

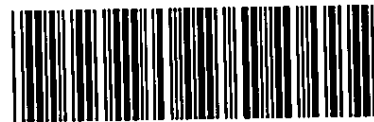
Registered No. 1952969

NHBC BUILDING CONTROL SERVICES LIMITED

ANNUAL REPORT

for the year ended 31 MARCH 2012

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NHBC BUILDING CONTROL SERVICES LIMITED

REPORT OF THE DIRECTORS **for the year ended 31 March 2012**

The directors present their report and audited financial statements of the Company for the year ended 31 March 2012

PRINCIPAL ACTIVITIES

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

DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements were

M Freshney	Resigned 28 February 2012
M Black (Chairman)	Appointed 6 September 2011
C Cole	
I Davis	
I Farookhi	Resigned 29 February 2012
M Jones	Resigned 25 April 2012
S Kelly	
D Marshall	Appointed 19 June 2012
M Stansfield	
R Teare	

REVIEW OF THE BUSINESS

The number of new homes registered for building control were 2% lower than last year, (2011 22% increase) Finalling volumes increased by 13% on last year (2011 5% decrease) Total turnover increased by 4% (2011 14% increase) The Company recorded a profit before tax of £834,486 (2011 profit of £748,969) in the financial year After allowing for corporation tax, shareholder's funds have increased to £4,463,133 (2011 £3,845,818)

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 taking action as appropriate

NHBC BUILDING CONTROL SERVICES LIMITED

REPORT OF THE DIRECTORS for the year ended 31 March 2012 (continued)

OUTLOOK

It is expected that the uncertain market and economic conditions experienced in recent years will continue in 2012/13 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 of new homes for building control are anticipated to fall in 2012/13, price increases and an anticipated rise in commercial building control revenues are expected to result in a satisfactory level of profit in the current market.

DIVIDENDS

The directors recommend the payment of a final dividend to NHBC of £6 per share (total £300,000) in respect of the year ended 31 March 2012 (2011 Nil).

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 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, 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 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 2012 (continued)

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

In so far as the directors are aware

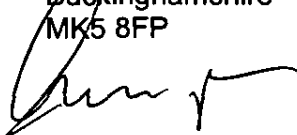
- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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
19 June 2012

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 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 Directors' Responsibilities Statement set out on pages 3 and 4 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 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

NHBC BUILDING CONTROL SERVICES LIMITED

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

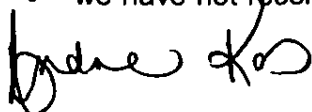
Opinion on other matter prescribed by the Companies Act 2006

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

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

20 June 2012

NHBC BUILDING CONTROL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	2011 £
Turnover	1(a)	10,486,482	10,120,360
Administrative expenses	3	(9,687,313)	(9,407,833)
Operating profit		799,169	712,527
Interest receivable and similar income	4	35,317	36,442
Profit on ordinary activities before taxation	5	834,486	748,969
Tax on profit on ordinary activities	8	(217,171)	(210,167)
Profit for the financial year		617,315	538,802

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

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 2012**

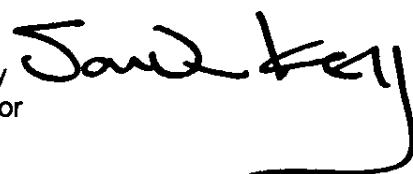
	Notes	2012 £	2011 £
CURRENT ASSETS			
Accrued income		119,958	124,983
Trade debtors	10	683,778	606,731
Amounts owed by group undertakings		7,092,968	6,394,199
Deferred taxation	11	1,608	2,177
Cash at bank and in hand		32,489	189,164
		7,930,801	7,317,254
Creditors (amounts falling due within one year)	12	(731,768)	(743,439)
Accruals and deferred income	13	(2,735,900)	(2,727,997)
		(3,467,668)	(3,471,436)
NET CURRENT ASSETS		4,463,133	3,845,818
NET ASSETS		4,463,133	3,845,818
CAPITAL AND RESERVES			
Called up share capital	14	50,000	50,000
Profit and loss account		4,413,133	3,795,818
TOTAL SHAREHOLDER'S FUNDS	15	4,463,133	3,845,818

The financial statements were approved by the Board on 19 June 2012 and signed on their behalf

M Black
Chairman



S Kelly
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 2012**

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 in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, 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 (NHBC). 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 pay 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 2012 (continued)

3. ADMINISTRATIVE EXPENSES

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

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012	2011
	£	£
Interest receivable from group undertakings	35,317	36,442

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2012	2011
	£	£
Operating profit is stated after charging		
Directors' emoluments (see note 7)	132,031	131,800
Auditors' remuneration	4,000	4,000

There were no fees payable to the auditors for non-audit purposes in the year (2011 nil)

6. EMPLOYEE INFORMATION

There were no direct employees of the Company during the year (2011 nil). The salary costs incurred in the year relate to employees of the NHBC, 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 2012 (continued)

7. INFORMATION REGARDING DIRECTORS

	2012 £	2011 £
Aggregate emoluments	132,031	131,800

There were nine directors (2011 eight) serving NHBC Building Control Services Limited during the financial year. All directors were paid for by NHBC and then recharged to the company in respect of their services.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2012 £	2011 £
UK Corporation Tax		
Current at 26%	216,602	209,413
Deferred at 24%	569	754
Tax on profit on ordinary activities	217,171	210,167

NHBC BUILDING CONTROL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 MARCH 2012 (continued)**

The current tax charge for the year is lower (2011 lower) than the standard rate of Corporation tax in the UK (26%) for the following reasons

	2012	2011
	£	£
Profit on ordinary activities before taxation	834,486	748,969
Profit on ordinary activities at 26%	216,966	209,711
Expenses not deductible for tax purposes	72	288
Capital allowances for period in excess of depreciation	(436)	(586)
Current tax on profit on ordinary activities	216,602	209,413

9. DIVIDENDS

	2012	2011
	£	£
Dividends paid		
Dividend paid on ordinary shares - £20 per ordinary share	-	1,000,000

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 2012 (continued)**11. DEFERRED TAX**

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

	2012 £	2011 £
Timing differences on capital allowances	1,608	2,177

The movement in the deferred taxation account during the year was

	2012 £	2011 £
Balance brought forward	2,177	2,931
Change in tax rate	(168)	(209)
Profit and loss account movement arising during the year	(401)	(545)
Balance carried forward	1,608	2,177

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2012 £	2011 £
Excess of depreciation over taxation allowances	1,608	2,177

12. CREDITORS (amounts falling due within one year)

	2012 £	2011 £
UK Corporation Tax	216,602	209,413
Sundry creditors	20,987	21,481
VAT	494,179	512,545
	731,768	743,439

NHBC BUILDING CONTROL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

13. ACCRUALS AND DEFERRED INCOME

	2012	2011
	£	£
Accruals	100,672	28,526
Inspection fees in advance (deferred income)	2,635,228	2,699,471
	2,735,900	2,727,997

14. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid

	2012		2011	
	No	£	No	£
50,000 Ordinary shares of £1 each	50,000	50,000	50,000	50,000

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2012	2011
	£	£
Shareholder funds at 1 April	3,845,818	4,307,016
Dividends paid	-	(1,000,000)
Retained profit for the year	617,315	538,802
Balance carried forward	4,463,133	3,845,818

16. ULTIMATE PARENT COMPANY

The NHBC, 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 NHBC can be obtained from The Secretary, NHBC, NHBC House, Davy Avenue, Knowlhill, Milton Keynes, MK5 8FP.