Dyno-Plumbing Limited

Registered No: 3360122

Annual report and financial statements for the year ended 31 December 2004

DYNO-PLUMBING LIMITED

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Dyno-Plumbing Limited

Directors' report

The directors present their report and audited financial statements of Dyno-Plumbing Limited (the "Company") for the year ended 31 December 2004.

Centrica plc, through its wholly owned subsidiary, GB Gas Holdings Limited, acquired Jannco 2 Limited and Dyno Holdings Limited (formerly The Zockoll Group Limited) and their subsidiary undertakings (known as the Dyno group) on 30 September 2004 for a total consideration of £71m.

Principal activities

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

Future developments

The company plans to continue to develop its core business.

Financial results and business review

The loss for the year, after taxation, amounted to £32,130 (2003: loss of £100,611). The profit and loss account is set out on page 7.

As at 31 December 2004, the Company had net liabilities of £820,498 (31 December 2003: net liabilities £788,368). The detail on the balance sheet is on page 8.

Going concern

The directors of Dyno Rod Limited, the intermediate parent company, have indicated their willingness to continue to provide financial support to the Company for the foreseeable future, at least one year from the date of approval of these financial statements, sufficient for the Company to meet its obligations as they fall due. As a result, the directors have prepared the financial statements on a going concern basis.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend for the year ended 31 December 2004 (2003: £nil). Accordingly the loss for the year has been transferred to reserves.

Directors

The following served as directors during the year or were appointed after the year-end:

J F Zockoll	Resigned 30 September 2004
S M Zockoll	Resigned 30 September 2004
C R Smith	Resigned 30 September 2004
I Peters	Appointed 30 September 2004 (Resigned 13 July 2005)
A Williamson	Appointed 30 September 2004
C P A Weston	Appointed 13 July 2005
C J Stern	Appointed 13 July 2005

Directors' interests

At no time did any director holding office at 31 December 2004 have any interest in the shares of the Company (2003: Nil) or any other company within the Centrica plc group except for the interests in, and the options over, the shares of the ultimate parent company, Centrica plc, as set out below.

Beneficial interests in ordinary shares

	As at 30 September 2004	As at 31 December 2004
I Peters	-	-
A Williamson	3,582	21,388

The above figures include shares held under the Centrica share incentive plan.

Centrica Sharesave scheme

	As at 30 September 2004	Options granted during the year	Options exercised during the year	Options lapsed during the year	As at 31 December 2004
I Peters	10,991	-	-	-	10,991
A Williamson	-	-	-	-	-

Options over shares in Centrica plc were granted on 1 April 2004 at an option price of 182.6 pence per share.

Long Term Incentive scheme

	As at 30 September 2004	Allocations made	Shares exercised during the year	Reduction in allocations during the year	As at 31 December 2004
I Peters	231,699	-	-	-	231,699
A Williamson	79,368	18,838	25,416	-	72,790

Total allocations as at 31 December 2004 shown above include both allocations of shares that are subject to performance conditions and allocations of shares that have reached the conclusion of the relevant three year performance period but are subject to a two year retention period.

A conditional allocation of shares was made under the terms of the scheme on 1 April 2004 at a base price of 225.6 pence per share.

Centrica Executive Share Option scheme

	As at 30 September 2004	Options granted during the year	Options exercised during the year	Options lapsed during the year	As at 31 December 2004
I Peters	573,793	-	-	-	573,793
A Williamson	-	-	-	-	-

Options over shares in Centrica plc were granted on 18 March 2005 at an option price of 223.95 pence per share.

Options were granted under the terms of the ultimate parent company's Sharesave scheme and Executive Share Option scheme, and allocations made under the terms of the Long-term Incentive scheme. Details of these schemes and the Share Incentive Plan, can be found in the

2004 accounts of Centrica plc, copies of which can be obtained from the Secretariat Department of Centrica plc or from www.centrica.com.

The middle market price of a Centrica plc ordinary share on the last day of trading 2004 (31 December) was 236.25 pence. The range during the year was 256.25 pence (high) and 196.94 pence (low).
There were no contracts of significance during or at the end of the financial year to which the Company or any subsidiary and associated undertakings is a party and in which any director is or was materially interested.

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 2004 was 33 (31 December 2003: 31 days).

Charitable and political donations

No charitable or political donations were made during the year to 31 December 2004 (2003: £nil).

Directors' and Officers' Liability

Directors' and Officers' liability insurance has been purchased by the ultimate parent company, Centrica plc.

Auditors

PricewaterhouseCoopers LLP were appointed auditors upon the resignation of Ernst & Young LLP.

Pursuant to Section 386 of the Companies Act 1985, the Company has dispensed with the obligation to appoint auditors annually. PricewaterhouseCoopers LLP will continue to act as auditors of the company.

Pursuant to Section 366A of the Companies Act 1985 the Company has dispensed with the obligation to hold an annual general meeting and pursuant to Section 379A the Company has dispensed with the requirement to lay accounts before a general meeting.

Dyno-Plumbing Limited

Directors' report (continued)

This report was approved by the Board on 17 October 2005.

IAN RITCHIE

FOR Centrica Secretaries Limited
Company Secretary
17 October 2005

Registered Office:
Millstream
Maidenhead Road
Windsor
Berkshire SL4 5GD

Statement of directors responsibilities for preparing the financial statements

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

Independent auditors' report to the members of Dyno-Plumbing Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the principal accounting policies note.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6RH

17 October 2005

Dyno-Plumbing Limited

Profit and loss account for the year ended 31 December 04

	Notes	2004 £	2003 £
Turnover	2	**809,956**	956,632
Cost of Sales		**(80,366)**	(113,221)
Gross Profit		**729,590**	843,411
Administrative expenses		**(761,720)**	(983,228)
Loss on ordinary activities before taxation	3	**(32,130)**	(139,817)
Taxation	6	**-**	39,206
Loss for the financial year	12	**(32,130)**	(100,611)

There were no recognised gains or losses other than the loss for the financial year.

The notes on pages 9 to 14 form part of these financial statements

Dyno-Plumbing Limited

Balance Sheet
As at 31 December 04

	Notes	2004	2003
		£	£
Fixed assets			
Tangible assets	7	**28,268**	59,217
Current assets			
Debtors	8	**306,863**	81,107
Cash at bank and in hand		**22,504**	121,618
		329,367	202,725
Creditors: amounts falling due within one year	9	**(1,178,133)**	(1,050,310)
Net current assets		**(848,766)**	(847,585)
Total assets less current liabilities		**(820,498)**	(788,368)
Capital and reserves			
Called up share capital	11	**100**	100
Profit and loss account	12	**(820,598)**	(788,468)
Shareholder's deficit	12	**(820,498)**	(788,368)

The financial statements were approved by the Board of Directors on 17 October 2005 and were signed on its behalf by:

C Weston
Director

The notes on pages 9 to 14 form part of these financial statements

1. *Principal accounting policies*

Accounting principles

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention and the Companies Act 1985.

Fundamental accounting concept

The financial statements are prepared on a going concern basis following an undertaking by the parent company to continue to provide adequate funds to the company, notwithstanding the deficiency of net assets at 31 December 2004.

Basis of preparation

The Company is a wholly owned subsidiary undertaking of Dyno Holdings Limited (formerly The Zockoll Group 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, licence fees and equipment provided to franchisees and sales invoiced through the company owned operation during the year, excluding value added tax.

Licence fees are recognised in the period in which they are received.

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 and fittings and office equipment	-	over 4 years
Motor vehicles	-	over 4 years

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

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leasing commitments

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 and the loss on ordinary activities before taxation arises wholly within the British Isles. An analysis of turnover by activity is as follows:

	2004	2003
	£	£
Franchise royalty income	250,991	45,513
Company owned plumbing operation	377,522	793,739
Licence fees	181,443	117,380
	809,956	956,632

3. Loss on ordinary activities before taxation

This is stated after charging:

	2004	2003
	£	£
Auditors' remuneration	5,000	2,500
Operating lease rentals – plant and machinery	9,282	47,252
Depreciation of owned tangible fixed assets	30,949	27,672

4. Staff costs

	2004	2003
	£	£
Wages and salaries (including directors)	232,421	424,226
Social security costs	27,440	45,112
Other pension costs	880	717
	260,741	470,055

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

	2004 No.	2003 No.
Office and management	4	4
Selling and distribution	6	11
	10	15

5. Directors remuneration

The directors of the company received no remuneration from the Company (2003 - £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. Tax on profit on ordinary activities

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

	2004 £	2003 £
Current tax		
UK corporation tax at 30% (last year 30%) based on the profit/ (loss) for the period	-	(39,206)
Adjustments in respect of prior periods	-	-
Total current tax (note 6 (b))	-	(39,206)
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total current (credit) for year	-	(39,206)

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

	2004 £	2003 £
Loss on ordinary activities before tax	**(32,130)**	(139,817)
Tax on loss on ordinary activities at UK standard rate of corporation tax of 30% (2003: 30%)	**(9,639)**	(41,945)
Effects of:		
Depreciation in excess of capital allowances	**5,054**	2,739
Group relief and UK:UK transfer pricing	**4,585**	-
Current tax charge/(credit) for the year (note 6 (a))	-	(39,206)

(c) Deferred tax

Deferred taxation is not recognised, on the basis that the recognition criteria set out in FRS19 have not been met, in respect of the following:

	2004	2003
	£	£
Accelerated capital allowances	**4,880**	-

7. Tangible fixed assets

	Fixtures and fittings	*Motor vehicles*	*Office equipment*	*Total*
	£		£	£
Cost:				
At 1 January 2004	32,763	83,739	7,292	123,794
At 31 December 2004	32,763	83,739	7,292	123,794
Depreciation:				
At 1 January 2004	10,418	50,019	4,140	64,577
Charged in the year	8,191	20,935	1,823	30,949
At 31 December 2004	18,609	70,954	5,963	95,526
Net book value:				
At 31 December 2004	14,154	12,785	1,329	28,268
At 1 January 2004	22,345	33,720	3,152	59,217

8. Debtors

	2004	2003
	£	£
Trade debtors	**165,301**	61,754
Other debtors	**1,384**	-
Amount owed by parent undertaking	**117,448**	-
Amount owed by other group undertaking	**279**	-
Prepayments and accrued income	**22,451**	19,353
	306,863	81,107

9. **Creditors:** amounts falling due within one year

	2004	2003
	£	£
Trade creditors	**16,583**	18,994
Amounts owed to ultimate parent undertaking	**-**	188,206
Amounts owed to immediate parent undertaking	**839,676**	545,695
Amounts owed to other group undertakings	**252,851**	256,404
Other creditors including taxes and social security costs	**22,610**	8,217
Accruals and deferred income	**46,413**	32,794
	1,178,133	1,050,310

10. Financial commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	Plant and equipment	
	2004	2003
Operating leases which expire:	**£**	£
Within two to five years	**19,587**	50,824

11. Share Capital

				2004	2003
				£	£
Authorised	100	Ordinary shares	at £1 each	**100**	100
Allotted, issued and fully paid	100	Ordinary shares	at £1 each	**100**	100

12. Reconciliation of shareholders' deficit and movements on reserves

	Share capital	*Profit and loss account*	*Total shareholders' funds*
	£	£	£
At 1 January 2004	100	(788,468)	(788,368)
Loss for the financial year	-	(32,130)	(32,130)
At 31 December 2004	**100**	**(820,598)**	**(820,498)**

13. Ultimate parent company

The immediate parent undertaking is Dyno-Rod Limited (formerly Dyno-Rod PLC), a wholly owned subsidiary of Dyno Holdings Limited (formerly Zockoll Group Limited). Dyno Holdings Limited is an indirect and wholly owned subsidiary undertaking of Centrica plc. Centrica plc is the ultimate parent undertaking. Copies of the Annual Report of Centrica plc, may be obtained from the Company Secretary, Centrica plc, Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD.

The immediate parent company of Dyno Holdings Limited is GB Gas Holdings Limited, a wholly owned subsidiary of Centrica plc, incorporated in England and Wales.

14. Related party transactions

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