

**Dyno-Plumbing Limited**

Registered No. 3360122

**Annual report and financial statements  
for the year ended 31 December 2006**

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**DYNO-PLUMBING LIMITED**

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## **Dyno-Plumbing Limited**

### **Directors' report**

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The Directors present their report and audited financial statements of Dyno-Plumbing Limited (the 'Company') for the year ended 31 December 2006

#### **Principal activities**

The principal activity of the Company is the operation of a plumbing services business

#### **Business Review**

The profit for the year, after taxation, amounted to £21,204 (2005 loss of £42,395) Accordingly, the profit for the year has been transferred to reserves The profit and loss account is set out on page 6

As at 31 December 2006, the Company had net liabilities of £841,689 (31 December 2005 net liabilities £862,893) The detail on the balance sheet is on page 7 No dividends were paid for the year ended 31 December 2006 (2005 £nil)

The Company continued the expansion of its plumbing network, facilitating growth in the on demand market and through the Company's contract as fulfillment contractor for the British Gas plumbing and drains care product

The Company plans to continue to develop its core plumbing business in domestic and commercial markets

#### **Principal risks and uncertainties**

The Directors have established objectives and policies for managing risks to enable the Company to achieve its long-term shareholder value growth targets within a prudent risk management framework These objectives and policies are regularly reviewed

The Directors do not consider that the Company has any significant financial risks The Company is a part of Centrica group and financial risk management is covered by the group functions For more details see Centrica annual report – notes to the financial statements (accounting policies and financial instruments sections)

Financial risk in respect of currency, interest rate and liquidity are managed by Centrica treasury Cash balances, over and above, day-to-day operating requirements are remitted to Centrica.

The nature of the Company's customer base is such that its counterparty risk is restricted almost entirely to its franchise operations In the case of non franchise counterparty risk it is the Company's policy to limit exposure by setting credit limits and reviewing credit status regularly with recognised credit reference agencies

#### **Key performance indicators**

The Directors track a range of key performance indicators in order to monitor the performance of the business These indicators are reviewed regularly

#### **Going concern**

The Directors of Dyno-Rod Limited, the intermediate parent company, have indicated their willingness to continue to provide financial support to the Company for the foreseeable future, at least one year from the date of approval of these financial statements, sufficient for the Company to meet its obligations as they fall due As a result, the Directors have prepared the financial statements on a going concern basis

## **Dyno-Plumbing Limited**

### **Directors' Report (continued)**

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#### **Directors**

The following served as Directors during the year

C P A Weston

C J Stern

J A Knott (Appointed 2 July 2007)

A Williamson (Resigned 25 July 2006)

At no time during the year ended 31 December 2006, did any Director have any interests in the shares of the Company or any other company within the Centrica group, except for interests in, and options over, the shares and interests of the ultimate parent company, Centrica plc

As at 31 December 2006, C J Stern and C P A Weston were also Directors of Dyno Holdings Limited, an intermediate holding company of the Company. The interests of C J Stern and C P A Weston in the shares, and options over shares, in the ultimate parent company, Centrica plc, are shown in the directors' report of Dyno Holdings Limited for the year ended 31 December 2006

There were no contracts of significance during or at the end of the financial year to which the Company or any subsidiary and associated undertakings is a party and in which any Director is or was materially interested

#### **Creditor payment policy**

It is the Company's policy to pay all of its creditors in accordance with the policies set out below. For all other trade creditors, it is the Company's policy to

- i agree the terms of payment in advance with the supplier,
- ii ensure that suppliers are aware of the terms of payment, and
- iii pay in accordance with contractual and other legal obligations

The number of days' purchases outstanding as at 31 December 2006 was 36 (31 December 2005 38 days)

#### **Related party transactions**

The Company has taken advantage of the exemptions within Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of transactions with other Centrica group companies. There have been no disclosable related party transactions during the year (2005 £nil)

#### **Political and charitable donations**

The Company made no political or charitable donations during the year (2005 £nil)

#### **Directors' and officers' liability**

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the year under review

**Dyno-Plumbing Limited**

**Directors' Report (continued)**

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**Disclosure of information to auditors**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as directors to make themselves aware of relevant audit information and to establish that the company's auditors are aware of that information.

**Responsibilities of the Directors**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the Directors to prepare financial statements for each financial year which 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 Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 proper accounting records that 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 1985. 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

**Auditors**

Pursuant to Section 386 of the Companies Act 1985, the Company has dispensed with the obligation to appoint auditors annually. PricewaterhouseCoopers LLP will continue to act as auditors of the company

Pursuant to Section 366A of the Companies Act 1985 the Company has dispensed with the obligation to hold an annual general meeting and pursuant to Section 379A the Company has dispensed with the requirement to lay accounts before a general meeting

This report was approved by the Board on 3 August 2007

Centrica Secretaries Limited  
Company Secretary

Registered Office  
Millstream  
Maidenhead Road  
Windsor  
Berkshire SL4 5GD



**Dyno-Plumbing Limited**

**Independent auditors' report to the members of Dyno-Plumbing Limited**

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We have audited the financial statements of Dyno-Plumbing Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

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

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

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Cornwall Court  
19 Cornwall Street  
Birmingham B32DT

3 August 2007

**Dyno-Plumbing Limited**

**Profit and loss account for the year ended 31 December**

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	<i>Notes</i>	2006 £	2005 £
<b>Turnover – continuing operations</b>	2	706,829	710,358
Cost of sales		(16,032)	(70,548)
<b>Gross profit – continuing operations</b>		<u>690,797</u>	<u>639,810</u>
Administrative expenses		(669,593)	(682,205)
<b>Profit/(loss) on ordinary activities before taxation</b>	3	21,204	(42,395)
Taxation	6	-	-
<b>Profit/(loss) for the financial year</b>	12	<u>21,204</u>	<u>(42,395)</u>

There were no recognised gains or losses other than the loss for the financial year

The notes on pages 8 to 13 form part of these financial statements

**Dyno-Plumbing Limited**

**Balance Sheet  
As at 31 December**

	<i>Notes</i>	<b>2006</b> £	<b>2005</b> £
<b>Fixed assets</b>			
Tangible assets	7	-	-
<b>Current assets</b>			
Debtors	8	447,517	355,791
Cash at bank and in hand		59,202	2,835
		<b>506,719</b>	<b>358,626</b>
<b>Creditors' amounts falling due within one year</b>	9	<b>(1,348,408)</b>	<b>(1,221,519)</b>
<b>Net current liabilities</b>		<b>(841,689)</b>	<b>(862,893)</b>
<b>Net liabilities</b>		<b>(841,689)</b>	<b>(862,893)</b>
<b>Capital and reserves</b>			
Called up share capital	11	100	100
Profit and loss account	12	(841,789)	(862,993)
<b>Shareholder's deficit</b>	12	<b>(841,689)</b>	<b>(862,893)</b>

The financial statements were approved and authorised for issue by the Board of Directors on  
and were signed on its behalf by

3 August 2007



C P A Weston  
Director

The notes on pages 8 to 13 form part of these financial statements



**1 Principal accounting policies**

**Accounting principles**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention and the Companies Act 1985. The following accounting policies have been consistently applied.

**Fundamental accounting concept**

The financial statements are prepared on a going concern basis following an undertaking by the parent company to continue to provide adequate funds to the Company, notwithstanding the deficiency of net assets at 31 December 2006.

**Basis of preparation**

The Company is a wholly owned subsidiary undertaking of Dyno Holdings Limited, which is ultimately a wholly owned subsidiary undertaking of Centrica plc. The Company has taken advantage of the exemptions within FRS 1, Cash Flow Statements, from presenting a cash flow statement, and within FRS 8, Related Party Disclosures, from disclosing transactions with other group companies.

**Turnover**

Turnover represents the total amount receivable in respect of royalty income, licence fees and equipment provided to franchisees and sales invoiced through the company owned operation during the year, excluding value added tax.

Licence fees are recognised in the period in which the licence agreement is signed.

**Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its estimated useful life as follows:

Fixtures and fittings and office equipment	-	over 4 years
Motor vehicles	-	over 4 years

The carrying values of tangible assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

**Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

## Dyno-Plumbing Limited – Notes to the financial statements

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- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

### Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease

### Pensions

The Company operates a defined contribution pension scheme, the assets of which are held in a separately administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

## 2. Turnover

Turnover and the loss on ordinary activities before taxation arises wholly within the British Isles. An analysis of turnover by activity is as follows

	2006 £	2005 £
Franchise royalty income	650,246	422,003
Company owned plumbing operation	-	218,230
Licence fees	56,583	70,125
	<hr/>	<hr/>
	706,829	710,358
	<hr/>	<hr/>

## 3. Loss on ordinary activities before taxation

This is stated after charging

	2006 £	2005 £
Auditors' remuneration – statutory audit	10,000	7,000
Operating lease rentals – plant and machinery	31,003	27,836
Depreciation of owned tangible fixed assets	-	19,886
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Auditors' remuneration for non-audit services was £nil (2005 - £nil)

**Dyno-Plumbing Limited – Notes to the financial statements**

**4 Staff costs**

	2006 £	2005 £
Wages and salaries (including directors)	-	156,370
Social security costs	-	18,035
Other pension costs	-	220
	<u>-</u>	<u>174,625</u>

The average number of employees, including directors, during the year was as follows

	2006 No.	2005 No
Office and management	-	1
Selling and distribution	-	5
	<u>-</u>	<u>6</u>

**5. Directors remuneration**

The Directors of the Company received no remuneration from the Company (2005 - £nil) The emoluments of Directors who are also Directors of a parent undertaking within the group are disclosed in the financial statements of the relevant parent undertaking, it is not possible to identify separately their emoluments relating to services as Directors of Dyno-Plumbing Limited

**6 Tax on profit on ordinary activities**

(a) Analysis of charge/ (credit) in year

	2006 £	2005 £
<i>Current tax</i>		
UK corporation tax at 30% (last year 30%) based on the profit/ (loss) for the period	-	-
Adjustments in respect of prior periods	<u>-</u>	<u>-</u>
<b>Total current tax (note 6 (b))</b>	<u>-</u>	<u>-</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	<u>-</u>	<u>-</u>
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Total current (credit) for year</b>	<u>-</u>	<u>-</u>

**Dyno-Plumbing Limited – Notes to the financial statements**

(b) Factors affecting tax charge/ (credit) for the year

	2006 £	2005 £
Profit/ (loss) on ordinary activities before tax	<u>21,204</u>	<u>(42,395)</u>
Tax on loss on ordinary activities at UK standard rate of corporation tax of 30% (2005 30%)	6,361	(12,719)
<i>Effects of</i>		
Depreciation in excess of capital allowances	(1,569)	1,397
UK UK transfer pricing adjustment	(17,266)	(17,005)
Group relief	<u>12,474</u>	<u>28,327</u>
<b>Current tax charge/(credit) for the year (note 6 (a))</b>	<u>-</u>	<u>-</u>

(c) Deferred tax

Deferred taxation is not recognised, on the basis that the recognition criteria set out in FRS19 have not been met, in respect of the following

	2006 £	2005 £
Accelerated capital allowances	<u>4,707</u>	<u>6,276</u>

A number of changes to the UK corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes had not been substantively enacted at the balance sheet date and therefore, are not included in these financial statements. The effect of the changes to be enacted in the Finance Act 2007 would be to reduce the deferred tax asset unprovided at 31 December 2006 by £314.

**7. Tangible fixed assets**

	Motor vehicles £	Office equipment £	Total £
Cost			
At 1 January 2006	33,622	7,292	40,914
Disposals	-	(7,292)	(7,292)
At 31 December 2006	<u>33,622</u>	<u>-</u>	<u>33,622</u>
Depreciation			
At 1 January 2006	33,622	7,292	40,914
Disposals	-	(7,292)	(7,292)
At 31 December 2006	<u>33,622</u>	<u>-</u>	<u>33,622</u>
Net book value			
At 31 December 2005 and 31 December 2006	<u>-</u>	<u>-</u>	<u>-</u>

**Dyno-Plumbing Limited – Notes to the financial statements**

**8. Debtors**

	2006 £	2005 £
Trade debtors	171,163	189,403
Other debtors	108,751	54,019
Amount owed by parent undertaking	-	33,263
Amount owed by other group undertaking	110,629	10,629
Prepayments and accrued income	56,974	68,477
	<u>447,517</u>	<u>355,791</u>

Inter-company loans are unsecured, interest rate free and repayable on demand

**9 Creditors, amounts falling due within one year**

	2006 £	2005 £
Trade creditors	14,295	69,992
Amounts owed to immediate parent undertaking	880,199	774,141
Amounts owed to other group undertakings	374,392	331,946
Other creditors including taxes and social security costs	31,526	21,720
Accruals and deferred income	47,996	23,720
	<u>1,348,408</u>	<u>1,221,519</u>

Inter-company loans are unsecured, interest rate free and repayable on demand

**10 Financial commitments**

At 31 December 2006 the Company had annual commitments under non-cancellable operating leases as set out below

	<b>Plant and equipment</b>	
	2006 £	2005 £
Operating leases which expire		
Within five years	<u>32,045</u>	<u>27,836</u>

**11. Share Capital**

	2006 £	2005 £
<b>Authorised, allotted, issued and fully paid</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

## Dyno-Plumbing Limited – Notes to the financial statements

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### 12. Reconciliation of shareholders' deficit and movements on reserves

	Share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 1 January 2006	100	(862,993)	(862,893)
Profit for the financial year	-	21,204	21,204
At 31 December 2006	<u>100</u>	<u>(841,789)</u>	<u>(841,689)</u>

### 13. Ultimate parent company

The immediate parent undertaking is Dyno-Rod Limited, a wholly owned subsidiary of Dyno Holdings Limited. Dyno Holdings Limited is an indirect and wholly owned subsidiary undertaking of Centrica plc, a company registered in England and Wales. Centrica plc is the ultimate parent undertaking. Copies of the Annual Report of Centrica plc, may be obtained from [www.centrica.com](http://www.centrica.com)

The immediate parent company of Dyno Holdings Limited is GB Gas Holdings Limited, a wholly owned subsidiary of Centrica plc, registered in England and Wales.

### 14. Related party transactions

The company has taken advantage of the exemption from the requirement to disclose transactions with group companies, conferred on 90% or more owned subsidiary undertakings.