

Registered No. 1952969

NHBC BUILDING CONTROL SERVICES LIMITED

ANNUAL REPORT

for the year ended 31 MARCH 2015

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NHBC BUILDING CONTROL SERVICES LIMITED

STRATEGIC REPORT **for the year ended 31 March 2015**

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 29 years of 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 the National House-Building Council'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.

OUR STRATEGY AND OBJECTIVES

The outlook for house-building is currently positive. Following the UK's emergence from recession the government put in place a number of initiatives to stimulate demand and builders responded by increasing supply of new homes. Our business strategy remains focussed on providing services that support the National House-Building Council to achieve its objectives of working with the house-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 and uncertainties.

The key business and financial risks and uncertainties affecting the Company are considered to relate to resourcing for future growth levels in the residential new-build housing market, competition from other building control bodies and the risk associated with the management of financial assets. The Company's risks and uncertainties are considered and reviewed by the BCS Board at each Board meeting with action being taken as appropriate.

REVIEW OF THE YEAR

The number of new homes registered for residential building control was 22.0% higher than last year, (2014: 14.5% increase). Finalling volumes increased by 8.4% on last year (2014: 1.9% increase). Total turnover increased by 15% (2014:10% increase). The Company recorded a profit before taxation of £1,014,269 (2014: profit of £647,311) in the financial year. After allowing for corporation tax and dividends, shareholders' funds have increased to £4,604,333 (2014: £4,603,421).

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.

NHBC BUILDING CONTROL SERVICES LIMITED

STRATEGIC REPORT for the year ended 31 March 2015 (continued)

OUTLOOK

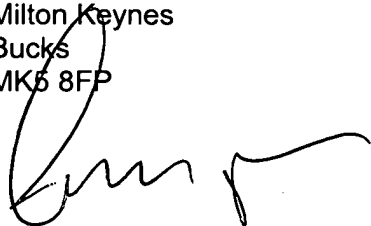
It is anticipated that the UK economy will continue to deliver strong GDP growth which will continue to have a positive impact on the house-building industry. As a result, the Board believes that BCS will see an increase in registrations in the coming financial year. The Company will continue to place the emphasis on satisfying customer needs and building on core competences along with investing in resources which will allow it to meet the demands of a growing market and to return a satisfactory level of profit to the National House-Building Council.

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 board

NHBC House
Davy Avenue
Knowlhill
Milton Keynes
Bucks
MK5 8FP



J Hastings
Secretary

Approved by the directors on 25 June 2015

NHBC BUILDING CONTROL SERVICES LIMITED

DIRECTORS REPORT **for the year ended 31 March 2015**

The directors present their report and audited financial statements of the Company for the year ended 31 March 2015.

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)	Resigned 17 June 2014
C. Cole	Resigned 17 June 2014
I. Davis	
S. Kelly	Resigned 17 June 2014
D. Marshall	
M. Quinton	
C. Rash	Appointed 24 September 2014
A. Rothrie	Appointed 17 June 2014
M. Stansfield	Resigned 17 June 2014

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 2015 (2014: £800,000).

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, 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 the 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.

NHBC BUILDING CONTROL SERVICES LIMITED

DIRECTORS REPORT

for the year ended 31 March 2015 (continued)

DIRECTORS' RESPONSIBILITIES STATEMENT (continued)

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:

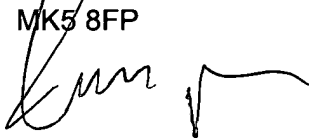
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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 board

NHBC House
Davy Avenue
Knowlhill
Milton Keynes
Bucks
MK5 8FP



J Hastings
Secretary

Approved by the directors on 25 June 2015

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 2015 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 2015;
- 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 Directors' Report 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 4 to 5, 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
25 June 2015

NHBC BUILDING CONTROL SERVICES LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Turnover		13,159,288	11,407,254
Administrative expenses	3	(12,186,676)	(10,798,874)
Operating profit		972,612	608,380
Interest receivable and similar income	4	41,657	38,931
Profit on ordinary activities before taxation	5	1,014,269	647,311
Tax on profit on ordinary activities	8	(213,357)	(149,870)
Profit for the financial year	15	800,912	497,441

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 2015**

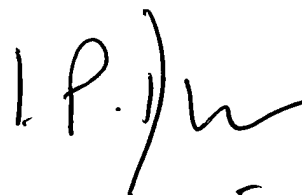
	Notes	2015 £	2014 £
CURRENT ASSETS			
Trade debtors	10	1,065,757	733,598
Amounts owed by group undertakings		8,173,422	7,565,282
Deferred taxation	11	739	1,036
Prepayments and accrued income		40,739	34,722
Cash at bank and in hand		3,374	50,063
		9,284,031	8,384,701
Creditors: amounts falling due within one year	12	(1,004,960)	(704,880)
Accruals and deferred income	13	(3,674,738)	(3,076,400)
		(4,679,698)	(3,781,280)
NET CURRENT ASSETS		4,604,333	4,603,421
NET ASSETS		4,604,333	4,603,421
CAPITAL AND RESERVES			
Called up share capital	14	50,000	50,000
Profit and loss account		4,554,333	4,553,421
TOTAL SHAREHOLDERS' FUNDS	15	4,604,333	4,603,421

The financial statements on page 8 to 14 were approved by the board of directors and authorised for issue on 25 June 2015 and signed on their behalf by:

M Quinton
Director



I Davis
Director



Company Registration Number 1952969

The notes on pages 10 to 14 form part of these financial statements

NHBC BUILDING CONTROL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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 financial 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 2015 (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

	2015 £	2014 £
Interest receivable from group undertakings	41,657	38,931

5. OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015 £	2014 £
Operating profit is stated after charging:		
Directors' emoluments (see note 7)	154,744	170,454
Auditors' remuneration for audit of financial statements	4,000	4,000

There were no fees payable to the auditors for non-audit purposes in the year (2014: 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.

7. INFORMATION REGARDING DIRECTORS

	2015 £	2014 £
Aggregate emoluments	154,744	170,454

There were a maximum of seven directors (2014: seven) serving NHBC Building Control Services Limited at any one time during the financial year. All directors were paid for by NHBC and then recharged to the company in respect of their services.

NHBC BUILDING CONTROL SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 MARCH 2015 (continued)**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2015 £	2014 £
UK Corporation Tax		
Current at 21% (2014: 23%)	213,060	149,642
Deferred at 20% (2014: 20%)	297	228
Tax on profit on ordinary activities	213,357	149,870

Factors affecting current and future tax charges

During the year, as a result of the reduction in the UK corporation tax rate to 20% that was enacted on 2 July 2013 and effective from 1 April 2015, the relevant deferred tax balances have been re-measured.

The current tax charge for the year is higher (2014: higher) than the standard rate of Corporation tax in the UK (21%) (2014: 23%) for the following reasons:

	2015 £	2014 £
Profit on ordinary activities before taxation	1,014,269	647,311
Profit on ordinary activities before taxation at 21% (2014: 23%)	212,996	148,882
Expenses not deductible for tax purposes	234	988
Capital allowances for year in excess of depreciation	(170)	(228)
Current tax on profit on ordinary activities	213,060	149,642

9. DIVIDENDS

	2015 £	2014 £
Dividends paid		
Dividend paid on ordinary shares - £16 per ordinary share (2014: £6 per ordinary share)	800,000	300,000

NHBC BUILDING CONTROL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

10. TRADE DEBTORS

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

11. DEFERRED TAXATION

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

	2015	2014
	£	£
Timing differences on capital allowances	739	1,036

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

	2015	2014
	£	£
Balance brought forward	1,036	1,264
Effect of decreased tax rate on opening asset	(127)	-
Profit and loss account movement arising during the year	(170)	(228)
Balance carried forward	739	1,036

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

	2015	2014
	£	£
Excess of depreciation over taxation allowances	739	1,036

12. CREDITORS (amounts falling due within one year)

	2015	2014
	£	£
UK Corporation Tax	213,060	149,642
Other creditors	26,443	22,092
VAT	765,457	533,146
	1,004,960	704,880

NHBC BUILDING CONTROL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

13. ACCRUALS AND DEFERRED INCOME

	2015 £	2014 £
Accruals	196,037	223,623
Inspection fees in advance (deferred income)	3,478,701	2,852,777
	3,674,738	3,076,400

14. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

	2015 No	£	2014 No	£
50,000 (2014: 50,000)				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Opening shareholders' funds	4,603,421	4,405,980
Dividends paid	(800,000)	(300,000)
Retained profit for the financial year	800,912	497,441
Closing shareholders' funds	4,604,333	4,603,421

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, Bucks, MK5 8FP.