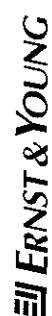


1046906

DYNO-ROD PLC

Report and Accounts

31 December 2000

 ERNST & YOUNG



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COMPANIES HOUSE 23/10/01

# Dyno-Rod PLC

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Registered No. 1046906

## **DIRECTORS**

J F Zockoll (Chairman)  
M A S Langford  
C R Smith  
J A Zockoll  
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-Rod PLC

## DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 2000.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,530,891 (1999 - £23,942).

The directors recommend a final ordinary dividend of £1,513,353 (1999 - £nil). Accordingly the retained profit of £17,538 (1999 - profit of £23,942) has been transferred to reserves.

The results for the year were adversely affected by a provision of £1,350,000 (1999 - £2,658,228) against the company's investment in its subsidiary undertaking.

### REVIEW OF THE BUSINESS

The principal activities of the company continue to be the operation of a franchised national network of service centres for the clearing, tracing, inspecting and repairing of drains, sewers, culverts, ducting and piping, together with ancillary services.

Total sales to end users grew by 11% to £39.9 million (1999 - £35.9 million).

### FUTURE DEVELOPMENTS

The current activities of the company will continue to be performed rigorously.

### EVENTS SINCE THE BALANCE SHEET DATE

On 1 April 2001, the Dyno-Kil division of Dyno-Rod Developments Limited, a trading subsidiary, was sold for consideration of £847,116.

### DIRECTORS AND THEIR INTERESTS

The directors during the year and appointed subsequently were as follows:

J F Zockoll	
J B Chaplin	(resigned 31 March 2000)
M A S Langford	(appointed 4 January 2000)
C R Smith	
J A Zockoll	
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 accounts of that company.

### CREDITOR PAYMENT POLICY

The company policy on payments to suppliers is to pay according to the terms agreed. The average creditor payment period at 31 December 2000 was 74 days (1999 - 50 days).

# Dyno-Rod PLC

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## DIRECTORS' REPORT

### AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board



22 OCT 2001

G T Oatham  
Secretary

## Dyno-Rod PLC

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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 AUDITORS  
to the shareholders of Dyno-Rod PLC**

We have audited the accounts on pages 6 to 14, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

**Basis of opinion**

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its profit 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

22 OCT 2001

# Dyno-Rod PLC

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2000

	Notes	2000 £	1999 £
<b>TURNOVER</b>	2	8,145,928	7,307,450
Cost of sales		211,443	227,813
<b>GROSS PROFIT</b>		7,934,485	7,079,637
Administrative expenses excluding exceptional items	4	4,015,832	3,468,696
		3,918,653	3,610,941
Other operating income		184,745	238,324
Profit before exceptional items, interest and tax		4,103,398	3,849,265
Administrative expenses - exceptional item	4	1,350,000	2,658,228
<b>OPERATING PROFIT</b>	3	2,753,398	1,191,037
Profit on disposal of fixed assets		10,650	3,000
		2,764,048	1,194,037
Interest receivable	5	41,276	14,845
Interest payable	6	(2,894)	(8,499)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,802,430	1,200,383
Taxation	9	1,271,539	1,176,441
<b>PROFIT ON ORDINARY ACTIVITIES FOR THE YEAR</b>	21	1,530,891	23,942
Dividend	10	1,513,353	-
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		17,538	23,942

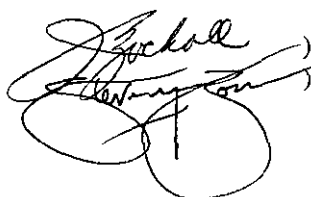
There are no recognised gains or losses other than those shown in the profit and loss account.

# Dyno-Rod PLC

## BALANCE SHEET

at 31 December 2000

	Notes	2000 £	1999 £
<b>FIXED ASSETS</b>			
Tangible assets	11	193,581	287,897
Investments	12	102	100
		<u>193,683</u>	<u>287,997</u>
<b>CURRENT ASSETS</b>			
Licensed areas for resale	13	14,210	7,010
Debtors	14	3,798,792	3,025,328
Cash at bank and in hand		3,145	763,535
		<u>3,816,147</u>	<u>3,795,873</u>
<b>CREDITORS: amounts falling due within one year</b>	15	<u>3,002,895</u>	<u>3,081,199</u>
<b>NET CURRENT ASSETS</b>		<u>813,252</u>	<u>714,674</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,006,935</u>	<u>1,002,671</u>
<b>CREDITORS: amounts falling due after more than one year</b>	16	<u>1,765</u>	<u>15,039</u>
		<u>1,005,170</u>	<u>987,632</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	150,000	150,000
Profit and loss account	21	855,170	837,632
<b>SHAREHOLDERS' FUNDS</b>	21	<u>1,005,170</u>	<u>987,632</u>

 Directors

22 OCT 2001



# Dyno-Rod PLC

## NOTES TO THE ACCOUNTS

at 31 December 2000

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

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

#### *Basis of preparation*

Dyno-Rod PLC has a UK parent company which prepares group accounts. By virtue of S228 of the Companies Act 1985, Dyno-Rod PLC is therefore exempt from the obligation to prepare and deliver group accounts. These accounts present information about the company as an individual undertaking and not about its group.

#### *Statement of cashflows*

The company has taken advantage of the exemption from the requirement to prepare a statement of cashflows 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 accounts which include the company are publicly available.

#### *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.

#### *Fixed assets investments*

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

#### *Licensed areas for resale*

Licences acquired from franchises which are currently vacant or are temporarily operated by the company are stated at the lower of cost and the directors' assessment of net realisable value. Area rights attached to original licences may be allocated to a number of independent licensed operators (ILO) in each area. The proportion of the cost of the original area licence applicable to an individual ILO licence is based upon the company's assessment of the number of ILO operatives which can be installed in an area.

#### *Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

NOTES TO THE ACCOUNTS  
at 31 December 2000

1. ACCOUNTING POLICIES (continued)

*Leasing and hire purchase commitments*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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 represents the total invoiced amount of franchise royalty fees, licence fees and equipment provided to franchisees, excluding value added tax. Turnover and pre-tax result arise from this one class of continuing business and wholly within the British Isles.

A further analysis of turnover by activity within this class of business is as follows:

	2000 £	1999 £
Territorial franchise royalty income	3,651,475	3,477,047
ILO franchise royalty income	4,490,971	3,826,424
Sale of equipment and stores	3,482	3,979
	<u>8,145,928</u>	<u>7,307,450</u>

3. OPERATING PROFIT

This is stated after charging:

	2000 £	1999 £
Auditors' remuneration	15,000	20,000
Depreciation of owned tangible fixed assets	133,317	144,596
Depreciation of tangible fixed assets held under finance leases	26,043	21,658
Operating lease rentals of plant and equipment	10,544	9,962
Operating lease rentals of land and buildings	105,570	105,570
Provision against investment in subsidiary undertaking (note 4)	1,350,000	2,658,228
	<u></u>	<u></u>

4. ADMINISTRATIVE EXPENSES

	2000 £	1999 £
Administrative expenses excluding exceptional item	4,015,832	3,468,696
Exceptional item - provision against investment in subsidiary undertaking	1,350,000	2,658,228
	<u>5,365,832</u>	<u>3,468,696</u>

# Dyno-Rod PLC

## NOTES TO THE ACCOUNTS

at 31 December 2000

### 5. INTEREST RECEIVABLE

	2000	1999
	£	£
Bank interest	41,276	14,845

### 6. INTEREST PAYABLE

	2000	1999
	£	£
Bank interest	732	1,080
Other	2,162	7,419
	2,894	8,499

### 7. STAFF COSTS

	2000	1999
	£	£
Wages and salaries (including directors)	1,942,353	1,674,787
Social security costs	166,028	136,829
Other pension costs	4,790	10,560
	2,113,171	1,822,176

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

	2000	1999
	No.	No.
Office and management	47	37
Selling and distribution	83	82
	130	119

### 8. DIRECTORS' EMOLUMENTS

	2000	1999
	£	£
Salaries	109,053	118,413
Fees	-	11,612
Benefits in kind	15,206	11,727
Pension contributions - money purchase schemes	1,424	2,174
	125,683	143,926
	2000	1999
	No.	No.
Members of money purchase scheme	5	4

In addition, one of the directors received benefits of £3,850 (1999 - £7,440) from another group company.

# Dyno-Rod PLC

## NOTES TO THE ACCOUNTS

at 31 December 2000

### 9. TAXATION

	2000 £	1999 £
Based on the profit for the year: corporation tax	1,261,765	1,177,000
(Under)/overprovision in prior year: corporation tax	9,774	(559)
	<u>1,271,539</u>	<u>1,176,441</u>

To the extent possible, group companies make current year tax losses available to other group companies for payment equivalent to the associated tax relief.

### 10. DIVIDEND

	2000 £	1999 £
Final dividend paid on ordinary shares	1,513,353	-

### 11. TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures, fittings, tools and equipment £	Total £
Cost:			
At 1 January 2000	235,158	671,927	907,085
Additions	14,164	44,372	58,536
Disposals	(51,495)	(7,796)	(59,291)
Transfers	13,168	-	13,168
At 31 December 2000	<u>210,995</u>	<u>708,503</u>	<u>919,498</u>
Depreciation:			
At 1 January 2000	157,813	461,375	619,188
Charged in the year	49,466	109,894	159,360
Disposals	(51,494)	(1,137)	(52,631)
At 31 December 2000	<u>155,785</u>	<u>570,132</u>	<u>725,917</u>
Net book value:			
At 31 December 2000	<u>55,210</u>	<u>138,371</u>	<u>193,581</u>
At 1 January 2000	<u>77,345</u>	<u>210,552</u>	<u>287,897</u>

The net book value of motor vehicles includes an amount of £30,504 (1999 - £53,847) in respect of assets held under finance leases.

# Dyno-Rod PLC

## NOTES TO THE ACCOUNTS at 31 December 2000

### 12. INVESTMENTS

	<i>Shares in subsidiary undertaking</i>	<i>Loans</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 January 2000	100	2,658,228	2,658,328
Additions	2	2,000,000	2,000,002
At 31 December 2000	102	4,658,228	4,658,330
Amounts provided:			
At 1 January 2000	-	2,658,228	2,658,228
Provided during the year	-	2,000,000	2,000,000
At 31 December 2000	-	4,658,228	4,658,228
Net book value:			
At 31 December 2000	102	-	102
At 1 January 2000	100	-	100

The company owns 100% of the issued ordinary share capital of the following companies:

<i>Name of company</i>	<i>Nature of business</i>
Dyno-Rod Developments Limited	Development of services
Dyno-Kil Franchising Limited	Pest control

### 13. LICENSED AREAS FOR RESALE

	<i>2000</i>	<i>Group 1999</i>
	£	£
At 1 January	7,010	11,010
Additions	7,200	-
Disposals	-	(4,000)
At 31 December	14,210	7,010

### 14. DEBTORS

	<i>2000</i>	<i>1999</i>
	£	£
Trade debtors	1,667,865	1,738,151
Amounts owed by immediate parent undertaking	1,337,146	-
Amounts owed by subsidiary undertaking	740,414	1,241,833
Prepayments and accrued income	53,367	45,344
	3,798,792	3,025,328

# Dyno-Rod PLC

## NOTES TO THE ACCOUNTS at 31 December 2000

### 15. CREDITORS: amounts falling due within one year

	2000 £	1999 £
Bank overdraft	37,907	-
Trade creditors	544,592	366,822
Amounts owed to fellow subsidiary undertakings	1,704,049	1,707,095
Amounts owed to ultimate parent undertakings	-	295,867
Other taxes and social security costs	60,002	43,781
Other creditors and accruals	234,988	265,246
Obligations under finance leases and hire purchase contracts (note 17)	24,686	30,638
Corporation tax	396,671	371,750
	<u>3,002,895</u>	<u>3,081,199</u>

### 16. CREDITORS: amounts falling due after more than one year

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts (note 17)	1,765	15,039

### 17. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	2000 £	1999 £
Amounts payable:		
within one year	25,659	34,060
within 2 to 5 years	1,804	15,909
	<u>27,463</u>	<u>49,969</u>
Less: finance charges allocated to future periods	(1,012)	(4,292)
	<u>26,451</u>	<u>45,677</u>

Finance leases and hire purchases obligations and analysed as follows:

	2000 £	1999 £
Current obligations	24,686	30,638
Non-current obligations	1,765	15,039
	<u>26,451</u>	<u>45,677</u>

### 18. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £87,273 (1999 - nil).

# Dyno-Rod PLC

## NOTES TO THE ACCOUNTS at 31 December 2000

### 19. FINANCIAL COMMITMENTS

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expire: within two to five years	110,170	110,170	-	-

### 20. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	300,000	300,000	150,000	150,000

### 21. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total shareholders' funds £</i>
At 1 January 1999	150,000	813,690	963,690
Profit for the year		23,942	23,942
At 1 January 2000	150,000	837,632	987,632
Profit for the year		1,530,891	1,530,891
Dividend		(1,513,353)	(1,513,353)
At 31 December 2000	150,000	855,170	1,005,170

### 22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Dyno-Rod PLC is 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 accounts are drawn up and of which the company is a member. Copies of the group accounts can be obtained from Companies House. The directors regard The Ann Zockoll Settlement Trust as the company's ultimate controlling party.

### 23. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 from the requirement to disclose transactions with group companies, conferred on 90% or more owned subsidiary undertakings.