

**AES Horizons Investments Limited**

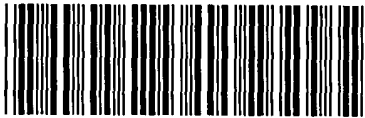
**Annual report**

**for the year ended**

**31 December 2014**

**Registered number: 02676624**

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# **AES Horizons Investments Limited**

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# AES Horizons Investments Limited

## Company information

### Directors

	Resigned	Appointed
T Mladenov	14 July 2014	
J Nebreda		
Roger Casement		14 July 2014
Ian Luney		14 July 2014

### Company Secretary

	Resigned
T Mladenov	14 July 2014

### Registered office

21 St Thomas Street  
Bristol  
United Kingdom  
BS1 6JS

### Solicitors

Arthur Cox  
Capital House  
3 Upper Queen Street  
Belfast  
BT1 6PU

### Bankers

Bank of Ireland  
4 – 8 High Street  
Belfast  
BT1 2BA

Barclays  
Donegall House  
Donegall Square North  
Belfast  
BT1 5GB

### Independent auditors

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

# **AES Horizons Investments Limited**

**Registered number: 02676624**

## **Directors' report for the year ended 31 December 2014**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2014.

### **Principal activity**

The principal activity of the company is that of investment.

### **Review of business and future developments**

The directors believe that both the level of business and the year-end financial position are satisfactory. However, the level of activity in the following years will be affected by lower dividend income from AES (NI) Limited, principally due to redemption reserve requirements.

### **Key performance indicators ('KPIs')**

The directors manage the company's operations on a divisional basis. For this reason, the company's directors believe that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business of the company.

### **Environment**

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

### **Health and safety**

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments.

### **Financial risk management**

The company's operations expose it to a variety 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 the related finance costs.

#### **Price risk**

The company has no price risk as its income is derived from its investment in an associate company.

#### **Credit risk**

The company is not exposed to a significant credit risk as its investment income is derived from a company that is wholly owned within The AES Corporation.

#### **Foreign exchange risk**

While the greater part of the company's revenues and expenses are denominated in sterling, the company is exposed to some foreign exchange risk in the normal course of business. The company has a policy of hedging certain foreign exchange transactions over a prescribed minimum size. Cover generally takes the form of a forward purchase of foreign currencies.

#### **Liquidity risk**

The company actively maintains and monitors its bank accounts to ensure that it always has sufficient funds available for its operations.

# AES Horizons Investments Limited

## Directors' report for the year ended 31 December 2014 (continued)

### Financial risk management (continued)

#### Interest rate cash flow risk

The company has an interest bearing asset in the form of an investment in an associate company within The AES Corporation group. Interest is earned at a variable rate.

### Results and dividends

The profit after taxation for the financial year was £16,783,000 (2013: profit after taxation: £20,491,000).

The company has received / (paid) the following dividends during 2014 and 2013:

	2014 £'000	2013 £'000
Interim dividend received	16,993	21,382
Interim dividend paid	(18,110)	(20,932)

The directors do not recommend a final dividend payment for the year ended 31 December 2014 (2013: £Nil)

### Directors

The directors who served during the year are shown on page 1.

In accordance with the articles of association, none of the directors are required to retire by rotation.

There were no contracts of significance subsisting during or at the end of the financial year, in which a director of the company was materially interested.

### Strategic report

The directors have not prepared a strategic report as the company is entitled to the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

### Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

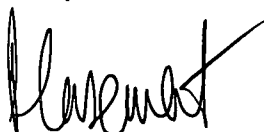
Pursuant to Section 485 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

On behalf of the Board

Roger Casement

Director

11 September 2015



# **AES Horizons Investments Limited**

## **Directors' Responsibilities Statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, 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 Horizons Investments Limited

We have audited the financial statements of AES Horizons Investments Limited for the year ended 31 December 2014 which comprise the 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 auditor

As explained more fully in the Directors' Responsibilities Statement as 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 (APB'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 Directors' report 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

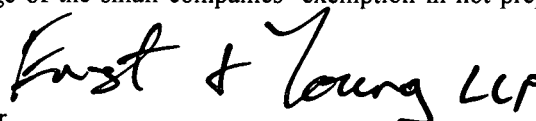
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in not preparing the Strategic Report.

Keith Jess (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Belfast  
16 September 2015



# AES Horizons Investments Limited

## Profit and loss account for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
<b>Turnover</b>		-	33
Other operating costs		(64)	(1,317)
<b>Operating loss</b>		(64)	(1,284)
Interest receivable and similar income	4	17,083	21,580
<b>Profit on ordinary activities before taxation</b>	5	17,019	20,296
Tax on profit on ordinary activities	6	(236)	195
<b>Profit on ordinary activities after taxation</b>	12	16,783	20,491

All amounts above relate to continuing operations of the company.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.




# AES Horizons Investments Limited

## Balance sheet at 31 December 2014

Registered number: 02676624

	Notes	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Investments in associates	7	9,790	12,850
		9,790	12,850
<b>Current assets</b>			
Debtors	8	7,979	7,802
Cash at bank and in hand		147	23
		8,126	7,825
<b>Creditors: amounts falling due within one year</b>	9	(2,231)	(3,663)
<b>Net current assets</b>		5,895	4,162
<b>Total assets less current liabilities</b>		15,685	17,012
<b>Creditors: amounts falling due after more than one year</b>	10	(12,388)	(12,388)
<b>Net assets</b>		3,297	4,624
<b>Capital and reserves</b>			
Called up share capital	11	1,000	3,125
Profit and loss reserve	12	2,297	1,499
<b>Shareholders' funds</b>	13	3,297	4,624

The financial statements on pages 6 to 13 were approved by the board and were signed on its behalf by:



Roger Casement  
Director

11 September 2015

# AES Horizons Investments Limited

## Notes to the financial statements for the year ended 31 December 2014

### 1 Accounting policies

The financial statements are prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies adopted are set out below.

#### **Basis of consolidation**

The financial statements contain information about AES Horizons Investments Limited as an individual company and do not contain consolidated information as the parent of the group. The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, The AES Corporation, a company incorporated in the United States of America.

#### **Turnover**

Turnover represents guarantee fee income earned from a related undertaking.

#### **Dividend income**

Dividend income from investments is recognised when the shareholder's right to receive the payment is established.

#### **Dividend 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.

#### **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.

#### **Foreign currency translation**

Transactions in foreign currencies (different to the GBP which is the functional currency) are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities are denominated in foreign currencies at balance sheet date are reported at the rate of exchange prevailing at the date. Exchange differences are included in the profit and loss account.

#### **Cash flow statement**

The company is exempt from preparing a cash flow statement under the terms of Financial Reporting Standard (FRS) 1 (1996) as it is a wholly-owned subsidiary, for which the ultimate parent company prepares consolidated financial statements which include the results of the company and are publicly available.

# AES Horizons Investments Limited

## Notes to the financial statements for the year ended 31 December 2014

### 2 Directors' emoluments

The directors received total remuneration for the year of £1,365,979 (2013: £1,268,000) all of which was paid by various subsidiaries of The AES Corporation. The directors do not believe that it is practical to apportion this amount between their services as directors of the company and their services as employees of other companies within The AES Corporation.

### 3 Employee information

The company had no employees in the years ended 31 December 2014 and 31 December 2013.

### 4 Interest receivable and similar income

	2014	2013
	£'000	£'000
Interest receivable from related undertakings	90	198
Dividends received from related undertaking	16,993	21,382
	17,083	21,580

### 5 Profit on ordinary activities before taxation

	2014	2013
	£'000	£'000
<b>Profit on ordinary activities before taxation is stated after charging:</b>		
Auditors' remuneration - audit services	1	1

# AES Horizons Investments Limited

## Notes to the financial statements for the year ended 31 December 2014

### 6 Tax on profit on ordinary activities

	2014	2013
	£'000	£'000
<b>Current tax:</b>		
UK corporation tax at 21.49% (2013: 23.25%)	-	-
Adjustment in respect of previous years	(236)	195
<b>Tax on profit on ordinary activities</b>	<b>(236)</b>	<b>195</b>

The current tax assessed for the year differs from the standard rate of corporation tax in the UK (21.49%) (2013: 23.25%). The differences are explained below:

	2014	2013
	£'000	£'000
<b>Profit on ordinary activities before tax</b>	<b>17,019</b>	<b>20,296</b>
Profit on ordinary activities multiplied by standard rate in the UK 21.49% (2013: 23.25%)	(3,657)	(4,719)
Effects of:		
Income not taxable	3,651	4,984
Transfer pricing adjustments	(24)	-
Group relief claimed (surrendered) for no consideration	30	(265)
Adjustment in respect of previous years	(236)	195
<b>Current tax credit for the year</b>	<b>(236)</b>	<b>195</b>

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and 23% (effective 1 April 2013) were substantially enacted on 26 March 2012 and 3 July 2012 respectively.

Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantially enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. Any deferred tax asset at 31 December 2014 has been calculated at 20%.

### 7 Fixed asset investments

	Related undertaking £'000	Loan stock held in related undertakings £'000	Total £'000
<b>Cost</b>			
At 1 January 2014	9,790	3,060	12,850
Repayments	-	(3,060)	(3,060)
<b>At 31 December 2014</b>	<b>9,790</b>	<b>-</b>	<b>9,790</b>
<b>Net book amount</b>			
At 31 December 2014	9,790	-	9,790
At 1 January 2014	9,790	3,060	12,850

# AES Horizons Investments Limited

## Notes to the financial statements for the year ended 31 December 2014

### 7 Fixed asset investments (continued)

#### Interest in group undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	Company %	Proportion of nominal value of issued shares held by: Group %
AES (NI) Limited	N Ireland	Ordinary £1 shares	51	99
AES Kilroot Power Limited	N Ireland	Ordinary £1 shares	-	99
AES Belfast West Power Limited	N Ireland	Ordinary £1 shares	-	99
Cloghan Limited	N Ireland	Ordinary £1 shares	50	100
Cloghan Point (Holdings) Limited	N Ireland	Ordinary £1 shares	-	100
Kilroot Electric Limited	Cayman Islands	Ordinary US \$1 shares	-	99
AES Kilroot Generating Limited	N Ireland	Ordinary £1 shares	-	99

The principal business activities of these related undertakings are:

- (i) AES (NI) Limited, AES Kilroot Power Limited - generation of electricity.
- (ii) Kilroot Electric Limited - dormant company
- (iii) Cloghan Point (Holdings) Limited – provision of an oil tanker berthing facility and oil storage facility.

Cloghan Limited, AES Kilroot Generating Limited and AES Belfast West Power Limited did not trade during the current year.

#### Loan stock

As at 31 December 2014 the company holds £nil (2013: £3,060,000) floating rate subordinated deferred loan stock.

Interest levied on the loan stock is calculated as the sum of:

- (i) the applicable margin; 6% and
- (ii) LIBOR on quotation date.

### 8 Debtors

	2014 £'000	2013 £'000
Amounts owed by related undertaking	7,927	7,679
Other tax and social security	52	123
	<b>7,979</b>	<b>7,802</b>

# AES Horizons Investments Limited

## Notes to the financial statements for the year ended 31 December 2014

### 9 Creditors: amounts falling due within one year

	2014	2013
	£'000	£'000
Amounts owed to related undertaking	1,980	3,610
Corporation tax	230	-
Accruals and deferred income	21	53
	<b>2,231</b>	<b>3,663</b>

### 10 Creditors: amounts falling due after more than one year

	2014	2013
	£'000	£'000
Amounts owed to related undertaking	12,388	12,388

### 11 Called up share capital

	2014	2013
	£'000	£'000
<b>Allotted and fully paid</b>		
1,000,000 (2013: 3,125,000) Ordinary shares of £1 each	1,000	3,125

### 12 Profit and loss reserve

	2014	2013
	£'000	£'000
At 1 January	1,499	1,940
Profit for the financial year	16,783	20,491
Share capital reduction	2,125	-
Interim dividend	(18,110)	(20,932)
<b>At 31 December</b>	<b>2,297</b>	<b>1,499</b>

The Company has granted a fixed charge over its dividends as continuing security for the payment and discharge of secured obligations with the Trustees of the NIGEN pension scheme.

Distributable reserves have increased by £2,125,000 as a reduction of the company's share capital in accordance with section 642 to 644 of the Companies Act 2006.

### 13 Reconciliation of movements in shareholders' funds

	2014	2013
	£'000	£'000
Profit for the financial year	16,783	20,491
Interim dividend	(18,110)	(20,932)
Net movement during the year	(1,327)	(441)
Opening shareholders' funds	4,624	5,065
<b>Closing shareholders' funds</b>	<b>3,297</b>	<b>4,624</b>

# **AES Horizons Investments Limited**

## **Notes to the financial statements for the year ended 31 December 2014**

### **14 Related party transactions**

The company has taken advantage of the exemptions contained in FRS 8 “Related Party Transactions” not to disclose transactions with related parties as all of the voting rights of the company are ultimately controlled by The AES Corporation.

### **15 Ultimate parent company**

The immediate parent undertaking and controlling party is AES Electric 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 financial statements are prepared of which this company is a part, is the AES Corporation, a company incorporated in the State of Delaware, USA. Copies of the parent company's financial statements can be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA.