

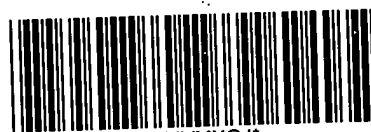
Company Registration No. 06458823

Dragon Generation Limited

Annual report and financial statements

For the year ended 31 March 2015

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Dragon Generation Limited

Annual report and financial statements for the year ended 31 March 2015

Contents	Page
Officers and professional advisers	1
Director's report	2
Director's responsibilities statement	3
Independent auditor's report	4
Profit and loss account	5
Balance sheet	6
Reconciliation of movement in shareholder's funds	7
Notes to the financial statements	8

Dragon Generation Limited

Officers and professional advisers

Director

A Fraser

Company Secretary

K Paget

Registered Office

First Floor

18 Park Place

Cardiff

United Kingdom

CF10 3DQ

Bankers

National Westminster Bank Plc

Solicitors

Wragge Lawrence Graham & Co LLP

Two Snowhill

Birmingham

United Kingdom

B4 6WR

Auditor

Deloitte LLP

Chartered Accountants and Statutory Auditor

Cardiff

United Kingdom

Dragon Generation Limited

Director's report

The director presents his annual report and the audited financial statements for the year ended 31 March 2015.

This director's report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption. The director has also taken the small companies' exemption from presenting a strategic report.

Activities and business review

The company is a wholly owned subsidiary of Welsh Power Group Limited and is an intermediate holding company.

On 20 July 2014 the company sold its 100 per cent interest in Leven Power Limited to Alkane Energy PLC. The sale proceeds on disposal, net of adjustments for working capital, net debt and other items specified under the sale agreement, amounted to £5.9m.

Dividends

No dividend has been paid or is proposed for the year to 31 March 2015 (2014: £nil).

Director

The director, who served throughout the year and subsequently, is listed on page 1. A Lambie resigned as a director on 12 November 2015.

Going concern

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the annual report and financial statements.

Auditor

In the case of each of the persons who are directors of the company at the date when this report is approved:

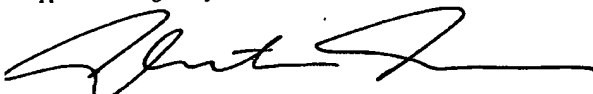
so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and

each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved and signed by



A Fraser
Director 10 December 2015

Dragon Generation Limited

Director's responsibilities statement

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF DRAGON GENERATION LIMITED

We have audited the financial statements of Dragon Generation Limited for the year ended 31 March 2015 which comprise the Profit and loss account, the Balance sheet, the Reconciliation of movement in shareholder's funds and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, 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 member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the Director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- and
- have been prepared in accordance with the requirements of the Companies Act 2006.

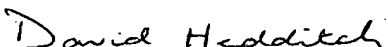
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



David Hedditch (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom
21 December 2015

Dragon Generation Limited

Profit and loss account

For the year ended 31 March 2015

	Note	2015 £	2014 £
Income from shares in group undertakings	4	-	400,000
Profit on the disposal of fixed assets		1,091,979	-
Profit on ordinary activities before taxation		1,091,979	400,000
Tax on profit on ordinary activities	5	-	-
Profit for the financial year	10	1,091,979	400,000

All activities relate to continuing operations. There were no gains and losses for the current or the prior financial year, other than as reported in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses is presented.

Dragon Generation Limited

Balance sheet As at 31 March 2015

	Note	2015 £	2014 £
Fixed assets			
Investments	6	<u>2</u>	<u>4,827,651</u>
Current assets			
Debtors	7	2,995,526	4
Creditors: amounts falling due within one year	8	(4)	(2,924,110)
Net current assets / (liabilities)		<u>2,995,522</u>	<u>(2,924,106)</u>
Total assets less current liabilities, being net assets		<u><u>2,995,524</u></u>	<u><u>1,903,545</u></u>
Capital and reserves			
Called up share capital	9	3	3
Profit and loss account	10	2,995,521	1,903,542
Shareholder's funds		<u><u>2,995,524</u></u>	<u><u>1,903,545</u></u>

The financial statements of Dragon Generation Limited, registered number 06458823, were approved by the Director and authorised for issue on 10 December.

Signed by:



D. Fraser
Director

Dragon Generation Limited

Reconciliation of movement in shareholder's funds For the year ended 31 March 2015

	2015 £	2014 £
Profit for the financial year	1,091,979	400,000
Net increase in shareholder's funds	1,091,979	400,000
Opening shareholder's funds	1,903,545	1,503,545
Closing shareholder's funds	2,995,524	1,903,545

Dragon Generation Limited

Notes to the financial statements For the year ended 31 March 2015

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements present the results of the company and not the group as the company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 400 of the Companies Act 2006 because it is a wholly-owned subsidiary of Carron Energy Limited which prepares consolidated financial statements which are publicly available.

Going concern

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the annual report and financial statements.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Cash flow statement

The company is a wholly-owned subsidiary of Carron Energy Limited, a company incorporated in the United Kingdom. The cash flows of the company are included in the consolidated cash flows of Carron Energy Limited. Consequently, the company is exempt under Financial Reporting Standard 1 from preparing a cash flow statement.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid, or recovered, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2 Information regarding directors and employees

The company had no employees during either year.

The director, who served during the year are also directors of Welsh Power Group Limited and their remuneration is dealt with in the financial statements of that company. It is not practicable to allocate their remuneration between their services as directors of different group companies.

3 Profit on ordinary activities before taxation

Auditor's remuneration of £2,000 (2014: £2,000) was borne by a fellow group company in both years and not recharged.

4 Income from shares in group undertakings

	2015 £	2014 £
Dividends received from subsidiary undertakings	<u>-</u>	<u>400,000</u>

Dragon Generation Limited

Notes to the financial statements (continued) For the year ended 31 March 2015

5 Tax on profit on ordinary activities

	2015 £	2014 £
Current taxation		
United Kingdom corporation tax at 20% (2014: 20%)		
	<u>1,091,979</u>	<u>400,000</u>
The difference between the current taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:		
	£	£
Profit on ordinary activities before tax	<u>1,091,979</u>	<u>400,000</u>
Tax on profit on ordinary activities before tax at 20% (2014: 20%)	218,396	80,000
Factors affecting tax for the year		
Non-taxable dividend income		(80,000)
Profit on disposal of non-taxable income	(218,396)	-
Current tax charge for the year	<u>-</u>	<u>-</u>

A deferred tax asset has not been recognised in respect of tax losses arising in prior years, as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is approximately £138,000 (2014: £158,000). The asset would be recovered if, excluding the non-taxable dividend income, the company became profitable in future years and had sufficient taxable profits against which to utilise the asset.

6 Investments held as fixed assets

	Investment in subsidiary undertakings £
Cost and net book value	
At 1 April 2014	4,827,651
Disposal	(4,827,649)
At 31 March 2015	<u>2</u>

At the balance sheet date the company had investments in the following subsidiary undertaking:

	Class	% owned	Country of incorporation	Principal activity
Cale Power Limited	Ordinary	100	United Kingdom	Dormant

On 20 July 2014 the company sold its 100 per cent interest in Leven Power Limited to Alkane Energy PLC for a total consideration of £5.6m adjusted for working capital, net debt and other items specified under the sale agreement. The sale proceeds on disposal, net of adjustments amounted to £5.9m.

7 Debtors

	2015 £	2014 £
Amounts owed by group companies	<u>2,995,526</u>	<u>4</u>

Dragon Generation Limited

Notes to the financial statements (continued) For the year ended 31 March 2015

8 Creditors: amounts falling due within one year

	2015 £	2014 £
Amounts owed to group undertakings	4	2,924,110
Amounts owed to group undertakings are repayable on demand.		

9 Called up share capital

	2015 £	2014 £
Called up, allotted and fully paid 3 ordinary shares of £1 each	3	3

10 Statement of movement on reserves

	Profit and loss account £
At 1 April 2014	1,903,542
Profit for the financial year	1,091,979
At 31 March 2015	2,995,521

11 Related party transactions

The company has taken advantage of the exemption contained in FRS8 (Related Party Transactions) not to disclose transactions with entities owned 100% within the Carron Energy Limited group.

12 Ultimate holding company

The immediate parent company is Welsh Power Group Limited, a company incorporated in the United Kingdom, and the ultimate parent company is Carron Energy Limited, also incorporated in the United Kingdom. Alex Lambie was considered by the directors to be the ultimate controlling party up until the 12 November 2015. As of 12 November 2015, Alastair Fraser, a director of the company and members of his close family, control the Company as a result of controlling, directly or indirectly, 55% of the issued share capital of Carron Energy Limited.

The smallest and largest group of which the company is a member and for which consolidated financial statements are prepared is Carron Energy Limited. Copies of the financial statements can be obtained from Carron Energy Limited, First Floor, 18 Park Place, Cardiff, United Kingdom, CF10 3DQ.