

Dyno-Plumbing Limited

Registered Number. 3360122

**Annual report and financial statements
for the year ended 31 December 2007**

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DYNO-PLUMBING LIMITED

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Dyno-Plumbing Limited

Directors' report

The Directors present their annual report and audited financial statements of Dyno-Plumbing Limited (the "Company") for the year ended 31 December 2007

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 £257,566 (2006 £21,204). 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 2007, the Company had net liabilities of £584,123 (31 December 2006 net liabilities £841,689). The detail on the balance sheet is on page 7. No dividends were paid for the year ended 31 December 2007 (2006 £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 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 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)

Directors

The following served as Directors during the year

C P A Weston

C J Stern

J A Knott (Appointed 2 July 2007, resigned 31 December 2007)

T J B Siddall (Appointed 31 December 2007)

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 2007 was 31 (31 December 2006 36 days)

Political and charitable donations

The Company made no political or charitable donations during the year (2006 £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)

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
- 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 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

This report was approved by the Board on 30 June 2008



For and on behalf of
Centrica Secretaries Limited
Company Secretary

Registered Office
Millstream
Mardenhead 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 2007 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 2007 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
30 June 2008

Dyno-Plumbing Limited

Profit and loss account for the year ended 31 December

	Notes	2007 £	2006 £
Turnover – continuing operations	2	929,748	706,829
Cost of sales		(50,777)	(16,032)
Gross profit – continuing operations		878,971	690,797
Administrative expenses		(694,525)	(669,593)
Other operating income		73,120	-
Profit on ordinary activities before taxation	3	257,566	21,204
Tax on profit on ordinary activities	6	-	-
Profit for the financial year	12	257,566	21,204

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

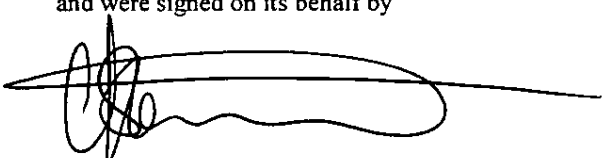
The notes on pages 8 to 13 form part of these financial statements

Dyno-Plumbing Limited

**Balance Sheet
As at 31 December**

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	7	-	-
Current assets			
Debtors	8	333,255	447,517
Cash at bank and in hand		28,468	59,202
Creditors: amounts falling due within one year	9	361,723 (945,846)	506,719 (1,348,408)
Net current liabilities		(584,123)	(841,689)
Net liabilities		(584,123)	(841,689)
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account	12	(584,223)	(841,789)
Total shareholder's deficit	12	(584,123)	(841,689)

The financial statements were approved and authorised for issue by the Board of Directors on 30 June 2008 and were signed on its behalf by



C J Stern
Director

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

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis 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 2007.

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, 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.

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:

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

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

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 British Isles. An analysis of turnover by activity is as follows

	2007 £	2006 £
Franchise royalty income	848,916	650,246
Licence fees	80,832	56,583
	<u>929,748</u>	<u>706,829</u>

3. Profit on ordinary activities before taxation

This is stated after charging/(crediting)

	2007 £	2006 £
Auditors' remuneration – statutory audit	12,500	10,000
Operating lease rentals – plant and machinery	26,664	31,003
Other operating income – telecommunications recharges to franchisees	(73,120)	-
	<u>(73,120)</u>	<u>-</u>

Auditors' remuneration for non-audit services was £nil (2006 - £nil)

Dyno-Plumbing Limited – Notes to the financial statements

4. Staff costs

The Company does not employ any staff directly. Operating functions are performed by staff employed and remunerated by other group companies.

5. Directors remuneration

The Directors of the Company received no remuneration from the Company (2006 - £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 the year

	2007 £	2006 £
<i>Current tax</i>		
UK corporation tax at 30% (2006 30%) based on the profit/ (loss) for the period	-	-
Adjustments in respect of prior periods	-	-
Total current tax (note 6 (b))	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax charge / (credit) for year	-	-

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

	2007 £	2006 £
Profit on ordinary activities before tax	257,566	21,204
Tax on profit on ordinary activities at standard UK rate of corporation tax of 30% (2006 30%)	77,270	6,361
<i>Effects of</i>		
Capital allowances in excess of depreciation	(1,177)	(1,569)
UK UK transfer pricing adjustment	(19,465)	(17,266)
Group relief for nil consideration	(56,628)	12,474
Current tax charge/(credit) for the year (note 6 (a))	-	-

Dyno-Plumbing Limited – Notes to the financial statements

(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

	2007 £	2006 £
Accelerated capital allowances	<u>3,295</u>	<u>4,707</u>

The proposed reduction in the rate of UK Corporation tax from 30% to 28% as per the 2007 budget was substantively enacted on 26 June 2007. As a result deferred tax reversing after 1 April 2008 will be recognised at the rate of 28%

7. Tangible fixed assets

	Motor vehicles £	Total £
Cost		
At 1 January 2007	33,622	33,622
	<u>33,622</u>	<u>33,622</u>
At 31 December 2007	33,622	33,622
	<u>33,622</u>	<u>33,622</u>
Depreciation		
At 1 January 2007	33,622	33,622
	<u>33,622</u>	<u>33,622</u>
At 31 December 2007	33,622	33,622
	<u>33,622</u>	<u>33,622</u>
Net book value		
At 31 December 2006 and 31 December 2007	-	-
	<u>-</u>	<u>-</u>

8. Debtors

	2007 £	2006 £
Trade debtors	246,982	171,163
Other debtors	30,502	108,751
Amount owed by other group undertaking	-	110,629
Prepayments and accrued income	55,771	56,974
	<u>333,255</u>	<u>447,517</u>

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

Dyno-Plumbing Limited – Notes to the financial statements

9. Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	3,144	14,295
Amounts owed to immediate parent undertaking	583,182	880,199
Amounts owed to other group undertakings	173,281	374,392
Other creditors including taxes and social security costs	76,349	31,526
Accruals and deferred income	109,890	47,996
	<u>945,846</u>	<u>1,348,408</u>

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

10 Financial commitments

At 31 December 2007 the Company had annual commitments under non-cancellable operating leases as set out below

	Plant and equipment	
	2007 £	2006 £
Operating leases which expire		
Within five years	<u>18,861</u>	<u>32,045</u>

11 Called up share capital

	2007 £	2006 £
Authorised, allotted, issued and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

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

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
At 1 January 2007	100	(841,789)	(841,689)
Profit for the financial year	-	257,566	257,566
At 31 December 2007	<u>100</u>	<u>(584,223)</u>	<u>(584,123)</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 or from the Company Secretary, Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD.

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.