

Registered No. 1952969

NHBC BUILDING CONTROL SERVICES LIMITED

ANNUAL REPORT

for the year ended 31 MARCH 2014

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NHBC BUILDING CONTROL SERVICES LIMITED

STRATEGIC REPORT for the year ended 31 March 2014

WHO WE ARE AND WHAT WE DO

NHBC Building Control Services Limited (BCS) is the largest single building control body throughout England and Wales with over 28 years experience. BCS provides building control on residential, mixed-use and commercial projects of all sizes and complexities, providing dedicated support and technical advice for builders and their agents and is central to NHBC's purpose of helping to maintain and raise standards across the industry. BCS also supports Government and the wider construction industry on regulation changes and other industry issues. Last year, BCS carried out building control on almost 75,000 new homes across the private and affordable sectors.

OUR STRATEGY AND OBJECTIVES

The outlook for house building is very positive. As the economy emerges from the long recession, government intervention is helping to drive demand for new housing and builders are responding by increasing supply. Our business strategy is focussed on providing services that support the National House Building Council to achieve its objectives of working with the home-building and wider construction industry to raise the standard of new homes and to provide consumer protection for homeowners.

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 and financial 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 and the risk associated with management of financial assets. The company's risks and uncertainties are considered and reviewed by the board at each board meeting with action being taken as appropriate.

REVIEW OF THE YEAR

The number of new homes registered for building control was 14.5% higher than last year, (2013: 1% increase). Finalling volumes increased by 1.9% on last year (2013: 1% decrease). Total turnover increased by 10% (2013: 1% decrease). The Company recorded a profit before tax of £647,311 (2013: profit of £317,386) in the financial year. After allowing for corporation tax, shareholder's funds have increased to £4,603,421 (2013: £4,405,980).

OUTLOOK

A brighter outlook for the UK economy is forecast and it is expected that BCS will see an increase in registrations in 2014/15 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 and return a satisfactory level of profit to NHBC.

NHBC BUILDING CONTROL SERVICES LIMITED

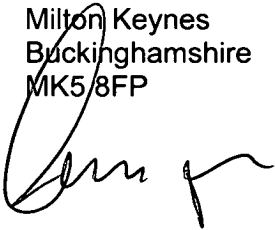
STRATEGIC REPORT for the year ended 31 March 2014 (continued)

CORPORATE GOVERNANCE

The company is a wholly owned subsidiary of the National House Building Council. The Board of BCS ensures that the Company achieves an appropriate standard of governance having regard to its constitution and the regulatory framework in which the company operates.

Signed by order of the directors

NHBC House
Davy Avenue
Knowlhill
Milton Keynes
Buckinghamshire
MK5 8FP

A handwritten signature in black ink, appearing to read 'J Hastings', is written over the company address.

J Hastings
Secretary
Approved by the directors on 17 June 2014

NHBC BUILDING CONTROL SERVICES LIMITED

DIRECTORS REPORT **for the year ended 31 March 2014**

The directors present their report and audited financial statements of the Company for the year ended 31 March 2014.

RESULTS

The Company's results for the year are shown in the profit and loss account on page 8.

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

M. Black (Chairman)
C. Cole
I. Davis
S. Kelly
D. Marshall
M. Quinton
M. Stansfield

DIVIDENDS

The directors recommend the payment of a final dividend to NHBC of £16 per share (total £800,000) in respect of the year ended 31 March 2014 (2013: £300,000).

DIRECTORS' RESPONSIBILITIES STATEMENT

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

NHBC BUILDING CONTROL SERVICES LIMITED

DIRECTORS REPORT

for the year ended 31 March 2014 (continued)

DIRECTORS' RESPONSIBILITIES STATEMENT (continued)

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:

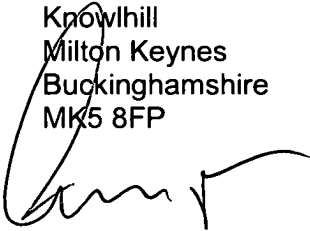
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

INDEPENDENT AUDITORS

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

Signed by order of the directors

NHBC House
Davy Avenue
Knowlhill
Milton Keynes
Buckinghamshire
MK5 8FP



J Hastings
Secretary

Approved by the directors on 17 June 2014

NHBC BUILDING CONTROL SERVICES LIMITED

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

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by NHBC Building Control Services Limited, comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 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 ISAs (UK & 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.



Mark Bolton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

17 June 2014

NHBC BUILDING CONTROL SERVICES LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £	2013 £
Turnover	1(a)	11,407,254	10,374,080
Administrative expenses	3	(10,798,874)	(10,094,226)
Operating profit		608,380	279,854
Interest receivable and similar income	4	38,931	37,532
Profit on ordinary activities before taxation	5	647,311	317,386
Tax on profit on ordinary activities	8	(149,870)	(74,539)
Profit for the financial year		497,441	242,847

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.

NHBC BUILDING CONTROL SERVICES LIMITED**BALANCE SHEET AS AT 31 MARCH 2014**

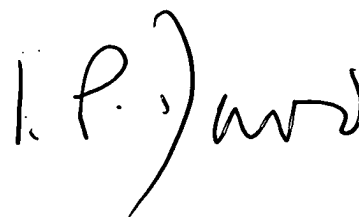
	Notes	2014 £	2013 £
CURRENT ASSETS			
Trade debtors	10	733,598	711,551
Amounts owed by group undertakings		7,565,282	7,028,260
Deferred taxation	11	1,036	1,264
Accrued income		34,722	104,927
Cash at bank and in hand		50,063	7,908
		8,384,701	7,853,910
Creditors (amounts falling due within one year)	12	(704,880)	(668,264)
Accruals and deferred income	13	(3,076,400)	(2,779,666)
		(3,781,280)	(3,447,930)
NET CURRENT ASSETS		4,603,421	4,405,980
NET ASSETS		4,603,421	4,405,980
CAPITAL AND RESERVES			
Called up share capital	14	50,000	50,000
Profit and loss account		4,553,421	4,355,980
TOTAL SHAREHOLDER'S FUNDS	15	4,603,421	4,405,980

The financial statements were approved by the directors and authorised for issue on 17 June 2014 and signed on their behalf by:

M Quinton
Director



I Davis
Director



Company Registration Number 1952969

The notes on pages 10 to 15 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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 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 2014 (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

	2014	2013
	£	£
Interest receivable from group undertakings	38,931	37,532

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014	2013
	£	£
Operating profit is stated after charging:		
Directors' emoluments (see note 7)	170,454	115,137
Auditors' remuneration	4,000	4,000

There were no fees payable to the auditors for non-audit purposes in the year (2013: nil).

6. EMPLOYEE INFORMATION

The company's staff are employed through 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 2014 (continued)**

7. INFORMATION REGARDING DIRECTORS

	2014	2013
	£	£
Aggregate emoluments	170,454	115,137

There were seven directors (2013: nine) 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

	2014	2013
	£	£
UK Corporation Tax		
Current at 23% (2013: 24%)	149,642	74,195
Deferred at 20% (2013: 23%)	228	344
Tax on profit on ordinary activities	149,870	74,539

Factors affecting current and future tax charges

During the year, as a result of the reduction in the UK corporation tax rate to 21% that was enacted on 3 July 2012 and effective from 1 April 2014, the relevant deferred tax balances have been re-measured.

A further reduction to UK corporation tax has been announced. The charge proposes to reduce the rate to 20% from 1 April 2015. The change had not been substantively enacted as the balance sheet date and therefore is not recognised in these financial statements.

NHBC BUILDING CONTROL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

The current tax charge for the year is higher (2013: lower) than the standard rate of Corporation tax in the UK (23%) (2013: 24%) for the following reasons:

	2014	2013
	£	£
Profit on ordinary activities before taxation	647,311	317,386
Profit on ordinary activities at 23% (2013: 24%)	148,882	76,173
Expenses not deductible for tax purposes	988	144
Capital allowances for year in excess of depreciation	(228)	(289)
Marginal relief	-	(1,833)
Current tax on profit on ordinary activities	149,642	74,195

9. DIVIDENDS

	2014	2013
	£	£
Dividends paid		
Dividend paid on ordinary shares - £6 per ordinary share	300,000	300,000

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 2014 (continued)**11. DEFERRED TAXATION**

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

	2014 £	2013 £
Timing differences on capital allowances	1,036	1,264

The movement in the deferred taxation account during the year was:

	2014 £	2013 £
Balance brought forward	1,264	1,608
Change in tax rate	-	(67)
Profit and loss account movement arising during the year	(228)	(277)
Balance carried forward	1,036	1,264

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

	2014 £	2013 £
Excess of depreciation over taxation allowances	1,036	1,264

12. CREDITORS (amounts falling due within one year)

	2014 £	2013 £
UK Corporation Tax	149,642	74,195
Other creditors	22,092	28,697
VAT	533,146	565,372
	704,880	668,264

NHBC BUILDING CONTROL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

13. ACCRUALS AND DEFERRED INCOME

	2014	2013
	£	£
Accruals	223,623	142,764
Inspection fees in advance (deferred income)	2,852,777	2,636,902
	3,076,400	2,779,666

14. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
50,000 (2013: 50,000)				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2014	2013
	£	£
Shareholder's funds at 1 April	4,405,980	4,463,133
Dividends paid	(300,000)	(300,000)
Retained profit for the year	497,441	242,847
Balance carried forward	4,603,421	4,405,980

16. ULTIMATE PARENT COMPANY

The NHBC, a Company limited by guarantee and registered in England, is the Company's immediate, ultimate, smallest and largest 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.