

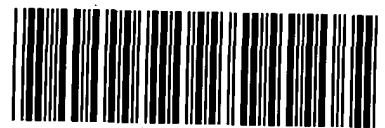
AES Horizons Investments Limited

Annual report and Financial statements

31 December 2019

Registered number: 02676624

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AES Horizons Investments Limited

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AES Horizons Investments Limited
For the year ended 31 December 2019

Company information

Directors

	Appointed	Resigned
Mark Green	3 May 2016	20 March 2020
Paul Hutchinson	15 May 2018	12 June 2019
James Timothy McCullough	15 May 2018	12 June 2019
Elizabeth Akdag	12 June 2019	
Mark Reynolds	12 June 2019	
Marjolijn Irene Vergouw	20 March 2020	

Registered office

First Floor Templeback,
10 Temple Back
Bristol
United Kingdom
BS1 6FL

Solicitors

Arthur Cox
Victoria House
Gloucester Street
Belfast
BT1 4LS

Bankers

Barclays Bank plc
Donegall House
Donegall Square North
Belfast
United Kingdom
BT1 5GB

Independent auditors

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

AES Horizons Investments Limited

For the year ended 31 December 2019

Strategic report

The directors present their Strategic report and audited financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of the company is that of investment within a group of companies controlled by The AES Corporation. The investments are listed in note 8 to these financial statements.

Business review and future developments

The profit after taxation for the financial year is £ 4,487,000 (2018: £ 21,279,000).

The level of the business and the year-end financial position of AES Horizons Investments Limited was directly related to its investment in AES Kilroot Power Limited ("Kilroot"), which was owned through the company's direct subsidiary AES (NI) Limited.

On April 9, 2019, the subsidiary of the Company, AES (NI) Limited, entered into an agreement to sell its entire 100% interest in the Kilroot coal and oil-fired plant and energy storage facility in the United Kingdom. The deal was approved by the EU merger regulator on June 5, 2019 and the sale was completed on June 12, 2019.

Further to this sale the directors of AES Horizons Investments Limited are considering the future strategy of the company. However the directors are not expecting a change in the nature of the principal activity of the company in the foreseeable future.

Key performance indicators ('KPIs')

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

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks. The group to which the company belongs has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the levels of debt finance and the related finance costs.

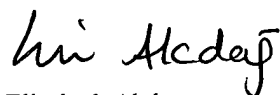
Foreign exchange risk

While the greater part of the company's revenues and expenses are denominated in sterling, the company is exposed to some foreign exchange risk in the normal course of business. The company manages this risk by regular monitoring of the foreign currency exchange rates.

Liquidity risk

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

On behalf of the Board



Elizabeth Akdag
Director

Date: 6 July 2020

AES Horizons Investments Limited

For the year ended 31 December 2019

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2019.

Results and dividends

The profit after taxation for the financial year is £ 4,487,000 (2018: £ 21,279,000). The company has paid the following dividends during 2019 and 2018:

	2019	2018
	£'000	£'000
Interim dividend paid	18,872	-

The directors do not recommend a final dividend payment for the year ended 31 December 2019 (2018: £Nil). At 31 December 2019 the company has reported net current assets amount of £1,108 thousand (2018: net current liabilities £6,228 thousand). The directors consider the year end position to be satisfactory.

Future developments

Details of the future outlook of the company are included within the Strategic report on page 2.

Directors

The directors who served during the year and up to the date of approval of this report are shown on page 1.

Subsequent events

In early 2020, the existence of a new coronavirus ("COVID-19") was confirmed which has since spread across a significant number of countries including the UK, leading to disruption to businesses and economic activity. The company considers the emergence of COVID-19 to be a non-adjusting post balance sheet event. As AES Horizons Investments Limited is a holding company with no employees there is expected to be minimal impact on the ongoing operations of the Company.

Apart from the above there are no other significant events after the balance sheet date, which require additional adjustments and/or disclosures in the Company's financial statements for the year ended 31 December 2019.

Going concern

For the year ended 31 December 2019 the company has reported net current assets amount of £1,108 thousand (2018: net current liabilities £6,228 thousand). After making enquiries and preparing projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of this report. The Company directors have performed a COVID-19 assessment and do not foresee any impact on the operations of this company. The Company directors consider that the going concern assumption is appropriate in the preparation of these financial statements and accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

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 and remains in force as at the date of approving the Directors' report.


Statement of disclosure of information to the auditors

So far as each of the directors in the 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. 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.

This report was approved by the Board of the Directors and signed on its behalf:



Elizabeth Akdag

Director

Date: 6 July 2020

AES Horizons Investments Limited

For the year ended 31 December 2019

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting 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 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.

AES Horizons Investments Limited

Independent auditors' report to the members of AES Horizons Investments Limited for the year ended 31 December 2019

Opinion

We have audited the financial statements of AES Horizons Investments Limited for the year ended 31 December 2019 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 101 "Reduced Disclosure Framework" (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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for 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 Auditors' 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.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 2 and 15 of the financial statements, which sets out the directors' considerations of the potential consequences the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

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 Horizons Investments Limited

Independent auditors' report to the members of AES Horizons Investments Limited for the year ended 31 December 2019 (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 4, 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.

Auditors' 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 auditors' 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 auditors' report.

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.

ERNST & YOUNG LLP

Neil Corry (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 09 JULY 2020

AES Horizons Investments Limited

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Investment income	5	26,481	-
Impairment of investment	8	(21,721)	21,304
Administrative expenses		(273)	(16)
Operating profit	6	4,487	21,288
Profit before taxation		4,487	21,288
Taxation	7	-	(9)
Profit for the financial year		4,487	21,279
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the year		4,487	21,279

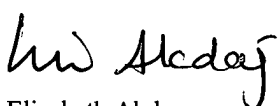
The notes on pages 10 to 16 are an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019**

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments	8	-	21,721
		<u>-</u>	<u>21,721</u>
Current assets			
Debtors	9	-	6,465
Cash at bank and in hand		1,126	69
		<u>1,126</u>	<u>6,534</u>
Creditors: amounts falling due within one year	10	(18)	(12,762)
Net current assets/(liabilities)		<u>1,108</u>	<u>(6,228)</u>
Total assets less current liabilities		<u>1,108</u>	<u>15,493</u>
Net assets		<u>1,108</u>	<u>15,493</u>
 Capital and reserves			
Called up share capital	11	1,000	1,000
Profit and loss account		108	14,493
Shareholders' funds		<u>1,108</u>	<u>15,493</u>

The notes on pages 10 to 16 form part of these financial statements.

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


Elizabeth Akdag
Director

Date: 6 July 2020

AES Horizons Investments Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2018		1,000	(6,786)	(5,786)
Total comprehensive income for the year		-	21,279	21,279
Balance at 31 December 2018		1,000	14,493	15,493
Balance at 1 January 2019		1,000	14,493	15,493
Total comprehensive income for the year		-	4,487	4,487
Dividends paid		-	(18,872)	(18,872)
Balance at 31 December 2019		1,000	108	1,108

The notes on pages 10 to 16 are an integral part of these financial statements.

AES Horizons Investments Limited

Notes to the financial statements for the year ended 31 December 2019

1. Statement of compliance with FRS 101

The financial statements are prepared in compliance with Financial Reporting Standard 101, Reduced Disclosure Framework ("FRS 101") and the requirements of the Companies Act 2006. The presentation and the functional currency of these financial statements is pounds sterling (GBP). All amounts in the financial statements have been rounded to the nearest £1,000. AES Horizons Investments Limited is a private limited company and is incorporated and domiciled in England and Wales.

The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of The AES Corporation. The results of AES Horizons Investments Limited are included in the consolidated financial statements of The AES Corporation which can be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA.

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

2. Accounting policies

Basis of preparation

The Company is considered to be a qualifying entity, and has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes allowed by FRS 101.8(h);
- Comparative period reconciliations for share capital and tangible fixed assets allowed by FRS 101.8(a);
- Disclosures in respect of transactions with wholly owned subsidiaries allowed by FRS 101.8(k);
- Disclosures in respect of capital management allowed by FRS 101.8(g);
- The effects of new but not yet effective IFRSs allowed by FRS 101.8(i);
- Disclosures in respect of the compensation of Key Management Personnel allowed by FRS 101.8(j).

As the consolidated financial statements of AES Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share-based payments allowed by FRS 101.8(a);
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets allowed by FRS 101.8(l);
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations allowed by FRS 101.8(c);
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the company in the current and prior periods including the comparative period reconciliation for goodwill allowed by FRS 101.8(b); and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures allowed by FRS 101.8(d) and FRS 101.8(e).

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

For the year ended 31 December 2019 the company has reported net current assets amount of £1,108 thousand (2018: net current liabilities £6,228 thousand). After making enquiries and preparing projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of this report. The Company directors have performed a COVID-19 assessment and do not foresee any impact on the operations of this company. The Company directors consider that the going concern assumption is appropriate in the preparation of these financial statements and accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Dividend income

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

Dividend payable

Final dividends are recorded in the accounts in the year in which they are approved by the company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

AES Horizons Investments Limited

Notes to the financial statements for the year ended 31 December 2019

2. Accounting policies (continued)

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised, or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the statement of comprehensive income.

Foreign currency translation

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange spot 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.

Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price and are subsequently stated at amortised cost using the effective interest method, less allowances for expected credit losses. The Company measures the loss allowance for its trade debtors at an amount equal to the lifetime expected credit losses. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to its recognised amount is recognised in profit and loss, as an impairment loss or a reversal of an impairment loss. Trade and other debtors are written off (either partially or in full) when there is no reasonable expectation of recovery.

Cash and cash equivalents

Cash and cash equivalents comprise unrestricted balances of cash in banks and are subject to an insignificant risk of changes in value.

Loans

The company initially measures its loans at fair value. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income, when the respective financial liability is derecognised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2 Accounting policies (continued)

Trade and other creditors

Trade and other creditors are stated at their amortised cost. If the effect of the time value of money is material, trade and other creditors are determined by discounting the expected future cash flows at a pre-tax rate.

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 appropriate 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 recognised immediately in Statement of comprehensive income.

Reversal of impairment loss

The impairment loss recognised for investments, shall be reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

The management of the company assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any indication for the reversal exists, the entity shall determine whether all or part of the prior impairment loss should be reversed.

The management of the Company estimate the recoverable amount of the investment at the current reporting date and if the estimated recoverable amount of the investment exceeds its carrying amount, the entity shall increase the carrying amount to recoverable amount, subject to the limitation described below. That increase is a reversal of an impairment loss.

The reversal of an impairment loss shall not increase the carrying amount of the investment above the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, directors are required to make judgements, estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

There are no judgements required in the preparation of these financial statements. The following are considered key sources of estimation uncertainty:

Valuation of investments

The company's investments in its subsidiary undertakings are measured at cost less impairment.

Where there are indicators of impairment of individual assets the company performs impairment test based on fair value less cost to sell or value in use calculation. The former is based on reliable data from sales transactions on similar assets if applicable. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget over the life of the assets and to not include performance enhancement modifications not yet committed to. The recoverable amount is sensitive to the discount rate used and electricity prices applicable on the markets on which subsidiaries of the company operate.

3. Directors' emoluments

No remuneration was paid out to Directors of the company as they provided negligible qualifying services to the company. Directors are paid out of other group entities and an apportionment of salary was not deemed practical (2018: £ nil).

4. Employee information

The company had no employees in the years ended 31 December 2019 and 31 December 2018.

AES Horizons Investments Limited

Notes to the financial statements for the year ended 31 December 2019

5. Investment income

	2019 £'000	2018 £'000
Dividends	26,481	-

6. Operating profit

	2019 £'000	2018 £'000
Operating profit is stated after charging/(crediting):		
Auditors' remuneration - audit services	10	10
Foreign exchange loss	258	-
Impairment/(reversal) of investment (Note 8)	21,721	(21,304)

7. Taxation

	2019 £'000	2018 £'000
Current tax:		
Adjustment in respect of prior years	-	9
Total current tax	-	9

The current tax assessed for the year differs from the standard rate of corporation tax in the UK - 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
Profit before taxation	4,487	21,288
Profit at the standard UK corporation tax rate of 19% (2018: 19%)	853	4,045
Effect of:		
Permanent differences	(905)	(4,057)
Group relief surrendered	52	12
Adjustments in respect of prior years	-	9
Total tax charge for the period	-	9

A reduction in the UK corporation tax rate from 19% to 17% was substantively enacted on 6 September 2016 and effective from 1 April 2020. The UK deferred tax has been calculated based on that rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020 and was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly and increase the deferred tax asset/liability by £nil.

AES Horizons Investments Limited

Notes to the financial statements for the year ended 31 December 2019

8. Investments

	Subsidiary undertakings
	£'000
Cost	
At 1 January 2019	44,952
And at 31 December 2019	44,952
Impairment	
At 1 January 2019	23,231
Impairment charge	21,721
At 31 December 2019	44,952
Net book value:	
At 31 December 2019	-
At 31 December 2018	21,721

Interest in group undertakings

Name of undertaking	Country of incorporation	Registered office	Description of shares held	Company proportion (%) of nominal value of issued shares held by Group (%)	
AES (NI) Limited	N Ireland	C/O Carson McDowell LLP, Murray House, Murray Street, Belfast, BT1 6DN	Ordinary £1 shares	51	99
AES Belfast West Power Limited	N Ireland	C/O Carson McDowell LLP Murray House, Murray Street, Belfast, BT1 6DN	Ordinary £1 shares	-	99

The principal business activities of these related undertakings are:

- AES (NI) Limited – holding company
- AES Belfast West Power Limited did not trade during the current year.

Based on the developments discussed in the section “Business review and future developments” from the Strategic report the management has concluded that the sale of AES Kilroot Power Limited is a trigger for impairment review of the investment in AES (NI) Limited, a subsidiary which owned AES Kilroot Power Limited. The management assessment of the recoverability of the investment resulted in an impairment loss of £21,721,000.

The reversal of impairment in 2018 of £21,304,000 was as a result of a prior impairment indicator with regard to the cessation of Kilroot Power units no longer applying due to capacity awards granted.

AES Horizons Investments Limited**Notes to the financial statements for the year ended 31 December 2019****9. Debtors**

	2019	2018
	£'000	£'000
Amounts owed by parent undertaking	-	4,321
Amounts owed by group undertaking	-	2,143
Other tax and social security	-	1
	<u>-</u>	<u>6,465</u>

Amounts owed by the parent company AES Electric Limited and group undertaking, AES Kilroot Power Limited, at 31 December 2018 are unsecured, non-interest-bearing receivables derived from the normal course of business. The fair value of the receivables is a reasonable approximation to the carrying value due to the short-term maturities of these items. There are no allowances for irrecoverable amounts included in debtors.

10. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Amounts owed to parent undertaking	-	9,300
Amounts owed to related undertaking	-	3,448
Accruals and deferred income	18	14
	<u>18</u>	<u>12,762</u>

Amounts owed to the parent company AES Electric Limited and related undertaking at 31 December 2018 are unsecured, non-interest-bearing payables derived from the normal course of business. The fair value of the payables is a reasonable approximation to the carrying value due to the short-term maturities of these items.

11. Called up share capital

	2019	2018
	£'000	£'000
Allotted and fully paid		
1,000,000 (2018: 1,000,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

12. Dividends

	2019	2018
	£'000	£'000
Dividends declared and paid during the year £18.872 per share (2018: £nil)	<u>18,872</u>	<u>-</u>

13. Financial instruments

The carrying amounts of the financial assets and liabilities include:

	2019	2018
	£000	£000
Assets measured at amortised cost	-	6,464
Liabilities measured at amortised cost	<u>18</u>	<u>12,762</u>

14. Ultimate parent company

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

The ultimate parent company and controlling entity, and parent of the smallest and largest group for which consolidated financial statements are prepared of which this company is a part, is The AES Corporation, a company incorporated in the State of Delaware, USA. Copies of the parent company's financial statements can be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA.

15. Subsequent events

In early 2020, the existence of a new coronavirus ("COVID-19") was confirmed which has since spread across a significant number of countries including the UK, leading to disruption to businesses and economic activity. The company considers the emergence of COVID-19 to be a non-adjusting post balance sheet event. As AES Horizons Investments Limited is a holding company with no employees there is expected to be minimal impact on the ongoing operations of the Company. Apart from the above there are no other significant events after the balance sheet date, which require additional adjustments and/or disclosures in the Company's financial statements for the year ended 31 December 2019.