

Registered No. 1952969

NHBC BUILDING CONTROL SERVICES LIMITED

ANNUAL REPORT

for the year ended 31 MARCH 2009

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NHBC BUILDING CONTROL SERVICES LIMITED

REPORT OF THE DIRECTORS **for the year ended 31 March 2009**

The directors present their report and audited financial statements of the Company for the year ended 31 March 2009.

ACTIVITIES

The principal activity of the Company is that of inspecting buildings for Building Regulation purposes.

DIRECTORS

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

M. Freshney	(Chairman)
I. Farookhi	
I. Davis	
M. Jones	
M. Stansfield	
C. Cole	
S. Kelly	
R. Teare	(appointed 27 November 2008)

REVIEW OF THE YEAR

Both the number of new homes registered and finalised for building control were significantly lower than last year. Cost reduction actions taken by management to minimise the impact of the volume declines resulted in the Company recording a small profit in the financial year. After allowing for corporation tax, shareholder's funds have increased to £3,882,866 (2008: £3,857,845). The 2008 Shareholders funds reflect the adjustment for the proposed dividend of £450,000).

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs 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 declining residential new build housing market as well as competition from other approved inspectors in both residential and commercial building control.

NHBC BUILDING CONTROL SERVICES LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 March 2009 (continued)

OUTLOOK

It is expected that the depressed market and economic conditions experienced in 2008/09 will continue in the coming financial year. The Company continues to place an emphasis on satisfying customer needs, building on core competencies and containing costs. Consequently, the directors believe that the Company will maintain a satisfactory level of business in the current market and have confidence in the financial strength of the Company.

DIVIDENDS

During the year the directors paid a final dividend of £9 per share (£450,000) for the year ended 31 March 2008.

The directors do not recommend the payment of a final dividend in respect of the year ended 31 March 2009.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently, with the exception of changes arising on the adoption of new accounting standards in the year;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 confirm they have complied with the above requirements in preparing the financial statements.

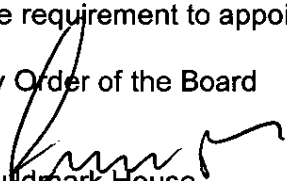
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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AUDITORS

Under Section 379A of the Companies Act 1985, the Company has elected to dispense with the requirement to appoint auditors annually.

By Order of the Board



Bulldmark House
Chiltern Avenue
Amersham
Buckinghamshire
HP5 6AP

J Hastings
Secretary
9 June 2009

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 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 in to 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

NHBC BUILDING CONTROL SERVICES LIMITED

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
// June 2009

NHBC BUILDING CONTROL SERVICES LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £	2008 £
Turnover	1(a)	7,914,340	14,392,536
Administrative Expenses		(8,141,570)	(13,579,590)
Operating (Loss)/profit		(227,230)	812,946
Other interest receivable and similar income	3	259,340	546,251
Profit on ordinary activities before taxation	4	32,110	1,359,197
Tax on profit on ordinary activities	7	(7,089)	(410,466)
Profit on ordinary activities after taxation		25,021	948,731

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 13 form part of these financial statements

NHBC BUILDING CONTROL SERVICES LIMITED**BALANCE SHEET AS AT 31 MARCH 2009**

	Notes	2009 £	2008 £
CURRENT ASSETS			
Accrued Income		42,588	71,751
Trade Debtors	9	639,593	1,179,666
Amounts owed by group undertakings		5,581,723	7,002,397
Deferred taxation	10	1,405	2,092
Cash at bank and in hand		195,786	119,233
		6,461,095	8,375,139
CREDITORS (amounts falling due within one year)	11	(299,625)	(1,137,838)
Accruals and Deferred Income	12	(2,278,604)	(2,929,456)
		(2,578,229)	(4,067,294)
NET CURRENT ASSETS		3,882,866	4,307,845
CAPITAL AND RESERVES			
Called up share capital	13	50,000	50,000
Profit and loss account	14	3,832,866	4,257,845
TOTAL SHAREHOLDER'S FUNDS	14	3,882,866	4,307,845

The financial statements were approved by the Board on 9 June 2009 and signed on their behalf.

Director

Director

The notes on pages 9 to 13 form part of these financial statements

NHBC BUILDING CONTROL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 MARCH 2009**

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 1985 and applicable accounting standards. The principal accounting policies are set out below.

(a) Turnover

Turnover represents the inspection fees receivable in the period less that portion set aside to be released on completion of inspection of the relevant dwellings, together with the appropriate release of fees set aside in previous years. In the balance sheet inspection fees in advance represent the deferred element of inspection fees received. The amounts so deferred are recognised as turnover when inspection is completed.

(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 including revaluation gains and losses on investments. 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 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 2009 (continued)

3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £	2008 £
Interest receivable from group undertakings	259,340	546,251

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2009 £	2008 £
Operating profit is stated after charging:		
Directors' emoluments (see note 6)	96,661	85,500
Auditors' remuneration	5,000	5,000

There were no fees payable to the auditors for non-audit purposes in the year (2008: nil).

5. EMPLOYEE INFORMATION

There were no direct employees of the Company during the year (2008: 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.

6. INFORMATION REGARDING DIRECTORS

	2009 £	2008 £
Aggregate emoluments	96,661	85,500

Of the directors who served during the year four (2008: 4 directors) were employees of the National House-Building Council, which makes a recharge to the Company in respect of their services. The amount of this recharge is included in the table above as aggregate emoluments. Included within aggregate emoluments above is £36,781 payable to third parties for directors' services (2008: £28,500).

NHBC BUILDING CONTROL SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 (continued)****7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	2009 £	2008 £
UK Corporation Tax		
Current at 21% (30% 2008)	6,402	408,903
Deferred at 21% (30% 2008)	687	1,563
Tax on profit on ordinary activities	7,089	410,466
This comprises:		
Current tax	6,402	408,903
Deferred tax	687	1,563
	7,089	410,466

The current tax charge for the year is lower (2008: higher) than the standard rate of Corporation tax in the UK (21%) for the following reasons:

	2009 £	2008 £
Surplus on ordinary activities before tax	32,110	1,359,197
Surplus on ordinary activities multiplied by the standard rate of Corporation tax in the UK 21% (2008: 30%).	6,743	407,759
Effects of:		
Expenses not deductible for tax purposes	346	2,707
Capital allowances in excess of depreciation	(687)	(1,563)
Current corporation tax charge on surplus on ordinary activities this year.	6,402	408,903

NHBC BUILDING CONTROL SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 (continued)****8 DIVIDENDS**

	2009 £	2008 £
Dividends Paid		
Dividend £9 per share paid on ordinary shares	450,000	3,900,000

9. TRADE DEBTORS

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

10. DEFERRED TAXATION

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

	2009 £	2008 £
Timing differences on capital allowances	1,405	2,092

11. CREDITORS (AMOUNTS DUE WITHIN ONE YEAR)

	2009 £	2008 £
UK Corporation Tax	6,402	408,903
Sundry Creditors	74,507	101,983
VAT	218,716	626,952
	299,625	1,137,838

12. ACCRUALS AND DEFERRED INCOME

	2009 £	2008 £
Accruals	2,544	10,147
Inspection fees in advance (deferred income)	2,276,060	2,919,309
	2,278,604	2,929,456

NHBC BUILDING CONTROL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 (continued)

13. CALLED UP SHARE CAPITAL

	2009	2008
	£	£
100 Ordinary shares of £1:		
Authorised, allotted and fully paid	50,000	50,000

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2009	2008
	Total	Total
	£	£
Retained Profit Balance at 1 April	4,307,845	7,259,114
Dividends paid	(450,000)	(3,900,000)
Retained profit for the year	25,021	948,731
Balance carried forward	3,882,866	4,307,845

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, Buildmark House, Chiltern Avenue, Amersham, Bucks HP6 5AP.

16. CONTINGENT LIABILITIES

The London Fire and Emergency Planning Authority (a public body with responsibility for enforcement of the Regulatory Reform (Fire Safety) Order 2005 (RRO) in its local area) has recently initiated a prosecution against NHBC Building Control Services Limited (NHBC-BCS) under the RRO. It is alleged that NHBC-BCS was responsible for an alleged failure by the builder to take measures required by the RRO on one development NHBC-BCS will be defending the case and it could take in excess of 12 months before the case reaches its conclusion. It is not possible at this stage of the process to quantify the potential financial effect of this action.

NHBC BUILDING CONTROL SERVICES LIMITED

THIS PAGE DOES NOT FORM PART OF THE AUDITED ACCOUNTS

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009

	2009 £	2008 £
INCOME		
Inspection Fees:		
Appropriated on Registration	4,980,577	11,031,208
Released on Certification	1,707,237	2,285,630
	6,687,814	13,316,838
Miscellaneous Income:		
Miscellaneous Sales	1,226,526	1,075,698
Interest Receivable	259,340	546,251
TOTAL INCOME	8,173,681	14,938,787
EXPENDITURE		
Inspection Fees	2,908,712	6,813,452
Insurance	561,365	1,569,378
Salaries, Pensions & National Insurance	2,840,339	3,010,082
Travel, Subsistence & Incidentals	363,339	140,549
Information & Publicity	155,312	132,083
Printing & Stationery	8,156	12,267
Postage & Telephone	64,496	59,459
Legal & Professional fees	11,933	20,465
Group Charges	965,666	1,621,422
General Expenses	153,989	93,866
Conference & Committee	182	5,872
Training	6,420	10,195
Directors Fees	96,661	85,500
Audit Fee	5,000	5,000
TOTAL EXPENSES	8,141,570	13,579,590
PROFIT (before tax)	32,110	1,359,197
Taxation @ 21% (2008: 30%)	(7,089)	(410,466)
NET PROFIT FOR YEAR	25,021	948,731