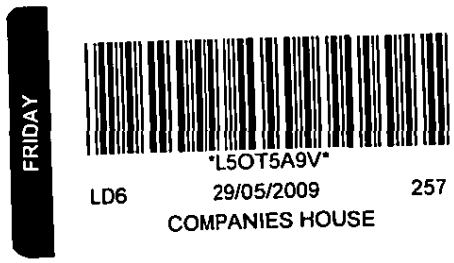


**Dyno-Plumbing Limited**

Registered Number: 3360122

**Annual report and financial statements  
for the year ended 31 December 2008**



# **DYNO-PLUMBING LIMITED**

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## **Dyno-Plumbing Limited**

### **Directors' report**

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The Directors present their annual report and audited financial statements of Dyno-Plumbing Limited (the "Company") for the year ended 31 December 2008.

#### **Principal activities**

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

#### **Business Review and future developments**

The profit for the year, after taxation, amounted to £467,672 (2007: £257,566). Accordingly, the profit for the year has been transferred to reserves. The profit and loss account is set out on page 5.

As at 31 December 2008, the Company had net liabilities of £116,451 (31 December 2007: net liabilities £584,123). The detail on the balance sheet is on page 6. No dividends were paid for the year ended 31 December 2008 (2007: £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.

#### **Financial risk management procedures**

The Directors do not consider that the Company has any significant financial risks. The Company is part of the Centrica Group and financial risk management is covered by the Group functions. For more details refer to the 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 (KPIs)**

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

#### **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

**Dyno-Plumbing Limited**

**Directors' Report (continued)**

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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

**Directors**

The following served as Directors during the year and up to the date of this report:

C P A Weston (Resigned 5 May 2009)  
C J Stern  
T J B Siddall  
I Peters (Appointed 20 April 2009)

**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 2008 was 35 (31 December 2007: 31 days).

**Political and charitable donations**

The Company made no political or charitable donations during the year (2007: £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.

**Statement of disclosure of information to auditors**

In accordance with Section 234ZA(2), in the case of each director in office at the date the Directors' report is approved, that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Statement of Director's Responsibilities in respect of the Annual Report and the financial statements**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable 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). The financial statements are required by law to 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.

**Dyno-Plumbing Limited**

**Directors' Report (continued)**

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**Statement of Director's Responsibilities in respect of the Annual Report and the financial statements (continued)**

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

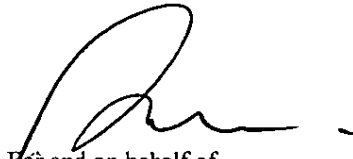
The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records 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.

**Independent Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Pricewaterhouse Coopers LLP will therefore continue in office.

This report was approved by the Board on 28 May 2009.



For and on behalf of  
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**

We have audited the financial statements of Dyno-Plumbing Limited for the year ended 31 December 2008 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 2008 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  
23 May 2009

**Dyno-Plumbing Limited**

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

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	Notes	2008 £	2007 £
<b>Turnover</b>	2	<b>1,229,256</b>	929,748
Cost of sales		-	(50,777)
<b>Gross profit</b>		<b>1,229,256</b>	878,971
Administrative expenses		(871,368)	(694,525)
Other operating income		103,865	73,120
<b>Operating profit</b>	3	<b>461,753</b>	257,566
Interest receivable and similar income	6	3,326	-
Interest payable and similar charges	7	(2)	-
<b>Profit on ordinary activities before taxation</b>		<b>465,077</b>	257,566
Tax on profit on ordinary activities	8	2,595	-
<b>Profit for the financial year</b>	14	<b>467,672</b>	257,566

All amounts relate to continuing operations.

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

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

The notes on pages 7 to 12 form part of these financial statements.

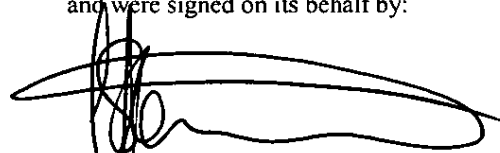
**Dyno-Plumbing Limited**

**Balance Sheet  
As at 31 December**

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	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Tangible assets	9	-	-
<b>Current assets</b>			
Debtors	10	248,492	333,255
Cash at bank and in hand		90,353	28,468
		<u>338,845</u>	<u>361,723</u>
<b>Creditors: amounts falling due within one year</b>	11	<b>(455,296)</b>	<b>(945,846)</b>
<b>Net current liabilities</b>		<b>(116,451)</b>	<b>(584,123)</b>
<b>Net liabilities</b>		<b>(116,451)</b>	<b>(584,123)</b>
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Profit and loss account	14	(116,551)	(584,223)
		<u>100</u>	<u>(584,223)</u>
<b>Total shareholder's deficit</b>	14	<b>(116,451)</b>	<b>(584,123)</b>

The financial statements were approved and authorised for issue by the Board of Directors on 28 May 2009 and were signed on its behalf by:



C J Stern  
Director

The notes on pages 7 to 12 form part of these financial statements.



**1. Principal accounting policies**

**Basis of preparation**

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

**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 2008.

**Cash flow statement and related party disclosures**

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 and licence fees from franchisees during the year, excluding value added tax.

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

**Tangible fixed assets and depreciation**

Fixed assets are stated at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. 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:

Motor vehicles	-	over 4 years
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The carrying values of tangible fixed 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:

- 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.

**Dyno-Plumbing Limited – Notes to the financial statements (continued)**

**1. Principal accounting policies (continued)**

**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.

**Leasing commitments**

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

**2. Turnover**

Turnover arises wholly within the United Kingdom and Ireland. An analysis of turnover by activity is as follows:

	2008 £	2007 £
Franchise royalty income	1,205,162	848,916
Licence fees	24,094	80,832
	<u>1,229,256</u>	<u>929,748</u>

**3. Profit on ordinary activities before taxation**

This is stated after charging/ (crediting):

	2008 £	2007 £
Auditors' remuneration – statutory audit	15,000	12,500
Operating lease rentals – plant and machinery	15,498	26,664
Other operating income – telecommunications recharges to franchisees	(103,865)	(73,120)
	<u>(103,865)</u>	<u>(73,120)</u>

**4. Staff costs**

	2008 £	2007 £
Wages and salaries	66,718	-
Social security costs	5,139	-
Other pension costs	11,683	-
	<u>83,540</u>	<u>-</u>

Dyno-Plumbing Limited – Notes to the financial statements (continued)

4. Staff costs (continued)

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

	2008 No.	2007 No.
Office and management	<u>2</u>	<u>-</u>

5. Directors' remuneration

The Directors of the Company received no remuneration from the Company (2007: £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. Interest receivable and similar income

	2008 £	2007 £
Other interest	<u>3,326</u>	<u>-</u>

7. Interest payable and similar charges

	2008 £	2007 £
Other interest	<u>2</u>	<u>-</u>

8. Tax on profit on ordinary activities

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

	2008 £	2007 £
<i>Current tax</i>		
UK corporation tax at 28.5% (2007: 30%)	-	-
<b>Total current tax (note 8 (b))</b>	<u>-</u>	<u>-</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	<u>(2,595)</u>	<u>-</u>
<b>Total deferred tax</b>	<u>(2,595)</u>	<u>-</u>
<b>Total tax credit for year</b>	<u>(2,595)</u>	<u>-</u>

**Dyno-Plumbing Limited – Notes to the financial statements (continued)**

**8. Tax on profit on ordinary activities (continued)**

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

	2008 £	2007 £
Profit on ordinary activities before tax	465,077	257,566
Tax on profit on ordinary activities at standard UK rate of corporation tax of 28.5% (2007: 30%)	132,547	77,270
<i>Effects of:</i>		
Capital allowances in excess of depreciation	(713)	(1,177)
Group relief for nil consideration	(122,953)	(56,628)
UK:UK transfer pricing adjustment	(8,881)	(19,465)
<b>Current tax charge/(credit) for the year (note 8 (a))</b>	<b>-</b>	<b>-</b>

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly the Company's profits for this accounting period are taxed at a rate of 28.5% and will be taxed at 28% in the future.

**9. Tangible fixed assets**

	Motor vehicles £	Total £
Cost:		
At 1 January 2008 and 31 December 2008	33,622	33,622
Depreciation:		
At 1 January 2008 and 31 December 2008	33,622	33,622
Net book value:		
At 31 December 2007 and 31 December 2008	-	-

**10. Debtors**

	2008 £	2007 £
Trade debtors	183,823	246,982
Amounts owed by immediate parent undertaking	19,764	-
Other debtors	3,045	30,502
Prepayments and accrued income	39,265	55,771
Deferred tax (note 12)	2,595	-
	<b>248,492</b>	<b>333,255</b>

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

Dyno-Plumbing Limited – Notes to the financial statements (continued)

11. Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	598	3,144
Amounts owed to immediate parent undertaking	-	583,182
Amounts owed to other Group undertakings	260,114	173,281
Taxes and social security costs	68,184	76,349
Accruals and deferred income	126,400	109,890
	<u>455,296</u>	<u>945,846</u>

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

12. Deferred tax

The deferred taxation asset recognised in the financial statements and included in debtors (note 10) is as follows:

	2008 £	2007 £
<i>Provided</i>		
Depreciation in excess of capital allowances	<u>2,595</u>	<u>-</u>
	2008 £	2007 £
Recognised at start of year	-	-
Credit in profit and loss account for the year	<u>2,595</u>	<u>-</u>
	<u>2,595</u>	<u>-</u>

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. As a result deferred tax reversing after 1 April 2008 is calculated at 28%.

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has recognised in these financial statements.

13. Called up share capital

	2008 £	2007 £
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
<b>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 (continued)

14. Reconciliation of total shareholders' deficit and movements on reserves

	Called up share capital £	Profit and loss account £	Total shareholders' deficit £
At 1 January 2008	100	(584,223)	(584,123)
Profit for the financial year	-	467,672	467,672
<b>At 31 December 2008</b>	<b>100</b>	<b>(116,551)</b>	<b>(116,451)</b>
At 1 January 2007	100	(841,789)	(841,689)
Profit for the financial year	-	257,566	257,566
<b>At 31 December 2007</b>	<b>100</b>	<b>(584,223)</b>	<b>(584,123)</b>

15. Financial commitments

At 31 December 2008, the Company had annual commitments under non-cancellable operating leases as set out below:

Operating leases which expire:	Plant and equipment	
	2008 £	2007 £
Within one year	4,161	10,554
Within two to five years	-	8,307

16. Ultimate parent and controlling 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 and ultimate controlling party. Copies of the Annual Report of Centrica plc, may be obtained from [www.centrica.com](http://www.centrica.com) or from the Company Secretary, Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD.