

AES (NI) LIMITED

Annual report and financial statements

Registered number: NI026332

31 December 2017



WEDNESDAY



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AES (NI) LIMITED

CONTENTS

COMPANY INFORMATION	1
STRATEGIC REPORT	2
DIRECTORS' REPORT	4
DIRECTORS' RESPONSIBILITIES STATEMENT	5
INDEPENDENT AUDITORS' REPORT	6
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF CHANGES IN EQUITY	11
NOTES TO THE FINANCIAL STATEMENTS	12

AES (NI) LIMITED

Registered number: NI026332

COMPANY INFORMATION

DIRECTORS

	Appointed on	Resigned on
Roger Casement	29 September 2014	31 May 2018
Ian Luney	29 September 2014	2 August 2018
Mark Green	18 April 2016	-
James Timothy McCullough	16 January 2017	-
Carla Tully	27 January 2015	26 June 2017
Julie Leeburn	2 August 2018	-
Kristina Lund	22 December 2017	31 May 2018
Mark Reynolds	11 September 2017	22 December 2017

SECRETARY

	Appointed on
Julie Leeburn	21 April 2011
Heather Spence	26 June 2017

REGISTERED OFFICE

Kilroot Power Station
Larne Road
Carrickfergus
Co Antrim
BT38 7LX

BANKERS

Barclays
Donegall House
Donegall Square North
Belfast
BT1 5GB

AUDITOR

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

The directors present their strategic report and audited financial statements for the year ended 31 December 2017.

Principal activities, trading review and future developments

The principal activity of the company is a holding company for the company involved in the operation of a power generation plant in the Northern Ireland.

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

Company's financial position depends entirely on the operation of AES Kilroot Power Ltd. On 26 January 2018, Eirgrid and SONI announced the results of the first annual ISEM capacity auction. Both Kilroot coal units failed to clear in this auction and did not secure annual capacity contracts. As a result, and given the clear exit signal, AES intends to retire these coal units at the start of ISEM. The start of the new market has been delayed to 1 October 2018. The decision to retire the coal units triggered a revision of the recoverability of the company's investment in Kilroot. The decision to retire the coal units triggered a revision of the recoverability of the investment and resulted in an impairment of £130,989,000 in 2017 financial statements. The remaining generating units will continue to operate as peaking units at time of high demands.

In addition, the revision of the recoverability of the investment in Kilroot was a trigger for management to assess the recoverability of investment in AES Belfast West Power Ltd. Kilroot is the only cash-generating unit within the group and the management believes that the value of the investment in AES NI Ltd, should be only the fair value of the cash-generating unit. Hence, the review of the investment resulted in an impairment for the amount of £845,000 in the 2017 financial statements.

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

Financial risk management

The company's activities are exposed to a number of financial risks which the directors considered to be the company's principal 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.

Credit risk

The company's principal financial assets are other receivables. The company's credit risk is primarily attributable to its receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

Currency risk

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. The company manages this risk by forward purchase of foreign currencies and regular monitoring of the foreign currency exchange rates.

Liquidity risk

The company actively maintains and monitors its liquidity position to ensure that it always has sufficient funds available for its operations and loan repayments.

AES (NI) LIMITED

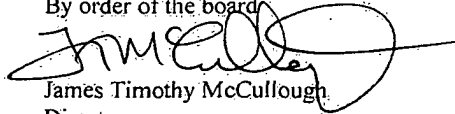
Registered number: NI026332

STRATEGIC REPORT(CONTINUED)

Interest rate and cash flow risk

The company has interest bearing liabilities which relate to unsecured fixed interest rate loan received from subsidiary undertaking.

By order of the board



James Timothy McCullough

Director

4 September 2018

AES (NI) LIMITED
DIRECTORS' REPORT

Registered number: NI026332

The directors present their annual report and audited financial statements for the year ended 31 December 2017.

Results and dividends

The company's results for the year ended 31 December 2017 showed a loss after taxation of £131,560,000 (2016: profit after taxation £763,000).

The directors do not recommend the payment of a dividend (2016: nil).

Events since the balance sheet date

In April 2018 the SEM Committee decided to extend the I-SEM Go-Live Date to 01 October 2018. As a result, the coal units in Kilroot will continue to operate at least until that date.

Directors

The directors of the company who served throughout the year and to the date of these financial statements (except as noted) are given on page 1.

Directors' indemnity

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

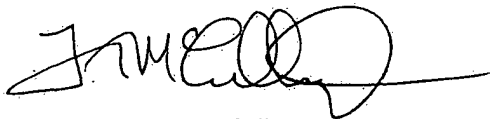
Statement of disclosure of information to auditors

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

Approved by the Board of Directors and signed on behalf of the Board



James Timothy McCullough
Director

4 September 2018

AES (NI) LIMITED

Registered number: NI026332

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' report and the financial statements in accordance with applicable UK 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; and
- 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 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.

AES (NI) LIMITED

Registered number: NI026332

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AES (NI) LIMITED

Opinion

We have audited the financial statements of AES (NI) Limited for the year ended 31 December 2017 which comprise the Statement of comprehensive income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 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.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

AES (NI) LIMITED

Registered number: NI026332

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AES (NI) LIMITED
(CONTINUED)**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

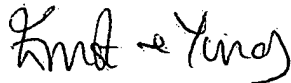
AES (NI) LIMITED

Registered number: NI026332

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AES (NI) LIMITED
(CONTINUED)**

Use of our report

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.



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

Belfast

Date:

21.9.18

AES (NI) LIMITED

Registered number: NI026332

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
Administrative expenses		(24)	(29)
Impairment of investments	3	<u>(131,834)</u>	<u>-</u>
OPERATING LOSS		<u>(131,858)</u>	<u>(29)</u>
LOSS BEFORE TAXATION	4	<u>(131,858)</u>	<u>(29)</u>
Tax	5	<u>298</u>	<u>792</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(131,560)</u>	<u>763</u>
Other comprehensive income			
Other comprehensive income for the year, net of income tax		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(131,560)</u>	<u>763</u>

All amounts above relate to continuing operations of the company.

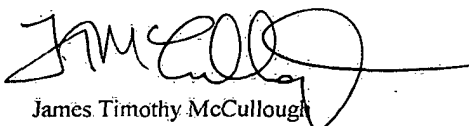
AES (NI) LIMITED

Registered number: NI026332

**STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
FIXED ASSETS			
Investments	6	820	132,654
		<u>820</u>	<u>132,654</u>
CURRENT ASSETS			
Debtors	7	3,805	3,879
Cash at bank and in hand		41	1
		<u>3,846</u>	<u>3,880</u>
Creditors: amounts falling due within one year	8	<u>(890)</u>	<u>(1,198)</u>
NET CURRENT ASSETS		<u>2,956</u>	<u>2,682</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,776</u>	<u>135,336</u>
Creditors: amounts falling due after more than one year	9	(57,623)	(57,623)
		<u>(53,847)</u>	<u>77,713</u>
NET (LIABILITIES)/ASSETS		<u>(53,847)</u>	<u>77,713</u>
CAPITAL AND RESERVES			
Called up share capital	11	13,117	13,117
Share premium	12	3,729	3,729
Profit and loss reserve		<u>(70,693)</u>	<u>60,867</u>
SHAREHOLDER'S (DEFICIT)/FUNDS		<u>(53,847)</u>	<u>77,713</u>

The financial statements were approved for issue by the board of directors and were signed on its behalf by:



James Timothy McCullough
Director

4 September 2018

AES (NI) LIMITED

Registered number: NI026332

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up Share capital £'000	Share Premium Account £'000	Profit and Loss Reserve £'000	Total £'000
At 1 January 2016	13,117	3,729	60,104	76,950
Total comprehensive income for the year	-	-	763	763
At 31 December 2016	<u>13,117</u>	<u>3,729</u>	<u>60,867</u>	<u>77,713</u>
At 1 January 2017	13,117	3,729	60,867	77,713
Total comprehensive loss for the year	-	-	(131,560)	(131,560)
At 31 December 2017	<u>13,117</u>	<u>3,729</u>	<u>(70,693)</u>	<u>(53,847)</u>

AES (NI) LIMITED

Registered number: NI026332

Notes to the financial statements

At 31 December 2017

1 Accounting policies

AES (NI) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the Northern Ireland.

The Company is exempt by virtue of s400 (1) of Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, The AES Corporation, includes the Company in its consolidated financial statements. The consolidated financial statements of The AES Corporation are prepared in accordance with generally accepted accounting principles adopted by the U.S. Securities and Exchange Commission and are available to the public and may be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

Reconciliation of the number of shares outstanding from the beginning to end of the period required by FRS 102.4.12;

Related party transactions required by FRS 102.33.5;

Cash Flow Statement and related notes required by FRS 102.7; and

Key Management Personnel compensation required by FRS 102.33.6.

As the consolidated financial statements of The AES Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

Certain disclosures required by FRS 102.26 Share Based Payments; and,

The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Going concern

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

1.2 Functional currency

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

Notes to the financial statements**At 31 December 2017****1 Accounting policies (continued)****1.3 Foreign currency**

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

1.4 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.5 Basic financial instruments***Trade and other debtors / creditors***

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.6 Expenses***Administrative expenses***

Administrative expenses and similar charges are recognised in the Profit and Loss Account as the service is received.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, interest receivable and net foreign exchange losses that are recognised in the profit and loss account.

Notes to the financial statements**At 31 December 2017****1 Accounting policies (continued)****1.7 Investments in subsidiaries**

Investments in subsidiaries are recognised initially at fair value which is normally the transaction price. Subsequently, they are measured at cost less impairment.

Impairment of investments

At each balance sheet date, the Company reviews the carrying amount of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount of such investment is estimated to determine the extent of any impairment loss.

The recoverable amount is the higher of the fair value less costs to sell, and value in use. In assessing the value in use, the estimated future cash flows are discounted to their net present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment.

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, because the reason for the original impairment has ceased to exist, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been recognized had no impairment loss been recognized for the investment in prior years. A reversal of an impairment loss is recognised immediately in profit.

1.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

AES (NI) LIMITED

Registered number: NI026332

Notes to the financial statements

At 31 December 2017

2 Staff costs**a) Staff costs**

The company had no employees in the years ended 31 December 2017 and 31 December 2016.

b) Directors' remuneration

No remuneration was paid out to Directors of the company as they provided negligible qualifying services to the company. Directors are paid out of the parent entity and an apportionment of salary was not deemed practical.

3 Impairment of investment

On 26 January 2018, Eirgrid and SONI announced the results of the first annual ISEM capacity auction. Both Kilroot coal units failed to clear in this auction and did not secure annual capacity contracts. As a result, and given the clear exit signal, AES intends to retire these coal units at the start of ISEM. Originally this was to be 23 May 2018, but the start of this new market has been delayed to 1 October 2018. Management's assumption is that the Kilroot coal units will close at the start of ISEM on 1 October 2018. The decision to retire the coal units triggered a revision of the recoverability of the company's investment in Kilroot. Management has reviewed also AES Belfast West Power investment. The review of both investments resulted in an impairment for the amount of £131,834,000 in the 2017 financial statements.

4 (Loss)/Profit before taxation

	2017 £'000	2016 £'000
(Loss)/Profit before taxation is stated after charging:		
Auditors' remuneration – audit services	12	12
Impairment of investment (Note 3)	<u>131,834</u>	<u>-</u>
	<u>131,846</u>	<u>12</u>

AES (NI) LIMITED

Registered number: NI026332

Notes to the financial statements

At 31 December 2017

5 Tax

	2017 £'000	2016 £'000
Current tax		
Group relief receivable	780	812
Adjustments in respect of previous years	<u>(482)</u>	<u>(20)</u>
Total current tax credit	<u>298</u>	<u>792</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustment in respect of previous periods	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Total tax	<u>298</u>	<u>792</u>

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

	2017 £'000	2016 £'000
Loss before tax.	<u>(131,858)</u>	<u>(29)</u>
Loss at the standard UK corporation tax rate of 19.25% (2016: 20.00%)	25,378	6
Effects of:		
Income not taxable / (Expenses not deductible for tax purposes)	(24,597)	807
Group relief	(1)	-
Adjustments in respect of prior years	<u>(482)</u>	<u>(20)</u>
Current tax credit for the period	<u>298</u>	<u>792</u>

Future corporation tax rate changes:

From 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at 31 December 2017 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

AES (NI) LIMITED

Registered number: NI026332

Notes to the financial statements

At 31 December 2017

6 Investments

	£'000
Cost	
At 1 January 2017	<u>278,556</u>
At 31 December 2017	<u>278,556</u>
Impairment	
At 1 January 2017	145,902
Charge for the year (note 3)	<u>131,834</u>
At 31 December 2017	<u>277,736</u>
Net book value	
At 31 December 2017	<u>820</u>
At 31 December 2016	<u>132,654</u>

Interests in subsidiary undertakings

Name of undertaking/registered number	Registered offices	Description of shares held	Proportion of nominal value of issued shares held by AES (NI)
AES Kilroot Power Limited/ NI026039	Northern Ireland, Kilroot Power Station, Larne Road, Carrickfergus, Co Antrim, BT38 7LX	Ordinary £1 shares	100%
AES Belfast West Power Limited/ NI026037	Northern Ireland, Kilroot Power Station, Larne Road, Carrickfergus, Co Antrim, BT38 7LX	Ordinary £1 shares	100%

The principal business activities of AES Kilroot Power Limited is generation of electricity.

Financial statements of AES Kilroot Power Limited have been prepared up to 31 December 2017 and show a loss after tax of £86,559,000 (2016: profit after tax of £8,972,000) and net assets amounting to £30,335,000 (2016: £119,003,000).

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

Financial statements of AES Belfast West Power Limited have been prepared up to 31 December 2017 and show a loss after tax of £26,000 (2016: loss after tax of £127,000) and net liability amounting to £54,000 (2016: £28,000).

AES (NI) LIMITED

Registered number: NI026332

Notes to the financial statements

At 31 December 2017

7 Debtors

	2017	2016
	£'000	£'000
Amounts due from ultimate parent company	125	125
Amounts due from the fellow subsidiary undertakings	3,643	3,720
VAT reclaimable	17	13
Other debtors	20	21
	<u>3,805</u>	<u>3,879</u>

Amounts due from ultimate parent company and fellow subsidiary undertakings are interest free and repayable on demand.

8 Creditors amounts falling due within one year

	2017	2016
	£'000	£'000
Amounts owed to parent company	5	5
Amounts owed to the fellow subsidiary undertakings	861	1,149
Corporation tax	-	20
Accruals	24	24
	<u>890</u>	<u>1,198</u>

Amounts due parent company and the fellow subsidiary undertakings are interest free and repayable on demand.

9 Creditors amounts falling due after more than one year

	2017	2016
	£'000	£'000
Loan payable to AES Kilroot Power Ltd	<u>57,623</u>	<u>57,623</u>

A loan of £57,623,000 (2016: £57,623,000) with the subsidiary undertaking (AES Kilroot Power Limited) is unsecured and repayable by 31 December 2019. This loan was treated under a short term loan agreement in 2012 but was extended in 2013. The interest rate levied is 7% per annum. The company was charged interest of nil on the loan from the fellow subsidiary (2016: nil). Management of the company believes that at 31 December 2017 the fair value of the loan does not differ significantly from its current carrying amount, because of its mid-term nature and the interest rate applied.

AES (NI) LIMITED

Registered number: NI026332

Notes to the financial statements

At 31 December 2017

10 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	2017 £'000	2016 £'000
Assets measured at amortised cost		
<i>Debtors falling due within one year:</i>		
Amounts due from ultimate parent company	125	125
Amounts due from fellow subsidiary undertakings	3,643	3,720
Other debtors	20	21
Total	<u>3,788</u>	<u>3,866</u>
Liabilities measured at amortised cost		
<i>Creditors falling due within one year:</i>		
Amounts owed to parent company	5	5
Amounts owed to fellow subsidiary undertakings	861	1,149
Total	<u>866</u>	<u>1,154</u>
<i>Creditors falling due more than one year:</i>		
Loan payable to Kilroot Power Ltd	57,623	57,623
Total	<u>57,623</u>	<u>57,623</u>

11 Called-up share capital

	2017 £'000	2016 £'000
Allotted and fully paid		
52,465,999 ordinary shares of 25p each	<u>13,117</u>	<u>13,117</u>

12 Reserves*Share Premium Account*

This reserve records the amount above the nominal value received for shares sold – £3,729,103.72 (2016: £3,729,103.72).

AES (NI) LIMITED

Registered number: NI026332

Notes to the financial statements

At 31 December 2017

13 Dividends

The company did not distributed interim or final dividends in 2017 (2016:nil).

14 Ultimate parent company and parent company of larger group

The share capital of AES (NI) Limited is owned 47.79% (2016: 47.79%) by AES Electric Limited, a company registered in England and Wales, and 50.86% (2016: 50.86%) by AES Horizons Investments Limited, a company registered in England and Wales.

The ultimate parent undertaking and controlling party is The AES Corporation, a company registered in the United States of America, which is the parent undertaking of the largest group to consolidate these financial statements. 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.

15 Events after the balance sheet date

In April 2018 the SEM Committee decided to extend the I-SEM Go-Live Date to 01 October 2018. As a result, the coal units in Kilroot will continue to operate at least until that date.