Registered Number: 03360122

Dyno-Plumbing Limited
Annual report and financial statements
for the year ended 31 December 2011

DYNO-PLUMBING LIMITED

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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 2011

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 £2,353,314 (2010 £2,454,450) 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 2011, the Company had net assets of £6,463,594 (2010 £4,110,280) The detail on the balance sheet is on page 6 No dividends were paid for the year ended 31 December 2011 (2010 £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

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)

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

O M Smedley	
N Bhatia	
D Alexander	(Appointed 17 April 2012)
CJ Stern	(Resigned 17 April 2012)
D Walter	(Resigned 19 December 2011)

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 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 2011 was 5 days (31 December 2010 19 days)

Political and charitable donations

The Company made no political or charitable donations during the year (2010 £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 Directors' 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 to prepared 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 these 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,

Statement of Directors' Responsibilities (continued)

- 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

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 themself 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 27 June 2012

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

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 2011 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 In addition, we read all the financial and non-financial information to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2011 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

Adam Beasant (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
9 Greyfriars Road
Reading RG1 1JG
27 June 2012

Dyno-Plumbing Limited

Profit and loss account for the year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover	2	**17,961,587**	13,567,844
Cost of sales		**(9,126,774)**	(5,988,781)
Gross profit		**8,834,813**	7,579,063
Administrative expenses		**(6,792,061)**	(5,360,647)
Other operating income		**311,860**	235,556
Operating profit	3	**2,354,612**	2,453,972
Interest receivable and similar income	6	**100**	-
Interest payable and similar charges	7	**-**	(2)
Profit on ordinary activities before taxation		**2,354,712**	2,453,970
Tax on profit on ordinary activities	8	**(1,398)**	480
Profit for the financial year	16	**2,353,314**	2,454,450

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 years 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 2011

	Notes	**2011**	2010
		£	£
Fixed assets			
Intangible assets	9	**-**	8,833
Tangible assets	10	**93,068**	111,766
		93,068	120,599
Current assets			
Stock	11	**143,359**	209,000
Debtors	12	**7,789,619**	6,434,425
Cash at bank and in hand		**3,319,076**	752,735
		11,252,054	7,396,160
Creditors: amounts falling due within one year	13	**(4,881,528)**	(3,406,479)
Net current assets		**6,370,526**	3,989,681
Net assets		**6,463,594**	4,110,280
Capital and reserves			
Called up share capital	15	**100**	100
Profit and loss account	16	**6,463,494**	4,110,180
Total shareholders' funds	16	**6,463,594**	4,110,280

The financial statements were approved and authorised for issue by the Board of Directors on 27 June 2012 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

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 and contractors and direct sales through the Company owned operation during the year, excluding value added tax Royalty income is recognised on completion of the work being performed, net of rebates, and license 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 installments 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 net realisable value

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

2. Turnover

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

	2011	2010
	£	£
Territorial franchise royalty income	**6,817,832**	5,948,767
Company managed operations	**11,143,755**	7,619,077
	17,961,587	13,567,844

3. Operating profit

This is stated after charging / (crediting)

	2011	2010
	£	£
Auditors' remuneration - statutory audit	**37,196**	25,000
Amortisation of intangible fixed assets (note 9)	**8,833**	1,000
Depreciation of owned tangible fixed assets (note 10)	**21,257**	26,982
Profit or loss on sale of fixed assets	**3,675**	-
Other operating income - telecommunications recharges to franchisees	**(311,860)**	(235,556)

4. Staff costs

	2011	2010
	£	£
Wages and salaries	**5,145,470**	3,793,166
Social security costs	**512,315**	357,370
Other pension costs	**85,511**	62,213
	5,743,296	4,212,749

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

	2011	2010
	No.	No
Engineering	**134**	91
Office and management	**56**	35
	190	126

5 . Directors Emoluments

The aggregate emoluments paid to directors in respect of their qualifying services were £75,404 (2010 £114,566) The aggregate value of company contributions paid to a pension scheme in respect of directors' qualifying services were £6,625 (2010 £7,840)

There was 1 director (2010 3) to whom retirement benefits are accruing under a defined benefit scheme

There were 2 directors (2010 2) to whom retirement benefits are accruing under money purchase pension schemes

There were 2 directors (2010 4) who received shares in the ultimate parent company in respect of their qualifying services under a long-term incentive scheme

There was 1 director (2010 2) who exercised share options relating to the ultimate parent company

6. Interest receivable and similar income

	2011	2010
	£	£
Other interest	**100**	-

7. Interest payable and similar charges

	2011	2010
	£	£
Other interest	-	(2)

8. Tax on profit on ordinary activities

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

	2011	2010
	£	£
Current tax		
UK corporation tax at 26 5% (2010 28%)	-	-
Total current tax (note 8 (b))	-	-
Deferred tax		
Effect of change to DT rate	(121)	(5)
Origination and reversal of timing differences	122	(475)
Adjustments in respect of prior years	1,397	
Total deferred tax	1,398	(480)
Total tax charge/(credit) for the year	1,398	(480)

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

	2011	2010
	£	£
Profit on ordinary activities before tax	2,354,712	2,453,970
Tax on ordinary activities at standard UK corporation tax rate of corporation tax of 26 5% (2010 28%)	623,999	687,111
Effects of		
Capital allowances in excess of depreciation	(123)	475
Group relief for nil consideration	(630,447)	(694,287)
UK UK transfer pricing adjustment	6,571	6,701
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 and the March 2012 Budget Statements The main rate of corporation tax reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011 A further reduction to 25% from 1 April 2012 was substantively enacted on 5 July 2011 and is therefore taken into account in these financial statements and a further reduction to 24% from 1 April 2012 was substantively enacted on 26 March 2012 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014 Beyond the reduction to 25%, 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 proposed further reductions on the deferred tax balances is not expected to be material

9. Intangible assets

	Acquired Goodwill	Total
	£	£
Cost:		
At 1 January 2011	**10,000**	10,000
Additions	-	-
At 31 December 2011	**10,000**	10,000
Amortisation:		
At 1 January 2011	**1,167**	1,167
Charge in the year	**8,833**	8,833
At 31 December 2011	**10,000**	10,000
Net book value:		
At 31 December 2011	-	-
At 31 December 2010	**8,833**	8,833

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

10. Tangible assets

	Plant equipment and fixtures and fittings £	Computer equipment £	Total £
Cost:			
At 1 January 2011	98,465	41,190	139,655
Additions	2,259	300	2,559
Disposals	-	-	-
At 31 December 2011	**100,724**	**41,490**	**142,214**
Depreciation:			
At 1 January 2011	22,045	5,844	27,889
Charged in the year	15,037	6,220	21,257
At 31 December 2011	37,082	12,064	49,146
Net book value:			
At 31 December 2011	**63,642**	**29,426**	**93,068**
At 31 December 2010	76,420	35,346	111,766

11. Stock

	2011 £	2010 £
Stock	**143,359**	209,000
	143,359	209,000

12. Debtors

	2011 £	2010 £
Trade debtors	**1,044,803**	3,271,886
Amounts owed by immediate parent undertaking	**6,193,512**	2,585,728
Amounts owed by other Group undertakings	**106,577**	-
Other debtors	**-**	8,725
Prepayments and accrued income	**444,727**	568,086
	7,789,619	6,434,425

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

13. Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	**213,492**	310,085
Amounts owed to other Group undertakings	**3,814,031**	1,778,815
Taxes and social security costs	**239,671**	852,231
Accruals and deferred income	**612,787**	465,199
Deferred tax (note 14)	**1,547**	149
	4,881,528	3,406,479

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

14. Deferred tax

	Deferred Tax Provision
	£000
As at 1 January 2011	149
Charge to the profit and loss account	1,398
As at 31 December 2011	**1,547**

Deferred corporation tax provision at 25% (2010 27%) is analysed as follows

Deferred tax liabilities comprise

	Provided		**Unprovided**	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Deferred corporation tax				
- accelerated capital allowances	**1,547**	149		
	1,547	149	-	-

15. Called up share capital

	2011	2010
	£	£
Allotted, issued, and fully paid		
100 ordinary shares of £1 each	**100**	100

16. Reconciliation of movement in shareholders' funds and movements on reserves

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 1 January 2011	100	4,110,180	4,110,280
Profit for the financial year	-	2,353,314	2,353,314
At 31 December 2011	**100**	**6,463,494**	**6,463,594**
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**

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