

Company Registration No 04108324

AES Wind Generation Limited

Formerly 'Your Energy Limited'

**Directors' Report and Financial Statements
For the year ended 31 December 2011**

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AES Wind Generation Limited
Financial Statements
For the Year Ended 31 December 2011

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AES Wind Generation Limited

Company Information

Directors

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

Donald Todd Lehman	
Richard Mardon	Resigned 21 st September 2011
Steven Paul Hunter	Appointed 30 th September 2011
David Cameron Wilson	

Secretary

Donald Todd Lehman

Registered office

37 – 39 Kew Foot Road
Richmond
Surrey
TW9 2SS
United Kingdom

Registered number

04108324

Auditors (appointed in 2011)

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

AES Wind Generation Limited

Directors' Report

The directors present their report with the financial statements of the company for the year ended 31 December 2011

On 1 April 2012 the company changed its trading name from Your Energy Limited to AES Wind Generation Limited

Review of business and principal activity

The principal activity of the company in the year under review was that of identification, development and contracting wind farm projects

Results and dividends

The loss for the year after taxation was £2,483,788 (2010 loss £2,647,660) which, when added to the retained deficit brought forward at 1 January 2011 of £10,598,089 gives a total retained deficit of £13,081,877

The company has not declared any dividends during the year (2010 Nil) The directors do not propose the payment of a dividend (2010 Nil)

Financial Risk Management

The company's activities are exposed 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.

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 2

Directors' indemnity

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

Going concern

The directors consider that, despite the loss for the year and net current liabilities, the company has adequate resources to continue in operational existence since the parent undertaking 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.

The company receives funding for costs incurred from its parent company. The directors have confirmed that the funding is available for the foreseeable future and accordingly the accounts are prepared on a going concern basis.

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.

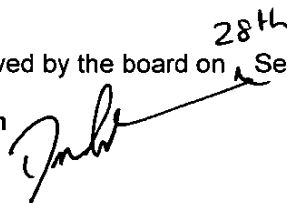
Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 2. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 28th September 2012 and signed on its behalf by

Donald Todd Lehman
Director



Company Registration No 04108324

AES Wind Generation 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 accounts, 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 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 accounts.

Independent Auditor's Report to the Members of AES Wind Generation Limited

We have audited the financial statements of AES Wind Generation Limited for the year ended 31 December 2011 which comprise Profit and Loss Account, the Balance Sheet, and the related notes 1 to 15. 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 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 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 the financial statements

In our opinion the financial statements

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

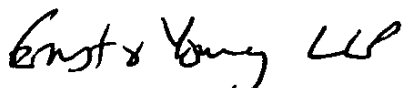
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit,



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

28 September 2012

AES Wind Generation Limited
Profit and Loss Account
For the Year Ended 31 December 2011

	Notes	2011 £	2010 £
Turnover		-	10,000
Administrative Expenses		(1,767,457)	(2,230,371)
(Loss) on sale of fixed assets		<u>-</u>	<u>(7,532)</u>
Loss before interest and taxation	1	(1,767,457)	(2,227,903)
Interest payable and similar charges	3	(716,331)	(420,862)
Interest receivable		<u>-</u>	<u>1,105</u>
Loss before taxation		(2,483,788)	(2,647,660)
Tax	4	<u>-</u>	<u>-</u>
Loss for the year	12	<u>(2,483,788)</u>	<u>(2,647,660)</u>

The loss of £2,483,788 for the year ended 31 December 2011 has derived in its entirety from continuing operations (2010 £2,647,660)

There are no recognized gains or losses attributable to the shareholders of the company in the current financial period other than that are stated in the profit and loss account

The accompanying notes form part of these financial statements

AES Wind Generation Limited

Balance Sheet at 31 December 2011

	Note	2011 £	2010 £
Fixed Assets			
Tangible Assets	6	1,155	3,659
Investments	7	9,315,773	9,315,773
		<u>9,316,928</u>	<u>9,319,432</u>
Current Assets			
Debtors due within one year	8	116,980	118,886
Cash at bank		7,439	110,624
		<u>124,419</u>	<u>229,510</u>
Current Liabilities			
Creditors amounts falling due within one year	9	(1,463,046)	(473,855)
Net current liabilities		<u>(1,338,627)</u>	<u>(244,345)</u>
Total assets less current liabilities		<u>7,978,301</u>	<u>9,075,087</u>
Creditors amounts falling due after more than one year	9	(11,794,206)	(10,407,204)
Net liabilities		<u>(3,815,905)</u>	<u>(1,332,117)</u>
Capital and reserves			
Called up share capital	10	200	200
Other reserves	11	9,265,772	9,265,772
Profit and loss account	12	(13,081,877)	(10,598,089)
Shareholders' deficit	13	<u>(3,815,905)</u>	<u>(1,332,117)</u>

The financial statements were authorised for issue by the board of directors on 28th September 2011 and signed on its behalf by



Donald Todd Lehman
Director

The accompanying notes form part of these financial statements

AES Wind Generation Limited

Notes to the Financial Statements

For the Year Ended 31 December 2011

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 all been applied consistently in both the current and preceding year.

Accounting convention

The financial statements are prepared under historical cost convention.

Basis of preparation

At 31 December 2011 the company's balance sheet had net total liabilities amounting to £3,815,905.

The directors consider it appropriate to prepare the accounts on a going concern basis, since the parent undertaking 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 accounts 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.

Turnover

Turnover represents project development and consultancy fees receivable excluding value added tax. Such fees are recognised in the period to which they relate.

Project development costs

Costs associated with the development of wind farm sites are charged to the profit and loss account as incurred and recorded within administrative expenses.

Interest

Interest is charged against income in the year in which it is incurred.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign currency assets and liabilities held at the balance sheet date are retranslated at the exchange rates ruling at that date. Any resulting exchange profit or loss is dealt with in the profit and loss account.

Tangible assets

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Anemometry equipment -	20% on cost
Computer equipment, fixtures and fittings -	25% on cost

AES Wind Generation Limited
Notes to the Financial Statements
For the Year Ended 31 December 2011

Investments

Fixed asset investments in associated undertakings are held at cost. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Trade and other debtors

Trade and 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.

Trade and other creditors

Trade and other creditors are carried at payment or settlement amounts. If the effect of the time value of money is material, trade and other creditors are determined by discounting the expected future cash flows at a pre-tax rate.

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 taxation is provided on timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in the tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Leases

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

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.

AES Wind Generation Limited
Notes to the Financial Statements
For the Year Ended 31 December 2011

1. Operating loss

The operating loss is stated after charging/ (crediting)

	2011	2010
	£	£
Project developments costs	1,545,079	1,320,752
Rent, stationary and other office costs	20,198	129,204
Intercompany balances write off	-	121,362
Depreciation - owned assets	2,504	3,138
Foreign exchange differences	49	2,443

2. Auditor's remuneration

	2011	2010
	£	£
Fees for the audit of the company	22,500	15,000

3. Interest payable and similar charges

	2011	2010
	£	£
Interest expense on loan provided by parent company	715,101	419,827
Bank charges	1,230	1,035
	<u>716,331</u>	<u>420,862</u>

4. Tax on loss on ordinary activities

	2011	2010
	£	£
Current Tax		
UK corporation tax on loss for the year	-	-
	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>

AES Wind Generation Limited
Notes to the Financial Statements
For the Year Ended 31 December 2011

a) Current Tax Reconciliation

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

	2011 £	2010 £
Loss on ordinary activities before taxation	(2,483,788)	(2,647,660)
Tax on loss on ordinary activities at standard UK corporation tax rate of 26.5% (2010: 28%)	(658,204)	(741,345)
Effects of		
Permanent Differences	491,882	687,255
Fixed assets timing differences	(1,949)	(350)
Tax losses surrendered for nil consideration	168,271	40,830
Tax losses carried forward / (utilized)	-	13,610
Current tax charge / (charge) for period	-	-

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

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

There is an unrecognised deferred tax asset of £3,046,000 (2010: £2,605,182) in respect of tax losses and £9,570 (2010: £12,321) in respect of fixed asset timing differences. Deferred tax assets have not been recognised in respect of these timing differences as the directors do not anticipate suitable taxable profits to arise in the foreseeable future.

5. Directors and employees

(a) Remuneration of directors

The directors received total remuneration for the year of £980,717 (2010: £1,599,505), all of which was paid by various subsidiaries of the AES Corporation. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as employees of other companies within AES Corporation.

AES Wind Generation Limited
Notes to the Financial Statements
For the Year Ended 31 December 2011

(b) Employee costs

	2011 £	2010 £
Average number of persons employed (including directors)		
Administration	7	7
	<u>7</u>	<u>7</u>

	2011 £	2010 £
Wages and salaries	1,073	337,116
Social security costs	-	55,632
Pension costs	-	41,451
	<u>1,073</u>	<u>434,199</u>

6. Tangible Assets

	Anemometry equipment £	Computer equipment, fixtures and fittings £	Totals £
Cost			
At 1 January 2011	100,992	14,604	115,596
Additions	-	-	-
Disposals	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2011	<u>100,992</u>	<u>14,604</u>	<u>115,596</u>
Depreciation			
At 1 January 2011	100,992	10,945	111,937
Charge for year	-	2,504	2,504
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2011	<u>100,992</u>	<u>13,449</u>	<u>114,441</u>
Net Book Value			
At 31 December 2011	<u>-</u>	<u>1,155</u>	<u>1,155</u>
At 31 December 2010	<u>-</u>	<u>3,659</u>	<u>3,659</u>

AES Wind Generation Limited
Notes to the Financial Statements
For the Year Ended 31 December 2011

7. Investments

	2011 £	2010 £
Cost		
At 1 January	9,315,773	50,958
Additions	-	9,265,772
Disposals	-	(957)
	<hr/>	<hr/>
At 31 December	9,315,773	9,315,773
 Net book value		
At 1 January	9,315,773	50,958
At 31 December	<hr/> 9,315,773	<hr/> 9,315,773

In November 2010, AES K2 Limited, the immediate parent undertaking entered into a Forward Subscription Agreement with Your Energy Holdings Limited under which it granted Your Energy Holdings Limited the right to receive 90% of its loan to AES Wind Generation Limited as at that date together with interest, amounting to £9,265,772. Your Energy Holdings Limited issued shares amounting to this value to AES Wind Generation Limited.

During the year, investments in shares of Aviation Investment Fund Company Limited were diluted from 3.14% to 2.96%. The principal activity of Aviation Investment Fund Company Limited is research and development solutions to the problems of wind turbines being detected on radar displays.

In 2010 the company disposed all shares in Wessex Wind Power Limited.

The company's investments at the balance sheet date in the share capital of companies include the following:

Associated undertakings	Class of share held	%	Country of incorporation	Principal activity
Ebbw Vale Wind Farm Ltd	Ordinary shares	100%	England and Wales	Dormant company
Aviation Investment Fund Company Limited	Ordinary shares	2.96%	England and Wales	

8. Debtors due within one year

	2011 £	2010 £
Trade debtors	-	-
Other debtors	18,860	35,552
Due from group undertakings	-	13,954
VAT	98,120	69,380
	<hr/>	<hr/>
	116,980	118,886
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AES Wind Generation Limited
Notes to the Financial Statements
For the Year Ended 31 December 2011

9. Creditors: Amounts falling due within and after one year

	2011	2011	2010	2010
	Within	After	Within	After
	1 year	1 year	1 year	1 year
	£	£	£	£
Amounts owed to group undertakings	-	-	-	-
Loan provided by parent company	-	11,794,206	-	10,407,204
Interest payable on loan provided by parent company	1,134,928	-	419,827	-
Trade creditors and accruals	328,118	-	54,028	-
Taxation and social security	-	-	-	-
Bank Overdraft	-	-	-	-
	<u>1,463,046</u>	<u>11,794,206</u>	<u>473,855</u>	<u>10,407,204</u>

10 Called up share capital

	2011	2010
	£	£
Allotted, called up and fully paid		
200 Ordinary shares of £1 each	200	200
	<u>200</u>	<u>200</u>

11. Other reserves

In November 2010, AES K2 Limited, the parent entered into a Forward Subscription Agreement with Your Energy Holdings Limited under which it granted Your Energy Holdings Limited the right to receive 90% of the loan value to the company as at that date together with interest in consideration of £9,265,772 shares to be issued by Your Energy Holdings Limited to AES Wind Generation Limited (See note 7)

12. Profit and loss account

	2011	2010
	£	£
At 1 January	(10,598,089)	(7,950,429)
Loss for the year	(2,483,788)	(2,647,660)
At 31 December	<u>(13,081,877)</u>	<u>(10,598,089)</u>

AES Wind Generation Limited
Notes to the Financial Statements
For the Year Ended 31 December 2011

13 Reconciliation of movements in shareholders' deficit

	2011	2010
	£	£
Loss for the year	(2,483,788)	(2,647,660)
Other reserves	-	9,265,772
Net (decrease)/increase in shareholder's funds	(2,483,788)	6,618,112
Shareholders' deficit at 1 January	(1,332,117)	(7,950,229)
Shareholders' deficit at 31 December	(3,815,905)	(1,332,117)

14. Ultimate parent undertaking

The immediate parent undertaking and controlling party is AES K2 Limited, a company incorporated in England and Wales

The ultimate parent company and controlling entity, and parent of the smallest and largest group for which consolidated accounts 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 FRS 8 "Related Party Disclosures" not to disclose transactions with other undertakings within, and related parties of, The AES Corporation Group