

**Registered No. 1952969**

**NHBC BUILDING CONTROL SERVICES LIMITED**

**ANNUAL REPORT**

**for the year ended 31 MARCH 2011**

**WEDNESDAY**



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**COMPANIES HOUSE**

## **NHBC BUILDING CONTROL SERVICES LIMITED**

### **REPORT OF THE DIRECTORS** **for the year ended 31 March 2011**

The directors present their report and audited financial statements of the Company for the year ended 31 March 2011

#### **ACTIVITIES**

The principal activity of the Company is the provision of building control services for Building Regulation purposes

#### **DIRECTORS**

The members of the Board, all of whom served for the entire year unless stated, were

M Freshney	(Chairman)
M Black	Appointed 6 September 2011
C Cole	
I Davis	
I Farookhi	
M Jones	
S Kelly	
M Stansfield	
R Teare	

#### **REVIEW OF THE YEAR**

The number of new homes registered for building control were 22% higher than last year, (2010 32% increase) Finalling volumes saw a slight fall of 5% on last year (2010 8% decrease) Total turnover increased by 14% (2010 12% increase) The Company recorded a profit before tax of £748,969 (2010 profit of £584,312) in the financial year After allowing for the payment of a dividend to NHBC and corporation tax, shareholder's funds have decreased to £3,845,818 (2010 £4,307,016)

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the Company's strategy are subject to a number of risks

The key business risks and uncertainties affecting the Company are considered to relate to the uncertain residential new build housing market as well as competition from other building control bodies The risks are managed by the board through ongoing review of the marketplace and monitoring of the company risk register

## **NHBC BUILDING CONTROL SERVICES LIMITED**

### **REPORT OF THE DIRECTORS for the year ended 31 March 2011 (continued)**

#### **OUTLOOK**

It is expected that the uncertain market and economic conditions experienced in recent years will continue in 2011/12 and beyond. The Company will continue to place the emphasis on, satisfying customer needs, building on core competences and containing costs, allowing it to meet the demands of the challenging market and economic conditions. Whilst registrations are anticipated to fall in 2011/12 commercial building control revenues are anticipated to rise and consequently the directors believe that the Company will maintain a satisfactory level of profit in the current market.

#### **DIVIDENDS**

During the year the directors paid a final dividend of £20 per share (£1,000,000) for the year end 31 March 2010.

The directors do not recommend the payment of a final dividend to NHBC in respect of the year ended 31 March 2011.

#### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual 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 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 group and the company, and of the profit or loss of the group 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, 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, disclose with reasonable accuracy at any time the financial position of the company and the group, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for

## **NHBC BUILDING CONTROL SERVICES LIMITED**

### **REPORT OF THE DIRECTORS for the year ended 31 March 2011 (continued)**

safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

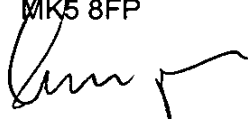
- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

### **AUDITORS**

PricewaterhouseCoopers LLP will continue as the company's auditors in accordance with the provisions of Section 487(2) of the Companies Act 2006

By Order of the Board

NHBC House  
Davy Avenue  
Knowlhill  
Milton Keynes  
Buckinghamshire  
MK5 8FP



J Hastings  
Secretary  
29 November 2011

## **NHBC BUILDING CONTROL SERVICES LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NHBC BUILDING CONTROL SERVICES LIMITED**

We have audited the financial statements of NHBC Building Control Services Limited for the year ended 31 March 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 page 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 in the Report of the Directors 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 March 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 matter prescribed by the Companies Act 2006**

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

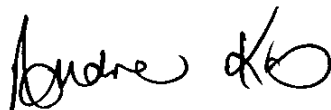
**NHBC BUILDING CONTROL SERVICES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
NHBC BUILDING CONTROL SERVICES LIMITED (continued)**

**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 Kail (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
2 December 2011

**NHBC BUILDING CONTROL SERVICES LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	2011 £	2010 £
Turnover	1(a)	10,120,360	8,881,865
Administrative Expenses	3	(9,407,833)	(8,326,643)
Operating profit		712,527	555,222
Other interest receivable and similar income	4	36,442	29,090
Profit on ordinary activities before taxation	5	748,969	584,312
Tax on profit on ordinary activities	8	(210,167)	(160,162)
Profit on ordinary activities after taxation		538,802	424,150

The Company had no gains or losses other than those which are reported in the profit and loss account and accordingly no statement of total recognised gains and losses is presented

The results above are all derived from continuing operations

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

**NHBC BUILDING CONTROL SERVICES LIMITED**

**BALANCE SHEET AS AT 31 MARCH 2011**

	Notes	2011 £	2010 £
<b>CURRENT ASSETS</b>			
Accrued Income		<b>124,983</b>	198,186
Trade Debtors	10	<b>606,731</b>	769,283
Amounts owed by group undertakings		<b>6,394,199</b>	6,444,540
Deferred taxation	11	<b>2,177</b>	2,931
Cash at bank and in hand		<b>189,164</b>	50,250
		<b>7,317,254</b>	7,465,190
CREDITORS (amounts falling due within one year)	12	<b>(743,439)</b>	(704,367)
Accruals and Deferred Income	13	<b>(2,727,997)</b>	(2,453,807)
		<b>(3,471,436)</b>	(3,158,174)
<b>NET CURRENT ASSETS</b>		<b>3,845,818</b>	4,307,016
<b>CAPITAL AND RESERVES</b>			
Called up share capital		<b>50,000</b>	50,000
Profit and loss account		<b>3,795,818</b>	4,257,016
<b>TOTAL SHAREHOLDER'S FUNDS</b>	14	<b>3,845,818</b>	4,307,016

The financial statements were approved by the Board on 29 November 2011 and signed on their behalf

S Kelly  
Director



I Farookhi  
Director



Company Registration Number 1952969

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



## **NHBC BUILDING CONTROL SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 MARCH 2011**

#### **1. ACCOUNTING POLICIES**

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below.

##### **(a) Turnover**

Turnover represents the invoiced building control fee income in the period, which is adjusted, where required for deferred income which is then recognised on completion of the relevant work, together with the appropriate release of deferred income set aside in previous years.

##### **(b) Taxation**

UK Corporation Tax is provided at the rate applicable to the profit for the year.

##### **(c) Deferred Taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences. Deferred tax is calculated at the rates at which it is expected that the tax will arise. Deferred tax is recognised in the profit and loss account for the period, except to the extent that it is attributable to a gain or loss that is recognised directly in the statement of total recognised gains and losses. Deferred tax balances are not discounted.

#### **2. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES**

NHBC Building Control Services Limited is a wholly owned subsidiary undertaking of the National House-Building Council. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised) "cash flow statements".

The Company is also exempt under FRS8 "related party disclosures" from disclosing related party transactions with other entities that are part of the group.

## **NHBC BUILDING CONTROL SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

#### **3. ADMINISTRATIVE EXPENSES**

Administrative expenses are costs incurred by NHBC on behalf of Building Control Services Limited (BCS) and are recharged in full to BCS. The expenses comprise of both directly incurred expenditure on behalf of BCS and shared costs incurred by NHBC. The expenses primarily relate to staff costs, inspection, insurance fees and shared costs.

#### **4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2011</b> <b>£</b>	<b>2010</b> <b>£</b>
Interest receivable from group undertakings	<b>36,442</b>	29,090

#### **5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2011</b> <b>£</b>	<b>2010</b> <b>£</b>
Operating profit is stated after charging		
Directors' emoluments (see note 7)	<b>131,800</b>	133,369
Auditors' remuneration	<b>4,000</b>	4,000

There were no fees payable to the auditors for non-audit purposes in the year (2010 nil)

#### **6. EMPLOYEE INFORMATION**

There were no direct employees of the Company during the year (2010 nil). The salary costs incurred in the year relate to employees of the National House-Building Council, which makes a recharge to the Company in respect of their services.

**NHBC BUILDING CONTROL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

**7. INFORMATION REGARDING DIRECTORS**

	<b>2011 £</b>	<b>2010 £</b>
Aggregate emoluments	<b>131,800</b>	<b>133,369</b>

There are eight directors (2010 eight) of NHBC Building Control Services Limited all of who are paid for by the National House-Building Council (NHBC) and then recharged to the company in respect of their services

**8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2011 £</b>	<b>2010 £</b>
UK Corporation Tax		
Current at 28%	<b>209,413</b>	<b>161,688</b>
Deferred at 26%	<b>754</b>	<b>(1,526)</b>
<b>Tax on profit on ordinary activities</b>	<b>210,167</b>	<b>160,162</b>
This comprises		
Current tax	<b>209,413</b>	<b>161,688</b>
Deferred tax	<b>754</b>	<b>(1,526)</b>
	<b>210,167</b>	<b>160,162</b>

## **NHBC BUILDING CONTROL SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

The current tax charge for the year is lower (2010 lower) than the standard rate of Corporation tax in the UK (28%) for the following reasons

	2011 £	2010 £
Profit on ordinary activities before taxation	748,969	584,312
Profit on ordinary activities at 28%	209,711	163,607
Expenses not deductible for tax purposes	288	59
Capital allowances for period in excess of depreciation	(586)	(733)
Marginal relief	-	(1,245)
<b>Current tax on profit on ordinary activities</b>	<b>209,413</b>	<b>161,688</b>

#### **9. DIVIDENDS**

	2011 £	2010 £
<b>Dividends Paid</b>		
Dividend paid on ordinary shares	1,000,000	-

The dividend paid in the year was £20 per share

#### **10. TRADE DEBTORS**

All trade debtors are due within 12 months of the balance sheet date

**NHBC BUILDING CONTROL SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011 (continued)****11. DEFERRED TAX**

Deferred tax has been fully provided in the financial statements as follows

	<b>2011 £</b>	<b>2010 £</b>
Timing differences on capital allowances	<b>2,177</b>	<b>2,931</b>

The movement in the deferred taxation account during the year was

	<b>2011 £</b>	<b>2010 £</b>
Balance brought forward	<b>2,931</b>	<b>1,405</b>
Change in tax rate	<b>(209)</b>	<b>-</b>
Profit and Loss account movement arising during the year	<b>(545)</b>	<b>1,526</b>

Balance carried forward	<b>2,177</b>	<b>2,931</b>
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The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	<b>2011 £</b>	<b>2010 £</b>
Excess of depreciation over taxation allowances	<b>2,177</b>	<b>2,931</b>

**12. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)**

	<b>2011 £</b>	<b>2010 £</b>
UK Corporation Tax	<b>209,413</b>	<b>161,688</b>
Sundry Creditors	<b>21,481</b>	<b>79,568</b>
VAT	<b>512,545</b>	<b>463,111</b>
	<b>743,439</b>	<b>704,367</b>

## **NHBC BUILDING CONTROL SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011 (continued)**

#### **13. ACCRUALS AND DEFERRED INCOME**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Accruals	<b>28,526</b>	33,129
Inspection fees in advance (deferred income)	<b>2,699,471</b>	2,420,678
	<b>2,727,997</b>	2,453,807

#### **14. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Shareholder funds at 1 April	<b>4,307,016</b>	3,882,866
Dividends paid	<b>(1,000,000)</b>	-
Retained profit for the year	<b>538,802</b>	424,150
Balance carried forward	<b>3,845,818</b>	4,307,016

#### **15. ULTIMATE PARENT COMPANY**

The National House-Building Council, a Company limited by guarantee and registered in England, is the Company's immediate and ultimate parent Company. Copies of the financial statements of the National House-Building Council can be obtained from The Secretary, NHBC, NHBC House, Davy Avenue, Knowlhill, Milton Keynes, MK5 8FP.

**NHBC BUILDING CONTROL SERVICES LIMITED**

THIS PAGE DOES NOT FORM PART OF THE AUDITED ACCOUNTS

**PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2011**

	2011 £	2010 £
<b>INCOME</b>		
Building Control Fees		
Appropriated on Registration	7,307,261	6,182,730
Released on Certification	1,741,692	1,683,081
	9,048,953	7,865,811
Miscellaneous Income		
Miscellaneous Sales	1,071,407	1,016,054
Interest Receivable	36,442	29,090
<b>TOTAL INCOME</b>	<b>10,156,802</b>	<b>8,910,955</b>
<b>EXPENDITURE</b>		
Inspection Fees	4,687,676	3,840,465
Insurance	876,415	717,639
Salaries, Pensions & National Insurance	2,548,063	2,428,618
Travel, Subsistence & Incidentals	317,646	315,110
Information & Publicity	34,221	17,312
Printing & Stationery	4,652	4,979
Postage & Telephone	58,407	55,504
Legal & Professional fees	(68,521)	84,877
Group Charges	778,759	754,802
General Expenses	18,097	(35,357)
Conference & Committee	11,863	625
Training	4,755	4,700
Directors Fees	131,800	133,369
Audit Fee	4,000	4,000
<b>TOTAL EXPENSES</b>	<b>9,407,833</b>	<b>8,326,643</b>
<b>PROFIT (before tax)</b>	<b>748,969</b>	<b>584,312</b>
Taxation @ 28%	(210,167)	(160,162)
<b>NET PROFIT FOR YEAR</b>	<b>538,802</b>	<b>424,150</b>