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DYNO PLUMBING LIMITED

Report and Financial Statements

31 December 2002



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Dyno Plumbing Limited

Registered No. 3360122

DIRECTORS

J F Zockoll (Chairman)
C R Smith
S M Zockoll

SECRETARY

G T Oatham

AUDITORS

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

BANKERS

Lloyds TSB Bank Plc
83 Clarence Street
Kingston upon Thames
Surrey KT1 1RE

REGISTERED OFFICE

Zockoll House
143 Maple Road
Surbiton
Surrey KT6 4BJ

Dyno Plumbing Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2002.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £508,871 (2001 - £178,986).

The directors do not recommend a final dividend (2001 - £nil). Accordingly the retained loss of £508,871 (2000 - £178,986) has been transferred to reserves.

PRINCIPAL ACTIVITY

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

FUTURE DEVELOPMENTS

The company plans to further develop its core business through a combination of company owned and franchised operations.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

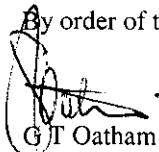
J F Zockoll
C R Smith
S M Zockoll

There are no directors' interests requiring disclosure under the Companies Act 1985. The interests of J F Zockoll in the shares of the ultimate parent undertaking, The Zockoll Group Limited, are shown in the report and financial statements of that company.

AUDITORS

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



G J Oatham

Secretary

30 JANUARY 2004

Dyno Plumbing Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

**REPORT OF THE INDEPENDENT AUDITORS
to the members of Dyno Plumbing Limited**

We have audited the company's financial statements for the year ended 31 December 2002, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom auditing standards 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 judgements 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 of the state of affairs of the company as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

30 January 2004

Dyno Plumbing Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

	<i>Notes</i>	<i>2002</i> £	<i>2001</i> £
TURNOVER	2	419,218	57,673
Cost of sales		93,659	24,231
Gross profit		325,559	33,442
Administrative expenses		(1,051,388)	(297,628)
Other operating income		-	3,200
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(725,829)	(260,986)
Taxation	6	216,958	82,000
LOSS RETAINED FOR THE FINANCIAL YEAR	13	(508,871)	(178,986)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

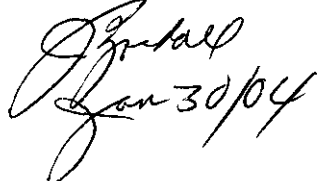
There are no recognised gains or losses other than as shown above.

Dyno Plumbing Limited

BALANCE SHEET at 31 December 2002

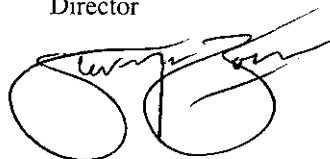
	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	7	97,172	114,858
CURRENT ASSETS			
Debtors	8	61,150	36,561
Cash at bank and in hand		262,787	38,220
		323,937	74,781
CREDITORS: amounts falling due within one year	9	1,108,866	368,525
NET CURRENT LIABILITIES		(784,929)	(293,744)
		(687,757)	(178,886)
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	(687,857)	(178,986)
EQUITY SHAREHOLDERS' FUNDS	12	(687,757)	(178,886)

J F Zockoll



Jan 30/04

Director



Dyno Plumbing Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

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 2002.

Statement of cash flows

The company has taken advantage of the exemption from the requirement to prepare a statement of cash flows conferred by FRS1 (Revised 1996) on the grounds that at least 90% of the voting rights of the company are controlled within the group and consolidated financial statements which include the company are publicly available.

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.
- 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.

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, fittings, tools and equipment	-	over 3 to 10 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.

Leasing and hire purchase commitments

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

Dyno Plumbing Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2002

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 represents the total invoiced amount of plumbing services provided to customers, excluding value added tax. Turnover and pre-tax result arise from this one class of continuing business and wholly within the British Isles.

3. **LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

This is stated after charging:

	2002	2001
	£	£
Operating lease rentals – plant and machinery	60,720	9,806
Auditors' remuneration	4,500	1,500
Depreciation of owned tangible fixed assets	31,786	11,856
	<u> </u>	<u> </u>

4. **DIRECTORS' REMUNERATION**

The chairman and directors of the company received no remuneration from the company (2000 - £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 company. It is not possible to identify separately their emoluments relating to their services as directors of Dyno Plumbing Limited.

5. **STAFF COSTS**

	2002	2001
	£	£
Wages and salaries	516,212	96,574
Social security costs	53,430	10,574
Other pension costs	1,388	572
	<u> </u>	<u> </u>
	571,030	107,720
	<u> </u>	<u> </u>

The average monthly number of employees during the year was as follows:

	2002	2001
	No.	No.
Administration	2	2
Service	12	2
	<u> </u>	<u> </u>
	14	4
	<u> </u>	<u> </u>

Dyno Plumbing Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2002

6. TAXATION

Based on the result for the year

	2002 £	2001 £
UK Corporation tax on loss of the period	-	(82,000)
Group relief recoverable	(215,934)	-
Adjustments in respect of previous periods	(1,024)	-
	<u>(216,958)</u>	<u>(82,000)</u>

Factors affecting current tax

Loss on ordinary activities before tax	(725,829)	(260,986)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	(217,749)	(78,296)
Expenses not deductible for tax purposes	-	1,024
Depreciation in excess/(arrear) of capital allowances	1,815	(4,728)
Adjustments in respect of previous periods	(1,024)	-
	<u>(216,958)</u>	<u>(82,000)</u>

Group companies make current year tax losses available to other group companies for payment equivalent to the associated tax relief.

7. TANGIBLE FIXED ASSETS

	<i>Fixtures and fittings</i> £	<i>Motor vehicles</i> £	<i>Office equipment</i> £	<i>Total</i> £
Cost or valuation:				
At 1 January 2002	19,789	100,759	6,166	126,714
Additions	12,974	-	1,126	14,100
At 31 December 2002	<u>32,763</u>	<u>100,759</u>	<u>7,292</u>	<u>140,814</u>
Depreciation:				
At 1 January 2002	730	10,632	494	11,856
Charged in year	4,773	25,190	1,823	31,786
At 31 December 2002	<u>5,503</u>	<u>35,822</u>	<u>2,317</u>	<u>43,642</u>
Net book value:				
At 31 December 2002	<u>27,260</u>	<u>64,937</u>	<u>4,975</u>	<u>97,172</u>
At 1 January 2002	<u>19,059</u>	<u>90,127</u>	<u>5,672</u>	<u>114,858</u>

Dyno Plumbing Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2002

8. DEBTORS

	2002	2001
	£	£
Trade debtors	49,650	29,028
Prepayments and accrued income	10,924	7,533
Other debtors	576	-
	<u>61,150</u>	<u>36,561</u>

9. CREDITORS: amounts falling due within one year

	2002	2001
	£	£
Bank overdraft	466,881	-
Trade creditors	13,265	6,960
Amounts owed to fellow subsidiary undertaking	219,317	-
Amounts owed to immediate parent undertaking	317,932	345,873
Amounts owed to ultimate parent undertaking	62,478	10,470
Other taxes and social security	14,527	-
Other creditors and accruals	14,466	5,222
	<u>1,108,866</u>	<u>368,525</u>

10. OTHER FINANCIAL COMMITMENTS

	2002	2001
	£	£
Operating leases which expire: within two to five years	182,333	110,153

11. SHARE CAPITAL

	<i>Authorised, allotted, called up and fully paid</i>			
	2002	2001	2002	2001
	No.	No.	£	£
Ordinary shares of £1 each	100	100	100	100

Dyno Plumbing Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2002

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 January 2000 and 1 January 2001	100	-	100
Loss for the year		(178,986)	(178,986)
At 1 January 2002	100	(178,986)	(178,886)
Loss for the year		(508,871)	(508,871)
At 31 December 2002	100	(687,857)	(687,757)

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Dyno-Rod PLC, a wholly owned subsidiary of The Zockoll Group Limited which is regarded by the directors as the company's ultimate parent undertaking. The Zockoll Group Limited is the parent undertaking of the only group for which group financial statements are drawn up and of which the company is a member. Copies of the group financial statements can be obtained from Companies House. The directors regard the Ann Zockoll Settlement Trust as the company's ultimate controlling party.

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.