

Registered in England and Wales, No. 4084626

AES TEP Power Investments Limited

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2010

TUESDAY



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OFFICERS AND PROFESSIONAL ADVISERS

Directors:

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

Neil Hopkins (resigned 30 April 2009)
John McLaren (resigned 1 September 2009)
Donald Lehman (appointed 30 April 2009)
Julian Jose Nebreda Marquez (appointed 1 September 2009)

Company's Secretary:

Neil Hopkins (resigned 30 April 2009)
Donald Lehman (appointed 30 April 2009)

Registered Office:

37-39 Kew Foot Road
Richmond
Surrey
TW92SS

Auditors:

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

DIRECTORS' REPORT
Year Ended 31 March 2010

The Directors present their report and the financial statements for the year ended 31 March 2010

PRINCIPAL ACTIVITIES

The Company is an intermediary holding company. The profit on ordinary activities after tax was £3,483,530 (2009 loss £3,917). The Company paid a dividend of £3,464,210 (2009: £nil) and received a dividend of £3,485,700 (2009: £nil).

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Company is a holding company for AES TEP Power II Investments Limited. It does not expect to increase investments during the coming year.

PRINCIPLE RISKS AND UNCERTAINTIES FACING THE BUSINESS

The Company's investment in AES TEP Power II Investment Limited continues to be a key risk to the business in terms of its carrying value and dividend policy. The financial performance of the business is therefore exposed to the underlying performance of the subsidiary.

The Company remains exposed to fluctuations in the rate of exchange between the US Dollar and British Pound. This risk arises due to transactions and associated balances being recognised in a currency that is different to the Company's functional currency.

DIRECTORS

The membership of the Board is shown on page 1.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this report confirm that

1. So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
2. The directors have taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AES TEP Power Investments Limited

Approved by the Board of directors
And signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'Dm L', followed by a long horizontal line extending to the right.

Donald Lehman
Director
6 August 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

United Kingdom Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period

In preparing 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 UK Accounting Standards have been followed, subject to any material departures being 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 which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AES TEP POWER INVESTMENTS LIMITED

We have audited the financial statements of AES TEP Power Investments Limited for the year ended 31 March 2010 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' 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 auditors

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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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

AES TEP Power Investments Limited

- 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



Graham Neale (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

6 August 2010

AES TEP Power Investments Limited

PROFIT & LOSS ACCOUNT
Year Ended 31 March 2010

	Notes	2010 £	2009 £
Administrative expenses	(2)	(3,267)	(3,917)
Operating loss		(3,267)	(3,917)
Income from fixed asset investments	(5)	3,485,700	-
Profit (Loss) on Ordinary Activities Before Taxation		3,482,433	(3,917)
Taxation on loss on ordinary activities	(4)	1,097	-
Profit/(loss) for the Financial Year		3,483,530	(3,917)

All activities derive from continuing operations.

A reconciliation of the movement in reserves is shown in note 10. There is no difference between the results reported above and those prepared on a historical cost basis.

STATEMENTS OF TOTAL RECOGNISED GAINS AND LOSSES
Year Ended 31 March 2010

	Notes	2010 £	2009 £
Profit/(Loss) for the financial year	(10)	3,483,530	(3,917)
Exchange movements	(10)	<u>(4,105)</u>	<u>-</u>
Total recognised gains and losses		<u>3,479,425</u>	<u>(3,917)</u>

AES TEP Power Investments Limited

BALANCE SHEET
31 March 2010

	Notes	2010 £	2009 £
FIXED ASSETS - Investment in subsidiary	(6)	21,811,260	21,811,260
CURRENT ASSETS			
DEBTORS – including £Nil (2009 £Nil) due after more than one year	(7)	1,567,192	4,556,116
CREDITORS – amounts due within one Year	(8)	(1,567,727)	(4,571,866)
NET CURRENT LIABILITIES		(535)	(15,750)
TOTAL ASSETS LESS CURRENT LIABILITIES		21,810,725	21,795,510
NET ASSETS		21,810,725	21,795,510
CAPITAL AND RESERVES			
Share capital	(9)	3	3
Share premium	(10)	21,810,258	21,810,258
Profit and loss account	(10)	464	(14,751)
TOTAL EQUITY SHAREHOLDERS FUNDS		21,810,725	21,795,510

These financial statements were approved by the Board of Directors on 6 August 2010.

Signed on behalf of the Board of Directors


Donald Lehman
Director

Company No 4084626

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 March 2010

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statement.

a. Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the group in its own published consolidated financial statements

Consolidated financial statements have not been presented on the basis of the exemption under Section 400 of the Companies Act 2006 that the company is a wholly owned subsidiary of AES Corporation, which is incorporated in the USA. These financial statements disclose information about the Company as an individual undertaking, and not about its group.

Related parties

As the Company is ultimately a wholly owned subsidiary of AES Corporation, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balancers with entities which form part of the group (or investees of the group qualifying as related parties)

Going concern

The directors have reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Therefore they continue to adapt the going concern basis of accounting in preparing these financial statements.

b. Fixed asset investments

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

c. Taxation

Taxation on profit on ordinary activities is that which has become or becomes payable in respect of the profits of the period, and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

d. Dividends

Dividends payable are accounted in the Company's Financial Statements when the Company declares the payment of the dividend and it is no longer at the discretion of the Company. Dividends receivable are accounted for on a cash accounting basis.

e. Foreign exchange

Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into sterling at rates of exchange ruling at the end of the financial year. Any exchange differences on translation are taken to the profit and loss account.

2. ADMINISTRATIVE EXPENSES

Administrative expenses are stated after charging

	2010 £	2009 £
Auditors' remuneration – Audit of these financial statements	3,917	3,917
Penalties	(650)	-
	<u>3,267</u>	<u>3,917</u>

3. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company (excluding directors) during the year was zero (2009 Zero).

No employee (including directors) received any emoluments or pension contribution during the year

4. TAXATION

Analysis of credit in the current year

	2010 £	2009 £
Current tax credit	(1,097)	-
Deferred tax credit	-	-
Total tax credit for the year	(1,097)	-

Factors affecting the tax credit for the current year

The tax credit for the year is higher (2009 lower) than the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below,

	2010 £	2009 £
Profit/(Loss) on Ordinary Activities Before Taxation	3,482,433	(3,917)
Expected tax charge/(credit) at 28% (2009 28%)	975,081	(1,097)
Effect of:		
Permanent differences	(182)	-
Dividend income not subject to tax	(975,996)	-
Losses surrendered for no consideration	-	1,097
Total tax credit for the year	(1,097)	-

5. INCOME FROM FIXED ASSET INVESTMENTS

	2010 £	2009 £
Dividends received	3,485,700	-

6. FIXED ASSET INVESTMENTS

	2010 £	2009 £
At 1 April	21,811,260	21,811,260
Additions	-	-
At 31 March	21,811,260	21,811,260

The fixed asset investments represent all the shares in its subsidiary company AES TEP Power II Investment Limited, registered in England. This subsidiary company acts as a holding company investing in an overseas subsidiary which is engaged in building a power plant in Mexico.

A charge exists over the shares in favour of Bankers Trust Company as Collateral Agent for the benefit of certain secured parties.

7. DEBTORS

	2010 £	2009 £
Amounts due from group companies	1,566,095	4,556,116
Amounts recoverable from tax authorities	1,097	-
Total	1,567,192	4,556,116

Included in the above is £Nil (2009: £Nil) due after more than one year

8. CREDITORS

	2010 £	2009 £
Amounts due to Group companies falling due within one year	1,563,810	4,557,115
Amounts due to tax authorities	-	3,000
Amounts due to auditors	3,917	11,751
Total	1,567,727	4,571,866

9. SHARE CAPITAL

	2010 £	2009 £
Authorised 100 (2009: 100) ordinary, equity shares of £1 each	100	100
Alotted called up and fully paid 3 ordinary, equity shares of £1 each	3	3

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	Issued Share capital £	Share premium £	Profit and Loss account £	Total £
At 1 April 2009	3	21,810,258	(14,751)	21,795,510
Exchange movements	-	-	(4,105)	(4,105)
Dividends paid	-	-	(3,464,210)	(3,464,210)
Profit for the year	-	-	3,483,530	3,483,530
At 31 March 2010	3	21,810,258	464	21,810,725

11. PARENT UNDERTAKINGS

The Company's immediate parent undertaking is AES TEG/TEP Holdings, B V , a company incorporated in the Netherlands.

The Company's ultimate parent undertaking and ultimate controlling party is AES Corporation, a company incorporated in the State of Delaware, USA.

The largest and smallest group in which the results of the Company are consolidated is that headed by AES Corporation. Copies of the parent company's financial statements can be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington, USA