ultimate parent undertaking, AES Corporation, include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments allowed by FRS 101.8(a);
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets allowed by FRS 101.8(l);
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations allowed by FRS 101.8(c);
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the company in the current and prior periods including the comparative period reconciliation for goodwill allowed by FRS 101.8(b); and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures allowed by FRS 101.8(d) and FRS 101.8(e).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 31 December 2015 for the purposes of the transition to FRS 101.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of AES Corporation. The results of AES Overseas Holdings Limited are included in the consolidated financial statements of AES Corporation which can be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA.

**Notes to the financial statements
For the year ended 31 December 2015**

2. Accounting policies

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the profit or loss or as available-for-sale.

On transition to FRS 101 the company has elected to measure its investment in one of its wholly owned subsidiaries AES Electric Limited using fair value at the date of transition as deemed cost under IFRS 1.D15 for FRS 101.

Going concern

On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

In accordance with Section 401 of the Companies Act 2006, consolidated financial statements have not been presented as the company is a wholly owned subsidiary of AES Corporation, a company incorporated in the state of Delaware, USA and incorporates the financial statements of this company. These financial statements present information about the company as an individual undertaking and not about its group.

Foreign currency translation

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Classification of financial instruments issued by the company

Following the adoption of IAS 32, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

**Notes to the financial statements
For the year ended 31 December 2015**

2. Accounting policies (continued)

Investments in debt and equity securities

Investments in debt and equity securities are stated at amortised cost less impairment. Financial instruments held for trading are stated at fair value, with any resultant gain or loss recognised in profit or loss. Other investments in debt and equity securities held by the company are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity in the fair value reserve, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Investments in jointly controlled entities, associates and subsidiaries

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment.

Non-derivative financial instruments (continued)

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Impairment of financial assets (including trade and other debtors and investments)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Dividend income

Dividend income from investments is recognised when the shareholders' right to receive the payment is established. As the company is a holding company, dividends received are recognised as revenue in the financial statements.

Dividends payable

Final dividends are recorded in the accounts in the year in which they are approved by the company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

AES UK Holdings Limited

Notes to the financial statements For the year ended 31 December 2015

2. Accounting policies (continued)

Use of estimates

The preparation of accounts 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 accounts and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

3. Information regarding directors

The directors received total remuneration for the year of £1,980,864 (2014: £1,365,979), all of which was paid by various subsidiaries of 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.

4. Information regarding employees

The company has no employees (2014: nil).

5. Expenses and auditor's remuneration

Included in profit and loss are the following:

	2015 £000	2014 £000
Impairment loss on investments	-	(350)
<i>Auditor's remuneration:</i>		
	2015 £000	2014 £000
Audit of these financial statements	8	9

AES UK Holdings Limited

Notes to the financial statements For the year ended 31 December 2015

6. Interest receivable and similar income

	2015 £'000	2014 £'000
Interest on loans to group undertakings	2,035	2,279
	<u>2,035</u>	<u>2,279</u>

7. Interest payable and similar charges

	2015 £'000	2014 £'000
Foreign exchange loss	(2,188)	(2,611)
	<u>(2,188)</u>	<u>(2,611)</u>

8. Taxation on profit on ordinary activities

	2015 £'000	2014 £'000
Current tax		
Current tax on income for the period	-	-
Total current tax charge	<u>-</u>	<u>-</u>
Deferred tax		
Effect of tax rate change on opening balance	(167)	-
Total deferred tax charge	<u>(167)</u>	<u>-</u>
Total tax charge on profit from ordinary activities	<u>(167)</u>	<u>-</u>

The difference between the total tax recognised in the profit and loss and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	<u>1,383</u>	<u>36,403</u>
Tax charge on ordinary activities at standard UK corporation tax rate of 20.25% (2014: 21.49%)	(280)	(7,823)
Effect of:		
Income not taxable	318	7,890
Tax adjustments and reliefs	(167)	-
Group relief	(38)	(67)
Tax for the period	<u>(167)</u>	<u>-</u>

AES UK Holdings Limited

Notes to the financial statements For the year ended 31 December 2015

8. Taxation on profit on ordinary activities (continued)

Deferred tax asset

The deferred tax included in the balance sheet is as follows:

	2015 £'000	2014 £'000
Other timing differences related to taxes losses	1,499	1,666
Deferred tax asset	<u>1,499</u>	<u>1,666</u>
At 1 January 2015	1,666	1,666
Deferred tax charge in the profit and loss account	(167)	-
At 31 December 2015	<u>1,499</u>	<u>1,666</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. Any deferred tax balance at 31 December 2015 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly and reduce any deferred tax balance accordingly.

9. Investments

	Subsidiary undertakings £'000
Cost	
At 1 January 2015 and 31 December 2015	<u>477,196</u>
Amounts provided	
At 1 January 2015	270,220
Revaluation	<u>14,076</u>
At 31 December 2015	<u>284,296</u>
Net book value:	
At 31 December 2015	<u>192,900</u>
At 31 December 2014	<u>206,976</u>

As a first time adopter of FRS 101, the company is allowed under IFRS 1.D15 to measure its investments in subsidiaries using fair value at the date of transition as deemed cost. Management have reviewed the value of the investments in subsidiaries which are cash generating units held by its subsidiary companies and have decided to use fair value as deemed cost on transition for its investment in AES Electric Limited which resulted in an increase of £31,095,000 in the balance of the investments on 1 January 2014 and a corresponding revaluation reserve in equity.

In 2015 the investment in AES Electric Limited was impaired with £14,076,000. The impairment loss is recognised in other comprehensive income.

AES UK Holdings Limited

Notes to the financial statements For the year ended 31 December 2015 9. Investments (continue)

The table below shows the breakdown of investments as at 1 January and 31 December 2014 and the effect of FRS 101:

Investments at	1 January 2014			31 January 2014		
	UK GAAP	Adjustment	FRS 101	UK GAAP	Adjustment	FRS 101
	£'000	£'000	£'000	£'000	£'000	£'000
Investments at UK GAAP amount as deemed cost	115,168	-	115,168	114,837	-	114,837
Investments at fair value as deemed cost	61,044	31,095	92,139	61,044	31,095	92,139
Total investments	176,212	31,095	207,307	175,881	31,095	206,976

Name of company	Country of incorporation	Type of shares	Proportion of	Nature of business
			voting rights and shares held	
Subsidiary undertakings:				
Directly owned				
AES Electric Limited	England & Wales	Ordinary	100%	Project development
AES Ballylumford Holdings Limited	England & Wales	Ordinary	100%	Holding company
Held by a subsidiary				
AES Barka Holdings	England & Wales	Ordinary	100%	Non-trading
AES Barry Limited	England & Wales	Ordinary	100%	Non-trading
AES Barry Operations Limited	England & Wales	Ordinary	100%	Holding company
AES Horizons Investments Limited	England & Wales	Ordinary	100%	Intermediate holding company
AES Mendips Electric Limited	England & Wales	Ordinary	100%	Non-trading
AES Wind Generation Asset Management Services Limited	England & Wales	Ordinary	100%	Non-trading
AES Ballylumford Limited	Northern Ireland	Ordinary	100%	Electricity generation
Cloghan Limited	Northern Ireland	Ordinary	100%	Parent
Cloghan Point (Holdings) Limited	Northern Ireland	Ordinary	100%	Oil tanker berthing facility provider
AES (NI) Limited	Northern Ireland	Ordinary	98.65%	Parent
AES Belfast West Power Limited	Northern Ireland	Ordinary	98.65%	Non-trading
AES Kilroot Power Limited	Northern Ireland	Ordinary	98.65%	Electricity generation
Kilroot Electric Limited	Cayman Islands	Ordinary	98.65%	Investments

10. Debtors

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	1,684	8,929
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings	29,148	30,129
	30,832	39,058

AES UK Holdings Limited

Notes to the financial statements

For the year ended 31 December 2015

10. Debtors (continued)

The amounts falling due within one year comprise accrued interest of £1,528,000 due from indirectly owned AES Barry Operations Limited under a €45,000,000 loan agreement repayable on 1 November 2019 and earning an annual interest at 6 month EURIBOR plus 6.575%, accrued interest of £13,000 due from AES Electric Limited under a £50,000,000 funding loan facility and £143,000 receivable from AES Global Power Holdings BV.

The amounts falling due after more than one year comprise a £28,434,000 (2014: £29,987,000) receivable from indirectly owned subsidiary AES Barry Operations Limited under a €45,000,000 loan agreement repayable on 1 November 2019 and earning an annual interest at 6 month EURIBOR plus 6.575% and a £714,000 (2014:£142,000) receivable from the company's directly owned subsidiary AES Electric Limited under a £50,000,000 funding loan facility repayable on 31 December 2020 and earning an annual interest at 6 month LIBOR plus 1%,

11. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owned to parent company	425	398
Amounts owed to subsidiary undertakings	89	64
Accruals	26	17
	<u>540</u>	<u>479</u>

The amount of £425,000 (2014: £398,000) is a non-interest bearing payable to the company's immediate parent undertaking AES Global Power Holdings BV.

12. Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2015 £'000	2014 £'000
Assets measured at amortised cost	147,168	155,562
Assets measured at cost less impairment	78,063	92,138
Liabilities measured at amortised cost	<u>540</u>	<u>479</u>

13. Called up share capital

	2015 £'000	2014 £'000
Called up, allotted and fully paid:		
18,001,546 ordinary shares of £1 each	-	18,002
18,001,551 ordinary shares of £1 each	<u>18,002</u>	<u>-</u>

AES UK Holdings Limited

Notes to the financial statements

For the year ended 31 December 2015

13. Called up share capital (continue)

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

Date	Ordinary shares issued Number	Premium paid £'000
27 January 2015	1	370
25 February 2015	1	325
23 March 2015	1	1,320
27 April 2015	1	1,090
27 May 2015	1	100
	5	3,205

14. Dividends

	2015 £'000	2014 £'000
Declared and paid during the year:		
Interim paid- March 2015: £0.0232 per share	418	-
Interim paid- March 2015: £0.0275 per share	495	-
Interim paid- June 2015: £0.4867 per share	8,761	-
Interim paid- June 2015: £0.1150 per share	2,070	-
Interim paid- November 2015: £0.0250 per share	450	-
Interim paid- December 2015: £0.0072 per share	129	-
Interim paid- December 2015: £0.0307 per share	552	-
Interim paid – March 2014: £0.1095 per share	-	1,971
Interim paid – June 2014: £0.3309 per share	-	5,957
Interim paid – July 2014: £1.1066 per share	-	19,920
Interim paid – September 2014: £0.1709 per share	-	3,077
Interim paid – November 2014: £0.0274 per share	-	494
Interim paid – December 2014: £0.0511 per share	-	920
Interim paid – December 2014: £0.4384 per share	-	7,892
Interim paid – December 2014: £0.4426 per share	-	7,967
Interim paid – December 2014: £0.0092 per share	-	166
	12,875	48,364

15. Related parties

	Parent undertaking 2015 £000	2014 £000	Subsidiary undertakings 2015 £000	2014 £000
Income and expenses				
Interest income from loans to group undertakings	-	-	2,035	2,279
			2,035	2,279
Receivable balances				
Long-term loan receivables (loan principal)	-	-	29,148	30,129
Short-term loan receivables (accrued interest)	-	-	1,541	8,929
Other	143	-	-	-
	143		30,689	39,058
Payable balances				
Short-term trade payables	-	-	89	64
Other	425	398	-	-
	425	398	89	64

AES UK Holdings Limited

Notes to the financial statements

For the year ended 31 December 2015

16. Ultimate parent company and parent company of larger group

The company is controlled by its immediate parent undertaking, AES Global Power Holdings BV, a company incorporated in the Netherlands.

The ultimate controlling party is AES Corporation, a company incorporated in the State of Delaware, USA. The company is a subsidiary undertaking of AES Corporation which is the ultimate parent undertaking.

The largest and smallest group in which the results of the company are consolidated is that headed by AES Corporation.

Copies of the ultimate parent company's financial statements can be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA.

17. Subsequent events

By the date of signing of these financial statements, the company issued four shares to AES Global Power Holdings BV, its immediate parent company, for a total consideration of £1,575,000. By the date of signing of these financial statements, the company has made interim dividend payments to AES Global Power Holdings BV as follows: £238,000 in April 2016 and £240,000 in June 2016.

18. Transition to FRS 101

As stated in Note 1, these are the company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014.

An explanation of how transition from UK GAAP to FRS 101 has affected the company's financial position and financial performance is set out in the following table and accompanying notes:

AES UK Holdings Limited

Notes to the financial statements For the year ended 31 December 2015

18. Transition to FRS 101 (continued)

Reconciliation of equity

	Note	1 January 2014			31 December 2014		
		UK GAAP	Effect of transition to FRS 101	FRS 101	UK GAAP	Effect of transition to FRS 101	FRS 101
		£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets							
Investments	a)	176,212	31,095	207,307	175,881	31,095	206,976
Debtors: amounts falling due after more than one year	b)	35,601	(1,666)	33,935	31,795	(1,666)	30,129
Deferred tax asset	b)	-	1,666	1,666	-	1,666	1,666
		<u>211,813</u>	<u>31,095</u>	<u>242,908</u>	<u>207,676</u>	<u>31,095</u>	<u>238,771</u>
Current assets							
Debtors: amounts falling due within one year		12,709	-	12,709	8,929	-	8,929
		<u>12,709</u>	<u>-</u>	<u>12,709</u>	<u>8,929</u>	<u>-</u>	<u>8,929</u>
Creditors: amounts falling due within one year		(5,839)	-	(5,839)	(479)	-	(479)
		<u>6,870</u>	<u>-</u>	<u>6,870</u>	<u>8,450</u>	<u>-</u>	<u>8,450</u>
Net current assets							
		<u>218,683</u>	<u>31,095</u>	<u>249,778</u>	<u>216,126</u>	<u>31,095</u>	<u>247,221</u>
Total assets less current liabilities							
		<u>218,683</u>	<u>31,095</u>	<u>249,778</u>	<u>216,126</u>	<u>31,095</u>	<u>247,221</u>
Net assets							
		<u>218,683</u>	<u>31,095</u>	<u>249,778</u>	<u>216,126</u>	<u>31,095</u>	<u>247,221</u>
Capital and reserves							
Called up share capital		18,002	-	18,002	18,002	-	18,002
Share premium account		128,778	-	128,778	138,182	-	138,182
Revaluation reserve	a)	-	31,095	31,095	-	31,095	31,095
Profit and loss account		71,903	-	71,903	59,942	-	59,942
		<u>218,683</u>	<u>31,095</u>	<u>249,778</u>	<u>216,126</u>	<u>31,095</u>	<u>247,221</u>
Shareholders' funds							
		<u>218,683</u>	<u>31,095</u>	<u>249,778</u>	<u>216,126</u>	<u>31,095</u>	<u>247,221</u>

Notes to the reconciliation of equity

- On transition to FRS 101 the company has elected the option allowed under IFRS 1.D15 for FRS 101 to adopt fair value as deemed cost on the date of transition 1 January 2014 for its investment in AES Electric Limited. This resulted in a £31,095,000 increase in the balance sheet figure of investments and a corresponding revaluation reserve in equity.
- On transition to FRS 101 the company has elected to apply the presentation requirements of IAS 1 and to present separately current and non-current assets. As a minimum requirement, the deferred tax asset is shown as a separate item on the balance sheet statement.