Registered No: 03360122

# Dyno-Plumbing Limited

## Annual Report and Financial Statements
## For the year ended 31 December 2012

**Dyno-Plumbing Limited**

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## Dyno-Plumbing Limited

### Directors' report for the year ended 31 December 2012

The Directors present their annual report and audited financial statements of Dyno-Plumbing Limited (the Company") for the year ended 31 December 2012

**Principal activities and future developments**

The principal activity of the Company is the operation of a plumbing services business

On 31 December 2012, as part of an internal reorganisation by the ultimate parent company, the trade and assets of the Company were transferred to another group company Dyno-Rod Limited, in exchange for an intercompany receivable of £12,692,987 The trade of the Company will be taken on in Dyno-Rod Limited from this date Following the transfer, on 31st December 2012 the Company declared and paid an interim dividend of £12,692,887 All remaining balances within the company have been converted to non interest bearing intercompany loans As the business activities of the Company have been transferred to Dyno-Rod Limited it is envisaged that the Company will be classed as non-trading from now on

**Business review**

The Company has decided to focus on its core plumbing business in domestic and commercial markets, through a franchisee only business model, and as such has re-franchised its company managed operations As a result Company made profit of £675,929 on the sale of company managed operations

**Results and dividends**

The results of the Company are set out on page 4

The profit for the year, after taxation, amounted to £6,229,393 (2011 £2,353,314) Accordingly, the profit for the year has been transferred to reserves

The directors paid an interim dividend during the year of £12,692,887 (2011 Nil) The directors recommend that no final dividend be paid

**Financial position**

As at 31 December 2012, the Company had net assets of £100 (2011 £6,463,594) The detail on the balance sheet is on page 5

**Principle risks and uncertainties**

The Directors do not believe there are any significant risks and uncertainties affecting the Company

**Financial risk management procedures**

The Directors do not consider that the Company has any significant financial risks From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Centrica plc (the "Group") Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed on pages 44-50 of the 2012 Annual Report and Accounts of the Group which does not form part of this report

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 – refer to note 10 in the group financial statements

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 Company Management Team and include actual turnover and operating costs against operating plan and forecast Details of turnover and operating costs are shown on page 4 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 signing of this report

| | |
|---|---|
| O M Smedley | (Resigned 16 July 2012, Re-appointed 01 October 2012) |
| D Ratcliffe | (Appointed 16 July 2012) |
| D Alexander | (Appointed 17 April 2012) |
| N Bhatia | (Resigned 01 October 2012) |
| CJ Stern | (Resigned 17 April 2012) |

## Dyno-Plumbing Limited

## Directors' report for the year ended 31 December 2012 (continued)

**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 2012 was 0 days (31 December 2011 5 days)

**Political and charitable donations**
The Company made no political or charitable donations during the year (2011 £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 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,
- 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

**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 [ 20 JUNE ] 2013

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
United Kingdom
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 2012 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 statement of Directors' Responsibilities set out on page 2 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 member 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 in the Annual report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications in 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 2012 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 matter 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

[ ] 2013

## Dyno-Plumbing Limited

### Profit and loss account for the year ended 31 December 2012

| | Notes | 31 December 2012 £ | 31 December 2011 (Restated) £ |
|---|---|---|---|
| **Turnover** | 2 | **37,597,498** | 36,731,325 |
| Cost of sales | | **(28,036,860)** | (27,896,512) |
| **Gross profit** | | **9,560,638** | 8,834,813 |
| Administrative expenses | | **(4,336,124)** | (6,792,061) |
| Other operating income | | **348,408** | 311,860 |
| **Operating Profit** | 3 | **5,572,922** | 2,354,612 |
| Profit and loss on disposal of operations | 15 | **654,924** | - |
| Interest receivable and similar income | 6 | **-** | 100 |
| **Profit on ordinary activities before taxation** | | **6,227,846** | 2,354,712 |
| Tax on profit on ordinary activities | 7 | **1,547** | (1,398) |
| **Profit for the financial year** | | **6,229,393** | 2,353,314 |

All amounts relate to discontinued 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 6 to 10 form part of these financial statements

## Dyno-Plumbing Limited

### Balance sheet as at 31 December 2012

| | Notes | 31 December 2012 £ | 31 December 2011 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 8 | - | 93,068 |
| **Current assets** | | | |
| Stocks | 9 | - | 143,359 |
| Debtors | 10 | 100 | 7,789,619 |
| Cash at bank and in hand | | - | 3,319,076 |
| | | 100 | 11,252,054 |
| **Creditors: amounts falling due within one year** | | - | (4,881,528) |
| **Net current assets** | | 100 | 6,370,526 |
| **Net assets** | | 100 | 6,463,594 |
| **Capital and reserves** | | | |
| Called up share capital | 13 | 100 | 100 |
| Profit and loss reserve | 14 | - | 6,463,494 |
| **Total Shareholders' funds** | | 100 | 6,463,594 |

The financial statements were approved and authorised for issue by the Board of Directors on 20 June 2013 and were signed on its behalf by

O M Smedley
**Director**

Company registered in England and Wales
Registered number 03360122

The notes on pages 6 to 10 form part of these financial statements

**Dyno-Plumbing Limited**

**Notes to the financial statements for the year ended 31 December 2012**

**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

**Restatement**

Following the Company joining the British Gas Services Limited (BG) VAT Group, a review of accounting for intercompany transactions has taken place This has highlighted a mismatch in how certain transactions have been treated in BG and the Company The directors are of the opinion that this does not represent a fundamental error within the meaning of FRS 3 Adjustments have been incorporated in these financial statements in respect of the revenue and cost of sales in the current year Comparative figures have been updated in order that they are comparable with the current year in line with FRS 28 Details of the change are set out below

It is proposed that in respect of the transactions where the Company fulfils BG work, it is more appropriate to reflect the full gross value of the transaction on the basis the company is acting as principal, not agent Accordingly the Company is accounting for the total billed turnover in its accounts and recognising the cost of sales as the charges from the franchisee for the work performed This will have no impact on the bottom line for the Company or BG as the net profit remains the same It has resulted in an increase of £21m (2011 £19m) in turnover and £21m (2011 £19m) in cost of sales

**Cash flow statement and related party disclosures**

The Company is a wholly-owned subsidiary undertaking of Dyno Rod 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 billed in respect of work carried out by franchisees, contractors and direct sales through the Company owned operation during the year and licence fees from franchisees, excluding value added tax Income is recognised on completion of the work being performed, net of rebates, and 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 | - | 4 years |
| Plant Machinery, furniture and office equipment | - | 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

**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 for the year ended 31 December 2012 (continued)**

## 1 Principal accounting policies (continued)

**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

| | 2012 | 2011 (Restated) |
|---|---|---|
| | £ | £ |
| Franchise Revenue | 30,183,051 | 25,587,570 |
| Company managed operations | 7,414,447 | 11,143,755 |
| | 37,597,498 | 36,731,325 |

## 3 Operating profit

| This is stated after charging / (crediting) | 2012 | 2011 |
|---|---|---|
| | £ | £ |
| Auditors' remuneration - statutory audit | 27,000 | 37,196 |
| Amortisation of intangible fixed assets | - | 8,833 |
| Depreciation of owned tangible fixed assets (note 8) | 12,177 | 21,257 |
| Profit or loss on sale of fixed assets | - | 3,675 |
| Other operating income – telecommunications recharges to franchisees | (348,408) | (311,860) |

## 4 Staff costs

| | 2012 | 2011 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 3,833,316 | 5,145,470 |
| Social security costs | 370,055 | 512,315 |
| Other pension costs | 44,053 | 85,511 |
| | 4,247,424 | 5,743,296 |

Wages and salaries including restructuring / other termination payments

Other pension costs include recharges in respect of employees who are members of one of the Group's defined benefit pension schemes, who work for the Company, but are employed by another Group company

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

| | 2012 | 2011 |
|---|---|---|
| | No | No |
| Engineering | 107 | 134 |
| Office and management | 44 | 56 |
| | 151 | 190 |

## 5 Directors' emoluments

The aggregate emoluments paid to directors in respect of their qualifying services were £83,535 (2011 £75,404) The aggregate value of company contributions paid to a pension scheme in respect of directors' qualifying services were £3,836 (2011 £6,625)
There were 2 directors (2011 1) to whom retirement benefits are accruing under a defined benefit pension schemes
There were 3 directors (2011 2) to whom retirement benefits are accruing under money purchase pension schemes
There were 2 directors (2011 2) who received shares in the ultimate parent company in respect of their qualifying services under a long-term incentive scheme
There was 1 director (2011 1) who exercised share options relating to the ultimate parent company

## 6 Interest receivable and similar income

| | 2012 £ | 2011 £ |
|---|---|---|
| Bank interest | - | 100 |
| | - | 100 |

## 7 Tax on profit on ordinary activities

| | 2012 £ | 2011 £ |
|---|---|---|
| **(a) Current tax charge.** | | |
| Current tax on income for the period at 24 5% (2011 at 26 5%) | - | - |
| **Total current tax (note 7 (b))** | - | - |
| **Deferred tax** | | |
| Effect of change to deferred tax rate | (31) | (121) |
| Origination and reversal of timing differences | (1,516) | 122 |
| Adjustments in respect of prior years | - | 1,397 |
| **Total deferred tax (note 12)** | (1,547) | 1,398 |
| **Total current (income) / charge for the year** | (1,547) | 1,398 |

**(b) Factors affecting current tax charge**

| | 2012 £ | 2011 £ |
|---|---|---|
| Profit on ordinary activities before tax | 6,227,846 | 2,354,712 |
| Tax on ordinary activities at standard UK corporation tax rate of 24 5% (2011 - 26 5%) | 1,525,822 | 623,999 |
| *Effects of* | | |
| Capital allowances in excess of depreciation | (439) | (123) |
| Group relief for nil consideration | (1,359,010) | (630,447) |
| UK UK transfer pricing adjustment | (6,166) | 6,571 |
| Non deductible expenses | 5,396 | - |
| Income not taxable | (165,603) | - |
| **Current tax charge / (credit) for the year (note 7 (a))** | - | - |

The main rate of corporation tax was reduced from 26% to 24% from 1 April 2012 and to 23% from 1 April 2013, enacted under Finance Act 2012 Further reductions to the main rate were proposed in the Autumn Statement 2012 and the Budget Statement 2013 to respectively reduce the rate to 21% by 1 April 2014 and to 20% by 1 April 2015 Beyond a reduction to 23% from 1 April 2013, the changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements The impact of the proposed changes to the financial statements is not expected to be material

Dyno-Plumbing Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 8 Tangible fixed assets

| | Computer equipment £ | Plant machinery and office equipment £ | Total £ |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2012 | 41,490 | 100,724 | 142,214 |
| Disposals | (41,490) | (100,724) | (142,214) |
| **At 31 December 2012** | - | - | - |
| **Accumulated Depreciation** | | | |
| At 1 January 2012 | 12,064 | 37,082 | 49,146 |
| Charge for the year | 8,538 | 3,639 | 12,177 |
| On disposals | (20,602) | (40,721) | (61,323) |
| **At 31 December 2012** | - | - | - |
| **Net book value** | | | |
| **At 31 December 2012** | - | - | - |
| **At 31 December 2011** | 29,426 | 63,642 | 93,068 |

### 9 Stocks

| | 2012 £ | 2011 £ |
|---|---|---|
| Stocks | - | 143,359 |
| | - | 143,359 |

### 10 Debtors

| | 2012 £ | 2011 £ |
|---|---|---|
| Trade debtors | - | 1,044,803 |
| Amounts owed by immediate parent undertaking | 100 | 6,193,512 |
| Amounts owed by other Group undertakings | - | 106,577 |
| Other debtors | - | 287,862 |
| Prepayments and accrued income | - | 156,865 |
| | 100 | 7,789,619 |

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

### 11 Creditors amounts falling due within one year

| | 2012 £ | 2011 £ |
|---|---|---|
| Trade creditors | - | 213,492 |
| Amounts owed to other Group undertakings | - | 3,814,031 |
| Other taxes and social security costs | - | 239,671 |
| Accruals and deferred income | - | 612,787 |
| Deferred tax (note 12) | - | 1,547 |
| | - | 4,881,528 |

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

### 12 Deferred Tax

| | Deferred Tax Provision £ |
|---|---|
| As at 01 January 2012 | 1,547 |
| Charge to the profit and loss account | (1,547) |
| **As at 31 December 2012** | - |

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 12 Deferred Tax (continued)

Deferred corporation tax provision/(asset) at 23% (31 December 2011 25%) is analysed as follows

Deferred tax liabilities comprise

| | Provided | | Unprovided | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **£** | £ | **£** | £ |
| Deferred corporation tax accelerated capital allowances | - | 1,547 | - | - |
| | - | 1,547 | - | - |

### 13 Called up share capital

| | **2012** | 2011 |
|---|---|---|
| | **£** | £ |
| **Allotted, issued and fully paid** | | |
| 100 (2011 100) ordinary shares of £1 each | **100** | 100 |

### 14 Reconciliation of movement in shareholders' funds and movements on reserves

| | Called up Share capital | Profit and loss account | Total shareholders' funds |
|---|---|---|---|
| | £ | £ | £ |
| At January 2012 | 100 | 6,463,494 | 6,463,594 |
| Profit for the financial year | - | 6,229,393 | 6,229,393 |
| Dividends paid | - | (12,692,887) | (12,692,887) |
| **At 31 December 2012** | **100** | **(0)** | **100** |
| At 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** |

### 15 Profit and Loss on Disposal of an operation

On 31 December 2012 as part of an internal reorganisation by the ultimate parent company, the trade and assets of the Company were transferred to another group company, Dyno-Rod Limited, for a fixed intercompany receivable of £12,692,987 The net assets of the Company on the date of transfer were £12,713,992 The difference of £21,005 is recognised as a loss on disposal

The Company plans to continue to develop its core plumbing business in domestic and commercial markets, through a franchisee only business model, and as such is re-franchising its company managed operations As a result Company made profit of £675,929 on the sale of company managed operations It will continue to fulfil the Company's contract for the British Gas plumbing and drains care products

### 16 Dividends paid

| | **2012** | 2,011 |
|---|---|---|
| | **£** | £ |
| Dividends paid - £126,928 87 per Ordinary share | **12,692,887** | - |

The directors paid an interim dividend during the year of £12,692,887 (211 Nil) No final dividend was proposed

### 17 Ultimate parent and controlling company

The immediate parent undertaking is Dyno-Rod Limited, a wholly owned subsidiary of British Gas Services Limited (BGSL) BGSL 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 and is the only company to consolidate the financial statements of the Company Copies of the Annual Report and Accounts of Centrica plc, may be obtained from www centrica com or from the Company Secretary, Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD