

Registered No. 1952969


NHBC BUILDING CONTROL SERVICES LIMITED

ANNUAL REPORT

for the year ended 31 MARCH 2010

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NHBC BUILDING CONTROL SERVICES LIMITED

REPORT OF THE DIRECTORS **for the year ended 31 March 2010**

The directors present their report and audited financial statements of the Company for the year ended 31 March 2010

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)
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 32% higher than last year, (2009 58% decrease) Finalling volumes saw a slight fall of 8% on last year (2009 30% decrease) Total turnover increased by 12% (2009 45% decrease) The Company recorded a profit of £584,312 (2009 profit of £32,110) before tax in the financial year After allowing for corporation tax, shareholder's funds have increased to £4,307,016 (2009 £3,882,866)

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, formulation of both annual and three year plans and continuous updating of the company risk register

NHBC BUILDING CONTROL SERVICES LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 March 2010 (continued)

OUTLOOK

It is expected that the uncertain market and economic conditions experienced in 2009/10 will continue in the coming financial year. The Company continues to place an emphasis on the provision of a thorough and robust service, satisfying customer needs, building on core competences 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

No dividends were paid during the financial year.

The directors recommend the payment of a final dividend to NHBC of £20 per share in respect of the year ended 31 March 2010.

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accounting Standards and applicable law (United Kingdom Accepted Accounting Practice). 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 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,
- 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and

NHBC BUILDING CONTROL SERVICES LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 March 2010 (continued)

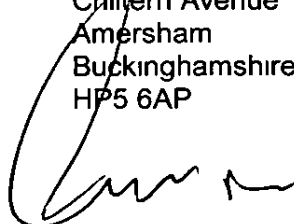
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

Buildmark House
Chiltern Avenue
Amersham
Buckinghamshire
HP5 6AP



J Hastings
Secretary
8 June 2010

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 2010 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 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 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.

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 2010 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.

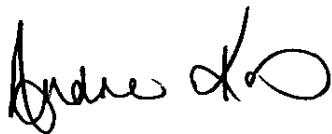
NHBC BUILDING CONTROL SERVICES LIMITED

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

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

9 June 2010

NHBC BUILDING CONTROL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £	2009 £
Turnover	1(a)	8,881,865	7,914,340
Administrative Expenses	3	(8,326,643)	(8,141,570)
Operating profit/(loss)		555,222	(227,230)
Other interest receivable and similar income	4	29,090	259,340
Profit on ordinary activities before taxation	5	584,312	32,110
Tax on profit on ordinary activities	8	(160,162)	(7,089)
Profit on ordinary activities after taxation		424,150	25,021

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

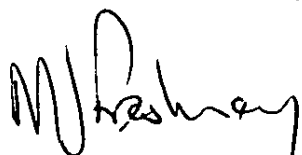
The notes on pages 9 to 13 form part of these financial statements

NHBC BUILDING CONTROL SERVICES LIMITED**BALANCE SHEET AS AT 31 MARCH 2010**

	Notes	2010 £	2009 £
CURRENT ASSETS			
Accrued Income		198,186	42,588
Trade Debtors	10	769,283	639,593
Amounts owed by group undertakings		6,444,540	5,581,723
Deferred taxation	11	2,931	1,405
Cash at bank and in hand		50,250	195,786
		7,465,190	6,461,095
CREDITORS (amounts falling due within one year)	12	(704,367)	(299,625)
Accruals and Deferred Income	13	(2,453,807)	(2,278,604)
		(3,158,174)	(2,578,229)
NET CURRENT ASSETS		4,307,016	3,882,866
CAPITAL AND RESERVES			
Called up share capital		50,000	50,000
Profit and loss account		4,257,016	3,832,866
TOTAL SHAREHOLDER'S FUNDS	14	4,307,016	3,882,866

The financial statements were approved by the Board on 8 June 2010 and signed on their behalf

Director



MICHAEL FRESHNEY

Director



SANDRA KELLY

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 2010

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 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. 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 2010 (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

	2010	2009
	£	£
Interest receivable from group undertakings	29,090	259,340

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010	2009
	£	£
Operating profit is stated after charging		
Directors' emoluments (see note 7)	133,369	96,661
Auditors' remuneration	4,000	5,000

There were no fees payable to the auditors for non-audit purposes in the year (2009 nil)

6. EMPLOYEE INFORMATION

There were no direct employees of the Company during the year (2009 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 2010 (continued)

7. INFORMATION REGARDING DIRECTORS

	2010 £	2009 £
Aggregate emoluments	133,369	96,661

Of the directors who served during the year four (2009 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 £45,000 payable to third parties for directors' services (2009 £36,781)

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2010 £	2009 £
UK Corporation Tax		
Current at 28% (21% 2009)	161,688	6,402
Deferred at 28% (21% 2009)	(1,526)	687
Tax on profit on ordinary activities	160,162	7,089
This comprises		
Current tax	161,688	6,402
Deferred tax	(1,526)	687
	160,162	7,089

NHBC BUILDING CONTROL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010 (continued)

The current tax charge for the year is lower (2008 lower) than the standard rate of Corporation tax in the UK (28%) for the following reasons

	2010 £	2009 £
Surplus on ordinary activities before tax	584,312	32,110
Surplus on ordinary activities multiplied by the standard rate of Corporation tax in the UK 28% (2009 21%)	163,607	6,743
Effects of		
Expenses not deductible for tax purposes	59	346
Capital allowances for period in excess of depreciation	(733)	(687)
Marginal relief	(1,245)	-
Current corporation tax charge on surplus on ordinary activities this year	161,688	6,402

9. DIVIDENDS

	2010 £	2009 £
Dividends Paid		
Nil dividend paid on ordinary shares (2009 £9)	-	450,000

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 2010 (continued)**

11. DEFERRED TAXATION

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

	2010 £	2009 £
Timing differences on capital allowances	2,931	1,405

The movement in the deferred taxation account during the year was

	2010 £	2009 £
Balance brought forward	1,405	2,092
Profit and Loss account movement arising during the year	1,526	(687)
Balance carried forward	2,931	1,405

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

	2010 £	2009 £
Excess of depreciation over taxation allowances	2,931	1,405

NHBC BUILDING CONTROL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010 (continued)

12. CREDITORS (AMOUNTS DUE WITHIN ONE YEAR)

	2010 £	2009 £
UK Corporation Tax	161,688	6,402
Sundry Creditors	79,568	74,507
VAT	463,111	218,716
	704,367	299,625

13. ACCRUALS AND DEFERRED INCOME

	2010 £	2009 £
Accruals	33,129	2,544
Inspection fees in advance (deferred income)	2,420,678	2,276,060
	2,453,807	2,278,604

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2010	2009
	Total	Total
	£	£
Retained Profit Balance at 1 April	3,882,866	4,307,845
Dividends paid	-	(450,000)
Retained profit for the year	424,150	25,021
Balance carried forward	4,307,016	3,882,866

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.