

Registered Number 3360122

Dyno-Plumbing Limited
Annual report and financial statements
for the year ended 31 December 2010



DYNO-PLUMBING LIMITED

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Dyno-Plumbing Limited

Directors' Report for the year ended 31 December 2010

The Directors present their annual report and audited financial statements of Dyno-Plumbing Limited (the "Company") for the year ended 31 December 2010

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 £2,454,450 (2009 £1,772,281). 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 2010, the Company had net assets of £4,110,280 (31 December 2009 net assets £1,655,830). The detail on the balance sheet is on page 6. No dividends were paid for the year ended 31 December 2010 (2009 £nil).

The Company continued the expansion of its plumbing network, through acquisition and set up of company managed operations in order to ensure the network has excellent national coverage. This has resulted in significant growth in sales and employees in the Company's operations, and has facilitated 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.

The Company has taken advantage of the provisions of the Companies Act 2006 (the 'Act') to abolish the requirement to have an authorised share capital. A special resolution was passed by the Company's members on 9 February 2010 to delete all provisions of the Company's Memorandum of Association, which by virtue of section 28 of the Act, were treated as provisions of the Company's Articles of Association and then by adopting new Articles of Association.

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.

Dyno-Plumbing Limited

Directors' Report for the year ended 31 December 2010

Key performance indicators (KPIs)

KPI's are provided monthly to the Dyno Plumbing Management Team and include actual turnover and operating costs against operating plan and forecast. Details of turnover and operating costs are shown on page 5. More detailed KPI's are reported in a weekly scorecard and management monthly business report including job numbers, average value per job, customer satisfaction and complaint levels, operational performance and health and safety metrics.

Directors

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

C J Stern
T J B Siddall (Resigned 7 July 2010)
R Ozsanlav (Resigned 13 September 2010)
D Walter
N Bhatia (Appointed 7 July 2010)
O M Smedley (Appointed 13 September 2010)

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 2010 was 42 (31 December 2009: 42 days).

Political and charitable donations

The Company made no political or charitable donations during the year (2009: £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 Director's Responsibilities

The Directors are responsible for preparing the Directors' 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). Under Company law the Directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent,

Dyno-Plumbing Limited

Directors' Report for the year ended 31 December 2010

Statement of Director's Responsibilities (continued)

- 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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

Statement of disclosure of information to auditors

In accordance with Section 418, 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/ she has taken all the steps that he/ she ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

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

This report was approved by the Board on 2 August 2011



For and on behalf of
Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales
Registered number 03360122

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 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2-3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Andrew Duxbury (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge UB8 1EX
2 August 2011

Dyno-Plumbing Limited

Profit and loss account for the year ended 31 December 2010

	Notes	2010 £	2009 £
Turnover	2	13,567,844	3 797,632
Cost of sales		(5,988,781)	(887,890)
Gross profit		7,579,063	2,909,742
Administrative expenses		(5,360,647)	(1,305,540)
Other operating income		235,556	171,177
Operating profit	3	2,453,972	1,775,379
Interest receivable and similar income	6	-	126
Interest payable and similar charges	7	(2)	-
Profit on ordinary activities before taxation		2,453,970	1,775,505
Tax (charge)/ credit on profit on ordinary activities	8	480	(3,224)
Profit for the financial year	16	2,454,450	1,772,281

All amounts relate to continuing operations

There were no recognised gains or losses other than the profit for the financial year and therefore no separate statement of total recognised gains and losses has been presented

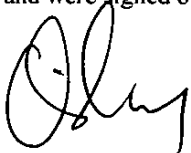
There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

The notes on pages 7 to 14 form part of these financial statements

Dyno-Plumbing Limited**Balance Sheet as at 31 December 2010**

	Notes	2010 £	2009 £
Fixed assets			
Intangible assets	9	8,833	9,833
Tangible assets	10	111,766	28,075
		<u>120,599</u>	<u>37,908</u>
Current assets			
Stocks	11	209,000	-
Debtors	12	6,434,425	2,042,047
Cash at bank and in hand		752,735	138,564
		<u>7,396,160</u>	<u>2,180,611</u>
Creditors: amounts falling due within one year	13	<u>(3,406,479)</u>	<u>(562,689)</u>
Net current assets/ (liabilities)		<u>3,989,681</u>	<u>1,617,922</u>
Net assets/ (liabilities)		<u>4,110,280</u>	<u>1,617,922</u>
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account	16	4,110,180	1,655,730
		<u>4,110,280</u>	<u>1,655,830</u>
Total shareholders' funds	16	<u>4,110,280</u>	<u>1,655,830</u>

The financial statements were approved and authorised for issue by the Board of Directors on 2 August 2011 and were signed on its behalf by



O M Smedley
Director

Company registered in England and Wales
Registered number 03360122

The notes on pages 7 to 14 form part of these financial statements

Dyno-Plumbing Limited – Notes to the 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 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

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 and direct sales through Company managed operations during the year, excluding value added tax.

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

Intangible fixed assets

Under FRS 10 'Goodwill and Intangible Assets', the Company accounts for intangible assets at cost less accumulated amortisation. Amortisation is charged in equal annual instalments over the estimated useful economic life. This has been set at 10 years for the licence areas acquired. In accordance with FRS 10 intangible assets are reviewed for impairment at the end of the first full financial year following initial recognition and in other periods if events or circumstances indicate that its carrying value may not be recoverable in full.

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
Plant Machinery, furniture and office equipment	-	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.

Stock

Stock is valued at the lower of cost or realisable value.

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

1 Principal accounting policies (continued)

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

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

	2010 £	2009 £
Franchise royalty income	5,948,767	3,318,124
Company managed operations	7,619,077	479,508
	<u>13,567,844</u>	<u>3,797,632</u>

3. Operating Profit

This is stated after charging/ (crediting)

	2010 £	2009 £
Auditors' remuneration – statutory audit	25,000	15,000
Amortisation of intangible fixed assets (note 9)	1,000	167
Depreciation of owned tangible fixed assets (note 10)	26,982	907
Other operating income – telecommunications recharges to franchisees	(235,556)	(171,177)
	<u>(235,556)</u>	<u>(171,177)</u>

Dyno-Plumbing Limited – Notes to the financial statements (continued)**4. Staff costs**

	2010	2009
	£	£
Wages and salaries	3,793,166	479,895
Social security costs	357,370	42,995
Other pension costs	62,213	18,112
	4,212,749	541,002

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

	2010	2009
	No	No
Engineering	91	10
Office and management	35	7
	126	17

5. Directors' remuneration

The Directors of the Company received no remuneration from the Company (2009 £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

	2010	2009
	£	£
Other interest	-	126

7. Interest payable and similar charges

	2010	2009
	£	£
Other interest	2	-

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

8. Tax on profit on ordinary activities

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

	2010 £	2009 £
<i>Current tax</i>		
UK corporation tax at 28% (2009 28%)	-	-
Total current tax (note 8 (b))	-	-
<i>Deferred tax</i>		
Effect of change to DT rate	(5)	-
Origination and reversal of timing differences	(475)	3,224
Total deferred tax	(480)	3,224
Total tax charge/ (credit) for the year	(480)	3,224

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

	2010 £	2009 £
Profit on ordinary activities before tax	2,453,970	1,775,505
Tax on profit on ordinary activities at standard UK rate of corporation tax of 28% (2009 28%)	687,111	497,141
<i>Effects of</i>		
Capital allowances in excess of depreciation	475	(3,224)
Group relief for nil consideration	(694,287)	(493,821)
UK UK transfer pricing adjustment	6,701	(96)
Current tax charge/ (credit) for the year (note 8 (a))	-	-

A number of changes to the UK corporation tax system were announced in the March 2011 Budget Statement. The main rate of corporation tax reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. An initial reduction of 1% to 27% effective from 1 April 2011 was enacted by Finance (No 2) Act 2010 and is therefore taken into account in these financial statements. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014, and the reduction to 25% from 1 April 2012 was enacted in July 2011. Beyond the reduction to 27%, the changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The impact of these changes on the deferred tax balances is not expected to be material.

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

9. Intangible fixed assets

	Acquired Goodwill £	Total £
Cost:		
At 1 January 2010	10,000	10,000
Additions	-	-
	<hr/>	<hr/>
At 31 December 2010	10,000	10,000
	<hr/>	<hr/>
Amortisation.		
At 1 January 2010	(167)	(167)
Charged in the year	(1,000)	(1,000)
	<hr/>	<hr/>
At 31 December 2010	(1,167)	(1,167)
	<hr/>	<hr/>
Net book value		
At 31 December 2010	8,833	8,833
	<hr/>	<hr/>
At 31 December 2009	9,833	9,833
	<hr/>	<hr/>

The acquired goodwill arises on acquisition and is amortised over 10 years

The Company acquired the licenced area operated by Asle & Son Limited in 2009 for a consideration of £10,000

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

10. Tangible fixed assets

	<i>Plant, equipment and fixtures and fittings</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
Cost				
At 1 January 2010	8,943	13,848	6,191	28,982
Additions	89,522	27,342	-	116,864
Disposals	-	-	(6,191)	(6,191)
At 31 December 2010	98,465	41,190	-	139,655
Depreciation				
At 1 January 2010	168	739	-	907
Charged in the year	21,877	5,105	-	26,982
At 31 December 2010	22,045	5,844	-	27,889
Net book value				
At 31 December 2010	76,420	35,346	-	111,766
At 31 December 2009	8,775	13,109	6,191	28,075

11 Stocks

	2010	2009
	£	£
Stocks	209,000	-
	209,000	-

12. Debtors

	2010	2009
	£	£
Trade debtors	3,271,886	347,122
Amounts owed by immediate parent undertaking	2,585,728	1,504,795
Amount owed by other Group undertakings	-	138,678
Other debtors	8,725	-
Prepayments and accrued income	568,086	51,452
	6,434,425	2,042,047

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

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

13. Creditors' amounts falling due within one year

	2010	2009
	£	£
Trade creditors	310,085	120,842
Amounts owed to other Group undertakings	1,778,815	-
Taxes and social security costs	852,231	145,423
Accruals and deferred income	465,199	295,795
Deferred tax (note 14)	149	629
	3,406,479	562,689

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

14 Deferred tax

The deferred taxation liability recognised in the financial statements and included in creditors (note 13) is as follows

	2010	2009
	£	£
<i>Provided</i>		
Depreciation in excess of capital allowances	(149)	(629)
	2010	2009
	£	£
Recognised at start of year	(629)	2,595
(Charge) / credit in profit and loss account for the year	480	(3,224)
	(149)	(629)

Deferred tax calculated at 27% (2009 28%)

15. Called up share capital

	2010	2009
	£	£
Authorised		
Nil ordinary shares of £1 each (2009 100 ordinary shares of £1 each)	-	100
Allotted, issued and fully paid		
100 ordinary shares of £1 each	100	100

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

15. Called up share capital (continued)

The Company has taken advantage of the provisions of the Companies Act 2006 (the 'Act') to abolish the requirement to have an authorised share capital. A special resolution was passed by the Company's sole member on 9 February 2010 to delete all provisions of the Company's Memorandum of Association, which by virtue of section 28 of the Act, were treated as provisions of the Company's Articles of Association and then by adopting new Articles of Association.

16. Reconciliation of total shareholders' funds / deficit and movements on reserves

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 1 January 2010	100	1,655,730	1,655,830
Profit for the financial year	-	2,454,450	2,454,450
At 31 December 2010	100	4,110,180	4,110,280
At 1 January 2009	100	(116,551)	(116,451)
Profit for the financial year	-	1,772,281	1,772,281
At 31 December 2009	100	1,655,730	1,655,830

17. 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 or from the Company Secretary, Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD.