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**AES (NI) Limited**

**Annual report**

**for the year ended**

**31 December 2008**

Registered number: **NI 26332**

# AES (NI) Limited

**Annual report  
for the year ended 31 December 2008**

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# **AES (NI) Limited**

## **Directors and advisers**

### **Directors**

J McLaren  
D Paton (resigned 13 February 2009)

### **Company Secretary**

G McNeilly

### **Registered office**

Kilroot Power Station  
Larne Road  
Carrickfergus  
Co Antrim  
BT38 7LX

### **Solicitors**

Carson McDowell  
Murray House  
Murray Street  
Belfast  
BT1 6DN

### **Bankers**

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

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Waterfront Plaza  
8 Laganbank Road  
Belfast  
BT1 3LR

# AES (NI) Limited

## Directors' report for the year ended 31 December 2008

The directors present their report and the audited financial statements for the year ended 31 December 2008

### Principal activity

The principal activity of the group is that of generating electricity

### Review of business and future developments

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future

### Flue Gas Desulphurisation equipment

Under the terms of the Revised European Large Combustion Plant Directive, the group was required to meet lower emission limit values for sulphur dioxide, oxides of nitrogen and particulates. As a result the group has installed Flue Gas Desulphurisation equipment to enable it to operate post January 2008

### Key performance indicators

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

### Environment

The group 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 group is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike

### Human resources

The group's most important resource is its people, their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the group has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements

### Financial risk management

AES Kilroot Power Limited is the main trading subsidiary of the group. AES Kilroot Power Limited operates Kilroot Power Station under a long-term Power Purchase Agreement ("PPA") and has obligations under the PPA to operate and maintain the Generating Units and make available contracted capacity and generate electrical energy in accordance with certain specified characteristics. The group receives two main types of payments under the PPA, availability payments and energy payments

# AES (NI) Limited

## Directors' report for the year ended 31 December 2008 (continued)

### Financial risk management (continued)

Availability payments are calculated by reference to the availability of each Generating Unit and are payable whether or not power is actually dispatched. Energy payments are calculated based on the costs of fuel and specified operating and efficiency characteristics. The PPA also imposes controls on the group for the management of sulphur and nitrogen oxide emissions from the Power Station.

The group's operations expose it to a number of operational risks including reduction in plant availability through forced outages, prolonged plant breakdown or inability to operate within the agreed level of environment emissions.

In addition, operating at efficiency levels lower than those specified in the PPA may lead to loss of energy income.

The group's operations expose it to a variety of financial risks that include the availability risk, energy income risk, emissions risk, price risk, credit risk, foreign exchange risk, liquidity risk and interest rate risk. The group has in place a risk management program which seeks to limit the adverse effects of these risks on financial performance.

#### Availability risk

The group seeks to limit the risk to availability income through a program of continuous plant monitoring designed to identify possible plant failure in advance.

A set overhaul program has been put in place for each Generating Unit which requires thorough inspection and refurbishment every 3 years.

The group has in place adequate levels of Business Interruption insurance to limit the financial effect of a prolonged period of plant breakdown.

#### Energy income risk

The group seeks to maximise plant efficiency through a process of continuous plant monitoring designed to identify areas where efficiency improvements can be obtained. Once a potential reduction in efficiency has been identified, actions are taken to improve performance whenever it is economically viable to do so.

#### Emissions risk

The group continuously monitors its environmental emissions to ensure that the plant operates within the agreed limits.

The group keeps up to date with Environmental Legislation and is committed to implementing modifications to the plant when required.

Under the PPA, the cost of modifications to the plant which are required by changes in legislation pass through to the contract off taker.

#### Price risk

The group is not exposed to significant price risk since the Availability payments received increase by RPI each year and energy payments received are calculated based on the costs of fuel.

#### Credit risk

The group is not exposed to significant credit risk due to the high credit rating of the counterparty to the PPA.

# AES (NI) Limited

## Directors' report for the year ended 31 December 2008 (continued)

### Financial risk management (continued)

#### Foreign exchange risk

While the greater part of the group's revenues and expenses are denominated in sterling, the group is exposed to some foreign exchange risk in the normal course of business. The group 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 group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions. The group minimises liquidity risk through the weekly preparation of cashflow forecasts and a policy of investing in short term bank deposits held by banks with a minimum credit rating of P1.

#### Interest rate cash flow risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, all of which earn interest at fixed rate. Interest bearing liabilities relate to debenture stock, bank loans and subordinated loan stock. The group minimises Interest rate cash flow risk through its policy of investing in only short term bank deposits and continually monitoring the financial markets to identify appropriate longer term instruments including structured investment accounts and interest rate swaps.

### Results and dividends

The consolidated profit and loss account for the year is set out on page 9.

The directors have paid the following dividends during 2008 and 2007

	2008 £'000	2007 £'000
Interim dividend paid	-	2,098

### Directors

The directors who served during the year are shown on page 1. There were no changes in directors during the year.

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.

### Charitable contributions

The group participates in a give as you earn scheme where it matches the donations of employees. During the year the group made matching donations of £27,448 (2007: £20,186).

Other charitable contributions of £33,320 (2007: £5,642) were made during the year in support of community initiatives and relationships in the UK.

# AES (NI) Limited

## Directors' report for the year ended 31 December 2008 (continued)

### Employees

The group's policy is to consult and discuss with employees through unions and at meetings, matters likely to affect employees' interests

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, whenever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities

The group is committed to the well-being of its people and recognises its obligations under the Health and Safety at Work Order 1978. In the conduct of its business the group will assess the risk to the health and safety of employees and others who may be affected by its activities and will implement, audit and review such arrangements as appropriate for effective control of risks

### Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable Northern Ireland 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 Northern Ireland law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period

In preparing those 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 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 group will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

# AES (NI) Limited

## Directors' report for the year ended 31 December 2008 (continued)

### Policy on preservation of amenity and fisheries

The group subscribes to Schedule 9 of the Electricity (Northern Ireland) Order 1992 concerning the preservation of amenity and fisheries. Accordingly AES (NI) Limited recognises the desirability of preserving natural beauty, of conserving flora, fauna and geographical or physiographical features of special interest and of protecting sites, buildings and objects of architectural, historic or archaeological interest, and shall do what it reasonably can to mitigate any effect which proposals would have on the natural beauty of the countryside or on any such flora, fauna, features, sites, buildings or objects.

### 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 of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

  
G. McNeilly  
Company Secretary  
19 March 2009



# AES (NI) Limited

## Independent auditors' report to the members of AES (NI) Limited

We have audited the group and parent company financial statements (the 'financial statements') of AES (NI) Limited for the year ended 31 December 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Article 243 of the Companies (Northern Ireland) Order 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

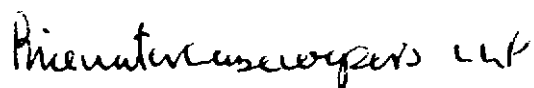
# AES (NI) Limited

## Independent auditors' report to the members of AES (NI) Limited (continued)

### Opinion

In our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008 and of the group's profit and cash flows for the year then ended.
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986, and
- the information given in the Directors' Report is consistent with the financial statements



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Belfast  
26 March 2009

# AES (NI) Limited

## Consolidated profit and loss account for the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
<b>Turnover</b>	2	<b>164,852</b>	106,715
Cost of sales	3	(104,414)	(45,436)
<b>Gross profit</b>		<b>60,438</b>	61,279
Administrative expenses	3	(23,742)	(21,467)
<b>Operating profit</b>		<b>36,696</b>	39,812
Interest receivable and similar income	6	5,348	5,986
Interest payable and similar charges	7	(20,896)	(21,135)
Other finance (costs) income	20	(604)	298
<b>Profit on ordinary activities before taxation</b>	8	<b>20,544</b>	24,961
Tax on profit on ordinary activities	9	(6,123)	(4,433)
<b>Profit for the financial year</b>	10 & 22	<b>14,421</b>	20,528

All amounts above relate to continuing operations of the group

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

**AES (NI) Limited****Consolidated Statement of total recognised gains and losses for the year ended 31 December 2008**

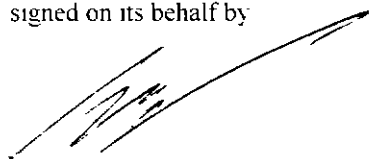
	Notes	2008 £'000	2007 £'000
Profit for the financial year		14,421	20,528
Actuarial loss recognised in the pension scheme	20	(7,124)	(2,855)
Movement on deferred tax relating to pension deficit		1,995	799
<b>Total recognised gains and losses since last annual report</b>		<b>9,292</b>	<b>18,472</b>

# AES (NI) Limited

## Balance sheets at 31 December 2008

	Notes	Group		Company	
		2008 £'000	2007 £'000	2008 £'000	2007 £'000
<b>Fixed assets</b>					
Intangible assets	12	21,627	23,026	-	-
Tangible assets	13	193,282	180,889	-	-
Investments	14	-	-	278,556	234,971
		<u>214,909</u>	<u>203,915</u>	<u>278,556</u>	<u>234,971</u>
<b>Current assets</b>					
Stocks	15	18,427	12,419	-	-
Debtors amounts falling due after one year	16	-	-	32,000	32,000
Debtors amounts falling due within one year	16	37,162	24,097	31,434	54,301
Cash at bank and in hand		59,527	94,183	2,722	402
		<u>115,116</u>	<u>130,699</u>	<u>66,156</u>	<u>86,703</u>
Creditors amounts falling due within one year	17	(122,614)	(118,655)	(29,596)	(6,356)
<b>Net current (liabilities)/assets</b>		<u>(7,498)</u>	<u>12,044</u>	<u>36,560</u>	<u>80,347</u>
<b>Total assets less current liabilities</b>		<u>207,411</u>	<u>215,959</u>	<u>315,116</u>	<u>315,318</u>
Creditors amounts falling due after more than one year	18	(129,050)	(150,506)	(207,623)	(252,323)
Provisions for liabilities	19	(32,419)	(33,349)	-	-
<b>Net assets excluding pension deficit</b>		<u>45,942</u>	<u>32,104</u>	<u>107,493</u>	<u>62,995</u>
<b>Pension deficit</b>	20	<u>(10,952)</u>	<u>(6,846)</u>	-	-
<b>Net assets including pension deficit</b>		<u>34,990</u>	<u>25,258</u>	<u>107,493</u>	<u>62,995</u>
<b>Capital and reserves</b>					
Called up share capital	21	13,117	13,117	13,117	13,117
Share premium account	22	3,729	3,729	3,729	3,729
Profit and loss reserve	22	17,124	7,832	90,647	46,149
Other reserves	23	1,020	580	-	-
<b>Shareholders' funds</b>	24	<u>34,990</u>	<u>25,258</u>	<u>107,493</u>	<u>62,995</u>

The financial statements on pages 9 to 33 were approved by the board of directors on 19 March 2009 signed on its behalf by



J McLaren  
Director

# AES (NI) Limited

## Consolidated cash flow statement for the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
<b>Net cash inflow from operating activities</b>	25	69,669	54,201
<b>Returns on investments and servicing of finance</b>			
Interest received		5,320	6,529
Interest paid		(15,449)	(27,195)
		<u>(10,129)</u>	<u>(20,666)</u>
<b>Taxation</b>			
Corporation tax paid including group relief payable		(8,415)	(9,571)
		<u>          </u>	<u>          </u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(23,611)	(46,038)
Sale of tangible fixed assets		5	51
		<u>(23,606)</u>	<u>(45,987)</u>
		<u>          </u>	<u>          </u>
<b>Dividends paid to shareholders</b>		-	(2,098)
		<u>          </u>	<u>          </u>
Net cash inflow (outflow) before use of liquid resources and financing		27,519	(24,121)
<b>Management of liquid resources</b>			
Increase in short term deposits with banks		18,300	61,900
<b>Financing</b>			
Repayment of loan capital		(45,187)	(79,400)
New loan capital		58,500	-
Issue costs		(1,893)	-
Transferable loan stock issued during year		26,100	21,400
Transferable loan stock repaid during year		(53,000)	-
		<u>          </u>	<u>          </u>
<b>Increase/ (decrease) in cash in the year</b>	26 & 27	<u>30,339</u>	<u>(20,221)</u>

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 1 Accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies (Northern Ireland) Order 1986 and applicable accounting standards. The principal accounting policies are set out below.

#### Basis of consolidation

The consolidated financial statements include the company and its subsidiary undertakings drawn up to 31 December 2008. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of the acquisition or up to the date of their disposal. Intra-group sales and profits are eliminated fully on consolidation.

#### Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal periods used for this purpose are:

Asset	Life in years
Long leasehold land	32
Long leasehold generating plant and buildings on hand in 1992 year	25 & 32
Additions to generating plant and buildings in year	4 – 20
Motor vehicles	4
Fixtures and fittings	4
Computer equipment	4
Maintenance assets	See policy below

The group is not depreciating construction work in progress costs until the related asset is completed and ready for use.

Contributions received towards the cost of tangible fixed assets are included as deferred income and credited on a straight-line basis to the profit and loss account over the useful economic life of the related asset.

#### Strategic spares

Emergency and rotatable spare parts are included within generating plant and buildings and are depreciated over the life of the related generating plant and buildings.

#### Maintenance assets

In accordance with FRS 15 'Tangible fixed assets' the relevant component of the generating plant that will be overhauled is depreciated over the period until the expenditure is needed. That period is usually between three and nine years. When the overhaul expenditure takes place it is capitalised as part of the cost of the asset since it restores or replaces the previously depreciated component.

#### Liquidated damages

The group receives amounts from contractors in respect of late commissioning. These receipts are recorded as a reduction in the cost of the assets and are recognised in the period in which they are received.

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 1 Accounting policies (continued)

#### Turnover

Turnover represents the invoiced value of generating services based on customer usage net of value added tax. Revenue is recognised when and to the extent that the group obtains the right to consideration in exchange for its performance.

#### Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Purchased goodwill is amortised through the profit and loss account over the estimated economic life of the generating agreement.

Goodwill will be subject to an annual impairment review in accordance with FRS 11. Impairment of fixed assets. The directors continue to be of the opinion that the appropriate period for writing off goodwill is over the total contract period of 32 years rather than 20 years as presumed by FRS 10. Intangible fixed assets.

#### Investments

Fixed asset investments are stated at their purchase cost less any provision for diminution in value. Investment income is included in the profit and loss account on an accruals basis.

#### Stock

Fuel stocks and general and engineering stores are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete stocks.

#### Deferred taxation

Deferred tax is recognised in respect of all 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. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets are regarded as recoverable to the extent that, 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 assets and liabilities recognised have not been discounted.

#### Foreign exchange

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where appropriate. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the date of the transaction. The resulting gain or loss is dealt with in the profit and loss account.



# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 1 Accounting policies (continued)

#### Pension

The principal trading subsidiaries within the group participate in a defined benefit pension scheme

The funds are valued every three years by a professionally qualified independent actuary the rates of contribution being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The assets of the scheme are held separately from those of the group

Pension scheme assets are measured using bid-market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. The increase in the present value of the liabilities of the group's defined benefit pension scheme arising from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses

The group operates a defined contribution scheme for those employees not covered by the above scheme. The cost of funding the defined contribution scheme is charged to the profit and loss account as incurred

#### Employee share schemes

The ultimate parent company issues equity-settled share-based payments to certain employees of the group which must be measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair values of these payments are measured at the dates of grant using option-pricing models, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards subject to the company's estimate of the number of awards which will lapse, either due to employees leaving the company prior to vesting or due to non-market based performance conditions not being met. Where an award has market-based performance conditions, the fair value of the award is adjusted at the date of grant for the probability of achieving these via the option pricing model. The total amount recognised in the profit and loss as an expense is adjusted to reflect the actual number of awards that vest, except where forfeiture is due to the failure to meet market-based performance measures

### 2 Turnover

The group operates principally in the electricity generation industry within Northern Ireland. Turnover and profit relate primarily to a single class of business and geographical area

### 3 Cost of sales and administrative expenses

	2008 £'000	2007 £'000
Cost of sales	104,414	45,436
Administrative expenses	23,742	21,467
	<u>128,156</u>	<u>66,903</u>

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 4 Employee information

The average monthly number of persons employed by the group during the year was

	2008 Number	2007 Number
<b>By activity</b>		
Production	107	97
Administration	10	10
	<u>117</u>	<u>107</u>

The company had no employees during 2008 and 2007

	2008 £'000	2007 £'000
<b>Staff costs (for the above persons)</b>		
Wages and salaries	4,859	4,138
Social security costs	477	379
Other pension costs current service cost	481	443
Defined contribution pension cost	97	48
Cost of employee share schemes (see note 23)	440	117
	<u>6,354</u>	<u>5,125</u>

### 5 Directors' emoluments

	2008 £'000	2007 £'000
Aggregate emoluments	<u>83</u>	<u>82</u>

One group director (2007 one) has retirement benefits accruing under the group's defined benefit pension scheme

### 6 Interest receivable and similar income

	2008 £'000	2007 £'000
Interest receivable on bank balances	5,271	5,971
Interest receivable on corporation tax repayments	77	15
	<u>5,348</u>	<u>5,986</u>

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 7 Interest payable and similar charges

	2008 £'000	2007 £'000
Interest payable on debentures and other loans	12,699	15,086
Interest payable to parent company	7,719	5,976
Interest payable on bank loans and overdrafts	23	37
Other interest payable	455	36
	<u>20,896</u>	<u>21,135</u>

### 8 Profit on ordinary activities before taxation

	2008 £'000	2007 £'000
<b>Profit on ordinary activities before taxation is stated after charging</b>		
Staff costs (see note 4)	6,354	5,125
Goodwill amortisation	1,399	1,399
Depreciation of tangible fixed assets	11,216	11,776
(Profit)/loss on sale of fixed assets	(3)	63
Hire of plant and machinery	122	99
Auditors' remuneration - for audit services (company £3,175(2007 £3,025))	46	30
- for other services (company £14,855 (2007 £7,200))	95	149
	<u>20,961</u>	<u>22,946</u>

### 9 Tax on profit on ordinary activities

	2008 £'000	2007 £'000
<b>Current tax:</b>		
UK corporation tax at 28.5% (2007 30%)	3,006	8,655
Group relief payable at 28.5% (2007 30%)	5,281	1,200
Adjustment in respect of previous years	(355)	(13)
<b>Total current tax</b>	<u>7,932</u>	<u>9,842</u>
<b>Deferred tax</b>		
Accelerated capital allowances and other timing differences	(2,230)	(3,540)
Pension contribution relief in excess of pension cost charge	398	534
Change in tax rates -- impact on deferred tax liabilities	-	(2,401)
Adjustment in respect of previous years	23	(2)
<b>Total deferred tax</b>	<u>(1,809)</u>	<u>(5,409)</u>
<b>Tax on profit on ordinary activities</b>	<u>6,123</u>	<u>4,433</u>

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 9 Tax on profit on ordinary activities (continued)

The tax assessed for the year differs from the standard rate of corporation tax in the UK (28.5% (2007 30%)). The differences are explained below

	2008 £'000	2007 £'000
<b>Profit on ordinary activities before tax</b>	<b>20,544</b>	24,961
Profit on ordinary activities multiplied by standard rate in the UK 28.5% (2007 30%)	<u>5,855</u>	<u>7,488</u>
Effects of		
Expenses not deductible for tax purposes	599	575
Accelerated capital allowances and other timing differences	2,230	2,326
Pension contribution relief in excess of pension cost charge	(397)	(534)
Adjustment in respect of previous years	(355)	(13)
<b>Current tax charge for the year</b>	<b><u>7,932</u></b>	<b><u>9,842</u></b>

#### Factors that may affect future tax charges:

Based on the current capital investment plans, the group expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year

### 10 Profit for the financial year

The company has not presented its own profit and loss account as permitted by Article 238 of the Companies (Northern Ireland) Order 1986. The company's profit for the year was £44,498,327 (2007 £3,111,000)

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 11 Dividends

	2008 £'000	2007 £'000
Ordinary dividend paid of £Nil per 25p share (2007 £0.04)	-	2,098

### 12 Intangible assets

The company has no intangible assets. Details of those relating to the group are as follows

	Goodwill £'000
<b>Cost</b>	
At 1 January 2008 and at 31 December 2008	44,829
<b>Accumulated amortisation</b>	
At 1 January 2008	21,803
Charge for the year	1,399
<b>At 31 December 2008</b>	<b>23,202</b>
<b>Net book amount</b>	
At 31 December 2008	21,627
At 31 December 2007	23,026

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 13 Tangible assets

The company has no tangible assets. Details of those relating to the group are as follows:

	Long leasehold land £'000	Long leasehold generating plant and buildings £'000	Maintenance assets £'000	Motor vehicles £'000	Fixtures and fittings £'000	Computer equipment £'000	Construction work in progress £'000	Total £'000
<b>Cost</b>								
At 1 January 2008	929	255,755	17,891	374	130	180	42,382	317,641
Additions	-	1,321	82	65	48	4	22,091	23,611
Disposals	-	(234)	(3,233)	(38)	-	-	-	(3,505)
Transfers	-	2,729	-	-	-	-	(2,729)	-
<b>At 31 December 2008</b>	<b>929</b>	<b>259,571</b>	<b>14,740</b>	<b>401</b>	<b>178</b>	<b>184</b>	<b>61,744</b>	<b>337,747</b>
<b>Accumulated depreciation</b>								
At 1 January 2008	457	131,351	4,369	323	75	177	-	136,752
Charge for year	29	8,827	2,287	36	34	3	-	11,216
Eliminated in respect of disposals	-	(232)	(3,233)	(38)	-	-	-	(3,503)
<b>At 31 December 2008</b>	<b>486</b>	<b>139,946</b>	<b>3,423</b>	<b>321</b>	<b>109</b>	<b>180</b>	<b>-</b>	<b>144,465</b>
<b>Net book amount</b>								
<b>At 31 December 2008</b>	<b>443</b>	<b>119,625</b>	<b>11,317</b>	<b>80</b>	<b>69</b>	<b>4</b>	<b>61,744</b>	<b>193,282</b>
At 31 December 2007	472	124,404	13,522	51	55	3	42,382	180,889

Included within accruals and deferred income at 31 December 2008 are contributions to the cost of construction work in progress. See note 18.

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 14 Investments

Company	Interests in group undertakings £'000
<b>Cost</b>	
At 1 January 2008	234,971
Additions	43,585
	<hr/>
<b>At 31 December 2008</b>	<b>278,556</b>
	<hr/> <hr/>
<b>Amounts Written Off</b>	
At 1 January 2008 and 31 December 2008	-
	<hr/> <hr/>
<b>Net book amount</b>	
At 31 December 2008	278,556
	<hr/> <hr/>
At 31 December 2007	234,971
	<hr/> <hr/>

During the year the company subscribed for an additional share in AES Kilroot Power Limited for £43,585,000. The premium of £43,584,999 is in the issuing company.

#### Interests in principal group undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by	
			Group %	Company %
AES Kilroot Power Limited	NIreland	Ordinary £1 shares	-	100
AES Belfast West Power Limited	NIreland	Ordinary £1 shares	-	100
Kilroot Electric Limited	Cayman Islands	Ordinary US \$1 shares	100	-

The above companies operated principally in their country of incorporation with the exception of Kilroot Electric Limited which operated in Northern Ireland.

The principal business activities of these subsidiary undertakings are

- (I) AES Kilroot Power Limited - generation of electricity
- (II) Kilroot Electric Limited - investment company

Financial statements of AES Kilroot Power Limited have been prepared up to 31 December 2008 and show a profit of £23,954,000 (2007 £30,228,000) and net assets amounting to £211,161,000 (2007 £198,068,000).

Financial statements of Kilroot Electric Limited have been prepared up to 31 December 2008 and show a profit of £258,000 (2007 £117,000) and net assets amounting to £256,000 (2007 net liabilities £2,000).

AES Belfast West Power Limited did not trade during the year.

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 15 Stocks

The company has no stocks. Details of those relating to the group are as follows:

	2008 £'000	2007 £ 000
Engineering stock	14,968	9,282
Fuel stock	3,459	3,137
	<u>18,427</u>	<u>12,419</u>
Replacement cost	<u>15,764</u>	<u>15,930</u>

### 16 Debtors

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £ 000
<b>Debtors, amounts falling due after more than one year</b>				
Amounts owed by subsidiary undertaking	-	-	32,000	32,000
	<u>-</u>	<u>-</u>	<u>32,000</u>	<u>32,000</u>

The loan to subsidiary undertaking is unsecured and repayable after more than one year. The interest rate levied is 7% per annum.

	Group		Company	
	2008 £'000	2007 £ 000	2008 £'000	2007 £ 000
<b>Debtors, amounts falling due within one year</b>				
Trade debtors	32,859	17,495	-	-
Group relief receivable	-	-	2,024	2,256
Amounts owed by subsidiary undertakings	-	-	29,109	51,775
Amounts owed by parent company and fellow subsidiary undertakings	397	12	6	5
Corporation tax	-	4,442	-	-
Other debtors	3,069	1,431	258	258
Prepayments and accrued income	837	717	37	7
	<u>37,162</u>	<u>24,097</u>	<u>31,434</u>	<u>54,301</u>



# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

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

	Group		Company	
	2008 £'000	2007 £ 000	2008 £'000	2007 £'000
Bank loan	6,985	-	-	-
Debenture stock (2006-2010)	39,700	39,700	-	-
Bank overdraft	-	46,695	-	-
Trade creditors	21,866	9,096	-	-
Amounts owed to subsidiary undertakings	-	-	1,736	1,736
Amounts owed to parent company and fellow subsidiary undertakings	5,694	11,577	9,791	4,355
Floating rate subordinated loan stock	17,800	-	17,800	-
Corporation tax	1,253	-	-	-
Other taxation and social security	780	130	-	-
Other creditors	10,402	1,052	258	258
Accruals and deferred income	18,134	10,405	11	7
	<u>122,614</u>	<u>118,655</u>	<u>29,596</u>	<u>6,356</u>

Bank overdrafts relating to AES Kilroot Power Limited are secured by fixed and floating charges over the assets of the group, and over the assets of Kilroot Electric Limited and AES Kilroot Power Limited

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

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £ 000
Bank Loan	44,405	-	-	-
Debenture stock (2006 - 2010)	39,350	78,875	-	-
Loan from subsidiary undertaking	-	-	195,123	195,123
Floating rate subordinated loan stock	12,500	57,200	12,500	57,200
Accruals and deferred income	32,795	14,431	-	-
	<u>129,050</u>	<u>150,506</u>	<u>207,623</u>	<u>252,323</u>

#### Bank Loan

##### Group

On 5 September 2008 the group obtained financing from BNP Paribas in order to meet the long term financing requirements of the AES (NI) Group

The loan carries interest at LIBOR plus a margin of 2.25% until 31 December 2010 and a margin of 2.75% per annum thereafter. The loan is repayable in bi-annual instalments with the remaining balance being repaid in June 2011.

The loan is secured by secondary charges over the assets and share capital of AES Kilroot Power Limited

## AES (NI) Limited

### Notes to the financial statements for the year ended 31 December 2008

#### 18 Creditors: amounts falling due after more than one year (continued)

The carrying value of the bank loan included above and in note 17 amounted to £51,389,865 (2007: £Nil) after adjustment for financing costs of £1,892,704 which are amortised over the life of the loan

The entire loan is repayable in less than five years and repayable as follows

	2008 £'000	2007 £'000
In one year or less	6,985	-
In more than one year, but not more than two years	10,092	-
In more than two year, but not more than five years	34,313	-
	<u>51,390</u>	<u>-</u>

#### Debenture stock (2006-2010)

##### Group

On 26 July 1994, Kilroot Electric Limited, a wholly owned subsidiary of AES Kilroot Power Limited issued £198,500,000 9.5% secured debenture stock (2006 - 2010) at 99.896 per cent in order to meet long term financing requirements of the AES (NI) Group. The debenture is unconditionally and irrevocably guaranteed by AES Kilroot Power Limited.

The carrying value of the debenture stock included above and in note 17 amounted to £79,049,895 (2007: £118,574,845) after adjustment for original issue costs of £2,873,757, which are amortised over the life of the debenture.

The debenture is repayable in less than two years and repayable as follows

	2008 £'000	2007 £'000
In one year or less	39,700	39,700
In more than one year, but not more than two years	39,350	39,700
In more than two year, but not more than five years	-	39,175
	<u>79,050</u>	<u>118,575</u>

#### Loan from subsidiary undertaking

##### Company

The loan of £195,123,000 from the subsidiary undertaking is unsecured and repayable in less than three years.

The interest rate levied is 7% per annum.

## AES (NI) Limited

### Notes to the financial statements for the year ended 31 December 2008

#### 18 Creditors: amounts falling due after more than one year (continued)

##### Floating rate subordinated loan stock

Group and company	2008 £'000	2007 £'000
<b>Authorised</b>		
Floating rate subordinated loan stock	30,300	57,200
<b>Issued</b>		
Floating rate subordinated loan stock at 1 January 2008		57,200
Issued during the year		26,100
Repaid during the year		(53,000)
<b>Floating rate subordinated loan stock at 31 December 2008</b>		<b>30,300</b>

The floating rate subordinated loan stock is repayable as follows

	2008 £'000	2007 £'000
In one year or less	17,800	-
In more than one year, but not more than two years	-	44,700
In more than two year, but not more than five years	-	-
In more than five years	12,500	12,500
	<b>30,300</b>	<b>57,200</b>

The floating rate subordinated loan stock is due to be repaid in full by 31 March 2016 and carries interest at a rate of LIBOR plus 6%

##### Deferred income

Group	Contributions towards fixed assets £'000	Other £'000	Total £'000
At 1 January 2008	10,782	9,152	19,934
Additions in the year	23,830	-	23,830
Credited to the profit and loss account	(187)	(3,336)	(3,523)
<b>At 31 December 2008</b>	<b>34,425</b>	<b>5,816</b>	<b>40,241</b>

The deferred income in relation to contributions towards the cost of tangible fixed assets will be released to the profit and loss account over the useful economic life of the related asset and the other deferred income is being released over a period of 9 years from 2001 to 2010

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 19 Provisions for liabilities

The company has no provision for liabilities. Details of those relating to the group are as follows:

	Deferred tax £'000	Other (see below) £'000	Pending litigation £'000	Total £'000
At 1 January 2008	32,325	1,024	-	33,349
Profit and loss account	(2,208)	159	1,381	(668)
Payments in the year	-	(262)	-	(262)
<b>At 31 December 2008</b>	<b>30,117</b>	<b>921</b>	<b>1,381</b>	<b>32,419</b>

#### Deferred taxation

An analysis of the full potential liability, all of which has been provided, is as follows:

	2008 £'000	2007 £'000
Tax effect of timing difference because of Excess of capital allowances over depreciation	30,237	32,327
Provisions	(160)	(92)
Other timing differences	40	90
<b>Deferred tax excluding that relating to pension deficit</b>	<b>30,117</b>	<b>32,325</b>
Deferred tax on pension deficit (note 20)	(4,259)	(2,662)
<b>Total provision for deferred tax</b>	<b>25,858</b>	<b>29,663</b>

The group has a potential deferred tax asset of £286,000 (2007: £162,000) in respect of employee share options. The deferred tax asset has not been recognised in these financial statements as their recovery in the future is uncertain.

#### Other provisions

Other provisions relate to industrial disease liabilities which the group recognises when claims are received. Loss adjusters estimate the total liability against each claim. These estimates are adjusted as and when cases are settled. Due to the nature of these claims some liabilities will take many years to be fully resolved.

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 20 Pension and similar obligations

The group pension scheme provides pension benefit and death in retirement benefits for eligible employees on a defined benefit basis, the benefits being funded by assets held in a separate fund administered by Trustees. Contributions are based on independent biennial valuations by professionally qualified actuaries.

Under the terms of the Electricity (Protected Persons) Pensions Regulations (Northern Ireland) 1992 assets were sufficient to cover 65.8% of the liabilities. A full valuation of the scheme was carried out at 31 December 2008 by a qualified independent actuary. The group intends to fund the scheme on a basis consistent with the Regulations. The next full valuation of the scheme will be carried out at 31 December 2009.

The defined benefit scheme is closed to new entrants but the group has established a defined contribution scheme to provide benefits to new employees.

During the accounting period, the group paid regular contributions at the rate of £2,506,000 (2007 £2,224,000).

#### Defined benefit scheme

An actuarial valuation of the scheme using the projected unit basis was carried out at 31 December 2008. The major assumptions used by the actuary were:

	31 December 2008	31 December 2007
Scheme asset valuation	Bid value	Bid value
Rate of increase in salaries	3.50%	3.90%
Rate of increase in pensions in payment and deferred benefits during deferment	3.00%	3.40%
Discount rate	6.25%	5.80%
Inflation assumption	3.00%	3.40%

The mortality assumptions used were as follows:

Average expected future life (in years) at age 65 for:

Male currently aged 65	21.7	20.3
Female currently aged 65	24.0	22.7
Male currently aged 45	22.9	21.5
Female currently aged 45	25.0	23.8

The assets in the scheme and the expected rate of return were:

	Long-term rate of Return Expected at 31.12.08 %	Value at 31.12.08 £'000	Long-term rate of return expected at 31.12.07 %	Value at 31.12.07 £'000
Equities	7.00	32,239	7.10	39,863
Bonds	4.50	45,250	4.50	48,715
Cash	2.00	41	5.50	22
<b>Market value of assets</b>		<b>77,530</b>		<b>88,600</b>

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 20 Pension and similar obligations (continued)

	2008 £'000	2007 £'000
Total market value of assets	77,530	88,600
Present value of scheme liabilities	(92,741)	(98,108)
Deficit in the scheme	<u>(15,211)</u>	<u>(9,508)</u>
Net pension deficit	(15,211)	(9,508)
Related deferred tax asset	4,259	2,662
Net pension deficit	<u>(10,952)</u>	<u>(6,846)</u>
<b>Reconciliation of present value of scheme liabilities</b>		
	2008 £'000	2007 £'000
Opening value of scheme's liabilities	98,108	91,143
Current service cost	481	443
Member contributions	188	187
Interest on scheme liabilities	5,602	4,572
Actuarial (loss) gain recognised in the pension scheme	(7,924)	5,389
Benefits paid	(3,714)	(3,626)
Closing value of scheme's liabilities	<u>92,741</u>	<u>98,108</u>
<b>Reconciliation of fair value of scheme assets</b>		
	2008 £'000	2007 £'000
Opening value of scheme's assets	88,600	82,411
Expected return	4,998	4,870
Actuarial (loss) gain recognised in the pension scheme	(15,048)	2,534
Employer contributions	2,506	2,224
Member contributions	188	187
Benefits paid	(3,714)	(3,626)
Closing value of scheme's assets	<u>77,530</u>	<u>88,600</u>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was (£10,051,000) (2007: £7,405,000)

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 20 Pension and similar obligations (continued)

Analysis of the amount charged to profit and loss account is as follows:

	2008 £'000	2007 £ 000
Current service cost	481	443
Expected return on scheme assets	(4,998)	(4,870)
Interest on pension scheme liabilities	5,602	4,572
Total	<u>1,085</u>	<u>145</u>

The total current service cost, £481 000 (2007 £443,000) is included within cost of sales

#### Actuarial valuation

The full actuarial valuation at 31 December 2008 showed an increase in the deficit from £9 508,000 to £15,211,000. It has been agreed with the trustees that contributions will be increased to make good the deficit. The total contributions expected to be made to the scheme by AES (NI) limited in the year to 31 December 2009 is £5,700,000. Further to this, as the scheme is closed to new entrants, the current service cost will increase as members approach retirement.

#### Amounts for current and previous four years

	2008 £'000	2007 £'000	2006 £ 000	2005 £'000	2004 £ 000
Defined benefit obligations	92,741	98,108	91,143	92,118	84,330
Scheme's assets	77,530	88,600	82,411	76,527	66,582
Deficit	(15,211)	(9,508)	(8,732)	(15,591)	(17,748)
Experience adjustments on scheme liabilities	(1,075)	(2,157)	(998)	267	167
Experience adjustments on scheme assets	(15,047)	2,535	2,919	7,215	3,009
Total recognised in statement of total recognised gains and losses	(7,124)	(2,855)	5,155	768	(1,088)

#### Defined contribution scheme

The cost of contributions to the defined contribution scheme amounts to £97 000 (2007 £48,000)

### 21 Called up share capital

	2008 £'000	2007 £'000
<b>Authorised</b>		
160,000,000 ordinary shares of 25p each	<u>40,000</u>	<u>40,000</u>
<b>Allotted and fully paid</b>		
52,465,999 ordinary shares of 25p each	<u>13,117</u>	<u>13,117</u>

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 22 Reserves

Group	Share premium account £'000	Profit and loss reserve £'000
At 1 January 2008	3,729	7,832
Profit for the financial year	-	14,421
Actuarial loss recognised in the pension scheme	-	(7,124)
Movement on deferred tax relating to pension deficit	-	1,995
<b>At 31 December 2008</b>	<b>3,729</b>	<b>17,124</b>

### 22 Reserves

Company	Share premium account £'000	Profit and loss reserve £'000
At 1 January 2008	3,729	46,149
Profit for the financial year	-	44,498
<b>At 31 December 2008</b>	<b>3,729</b>	<b>90,647</b>

### 23 Other reserves

	2008 £'000
At 1 January 2008	580
Employee share scheme payments	440
<b>At 31 December 2008</b>	<b>1,020</b>

Other reserves above relate to Long Term Compensation paid to employees through Restricted Stock Units and Non Qualified Stock Options in the ultimate parent company. The total liability at the balance sheet date amounted to £1,019,996 (2007 £580,085)

The AES Corporation provides Long Term Compensation to selected employees through Restricted Stock Units and Non Qualified Stock Options

### Performance Units

Payment of Performance Units are made at the end of a three year performance cycle and vary with performance during that cycle. The Performance Units vest one third each year and the cost of these units is charged to the profit and loss accounts evenly over the three year vesting period.



# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 23 Other reserves (continued)

#### Restricted Stock Units

Awards of Restricted Stock Units are denominated in units of AES stock, each representing the right to receive one share of AES Common stock for each vested unit on the fifth anniversary of the grant date. Restricted stock units are granted at the market value of AES stock at the date of grant and vest one third each year. The cost of providing Restricted Stock Units is recognised in the profit and loss account evenly over the three year vesting period.

#### Non Qualified Stock Options

Awards of Stock Options give the employees rights to purchase shares of AES stock at a fixed price at the time the option vests. Options are awarded based on the Black Scholes value at time of grant using a rolling twelve month Black Scholes value. Full vesting occurs on the third anniversary of the grant date. The cost of providing Stock Options is recognised in the profit and loss account evenly over the three year vesting period.

#### Employee share schemes

The disclosures required for employee share schemes are provided in the consolidated financial statements of AES Corporation.

### 24 Reconciliation of movements in group shareholders' funds

Group	2008 £'000	2007 £ 000
Profit for the financial year	14,421	20,528
Dividends	-	(2,098)
Employee share scheme payments	440	117
Conversion of loan stock into share capital	-	6,268
	<u>14,861</u>	<u>24,815</u>
Actuarial loss recognised in the pension scheme	(7,124)	(2,855)
Movement on deferred tax relating to pension deficit	1,995	799
	<u>9,732</u>	<u>22,759</u>
Net movement during year		
Opening shareholders' funds	25,258	2,499
	<u>34,990</u>	<u>25,258</u>
Closing shareholders' funds		

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 25 Reconciliation of operating profit to net cash inflow from operating activities

	2008 £'000	2007 £ 000
Operating profit	36,696	39,811
(Profit) loss on sale of tangible fixed assets	(3)	63
Amortisation of intangible fixed assets	1,399	1,399
Depreciation on tangible fixed assets	11,216	11,776
Amortisation of issue costs	445	175
Movement in stocks	(6,008)	(2,198)
Movement in trade debtors	(15,364)	(4,764)
Movement in prepayments and accrued income	(92)	71
Movement in amounts owed by parent company and fellow subsidiaries	(385)	6
Movement in other debtors	(1,638)	219
Movement in trade creditors	12,770	2,958
Movement in amounts owed to parent company and fellow subsidiaries	296	(57)
Movement in other taxation and social security	650	(1,469)
Movement in accruals and deferred income	20,644	7,450
Movement in other creditors	9,350	300
Movement in provisions	1,278	125
Difference between pension charge and cash contributions	(2,025)	(1,781)
Adjustment in respect of employee share schemes	440	117
<b>Net cash inflow from operating activities</b>	<b>69,669</b>	<b>54,201</b>

### 26 Reconciliation of net cash flow to movement in net debt

	2008 £'000	2007 £'000
Increase/(decrease) in cash in the year	30,339	(20,221)
Movement in deposits	(18,300)	(61,900)
Repayment of loan capital	45,187	79,400
New loan capital	(58,500)	-
Issue costs	1,893	-
Transferable loan stock issued during the year	(26,100)	(21,400)
Transferable loan stock redeemed during the year	53,000	-
Loan stock conversion during the year	-	6,268
<b>Change in net debt resulting from cash flows</b>	<b>27,519</b>	<b>(17,853)</b>
Amortisation of debt issue costs	(445)	(175)
<b>Movement in net debt in the year</b>	<b>27,074</b>	<b>(18,028)</b>
Net debt at 1 January 2008	(128,287)	(110,259)
<b>Net debt at 31 December 2008</b>	<b>(101,213)</b>	<b>(128,287)</b>

# AES (NI) Limited

## Notes to the financial statements for the year ended 31 December 2008

### 27 Analysis of net debt

	1 January 2008 £'000	Cash flow £'000	Non cash changes £'000	31 December 2008 £'000
Cash at bank or in hand	43,983	(16,356)	-	27,627
Overdrafts	(46,695)	46,695	-	-
	<u>(2,712)</u>	<u>30,339</u>	<u>-</u>	<u>27,627</u>
Liquid resources	50,200	(18,300)	-	31,900
	<u>47,488</u>	<u>12,039</u>	<u>-</u>	<u>59,527</u>
Debt due after 1 year	(136,075)	(24,220)	64,040	(96,255)
Debt due within 1 year	(39,700)	39,700	(64,485)	(64,485)
	<u>(175,775)</u>	<u>15,480</u>	<u>(445)</u>	<u>(160,740)</u>
Net debt	<u>(128,287)</u>	<u>27,519</u>	<u>(445)</u>	<u>(101,213)</u>

### 28 Capital commitments

	2008 £'000	2007 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	7,169	5,981
Fuel supply commitments	<u>55,288</u>	<u>-</u>

### 29 Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the AES Corporation group

### 30 Ultimate parent companies

The share capital of AES (NI) Limited is owned 47.79% (2007: 47.79%) by AES Electric Limited, a company registered in England and Wales, and 50.86% (2007: 50.86%) by AES Horizons Investments Limited, a company registered in England and Wales

The ultimate parent undertaking and controlling party is AES Corporation, a company registered in the United States of America, which is the parent undertaking of the only group to consolidate these financial statements. Copies of AES Corporation consolidated financial statements can be obtained from the Company Secretary at 4300 Wilson Boulevard, Arlington, Virginia 22203