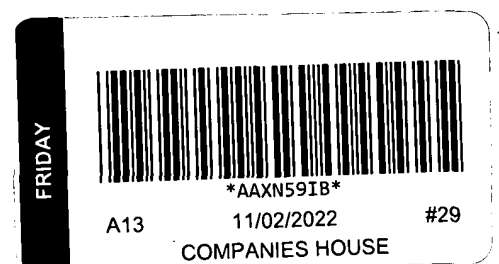


COMPANY REGISTRATION NUMBER: 03067703

NHBC Services Limited

Annual Report and Financial Statements

31 March 2021



NHBC Services Limited

Financial Statements

Year ended 31 March 2021

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NHBC Services Limited

Directors' Report

Year ended 31 March 2021

The directors present their report and the financial statements of the company for the year ended 31 March 2021.

Directors

The directors who served the company during the year were as follows:

A Gorst
T Kitchen
D Campbell

Unless stated otherwise, the directors listed above have all served up to the date of the signing of the accounts.

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 elected to prepare 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 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 judgments and accounting estimates that are reasonable and prudent.

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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

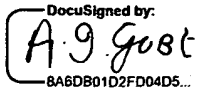
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

NHBC Services Limited

Directors' Report *(continued)*

Year ended 31 March 2021

This report was approved by the board of directors on 7 February 2022 and signed on behalf of the board by:

DocuSigned by:

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7/2/2022

A Gorst
Director

Registered office:
NHBC House
Davy Avenue
Knowlhill
Milton Keynes
Bucks
MK5 8FP

NHBC Services Limited

Independent Auditor's Report to the Member of NHBC Services Limited *(continued)*

Year ended 31 March 2021

Opinion

In our opinion the financial statements of NHBC Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31/03/2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Income and Retained Earnings;
- the Statement of Financial Position;
- the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the

NHBC Services Limited

Independent Auditor's Report to the Member of NHBC Services Limited (continued)

Year ended 31 March 2021

course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pension legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions, IT, and actuarial regarding the opportunities and incentives that may exist within the

NHBC Services Limited

Independent Auditor's Report to the Member of NHBC Services Limited (continued)

Year ended 31 March 2021

organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- We have assessed that there is a significant risk of material misstatement relating to revenue recognition which is pinpointed to the cut-off assertion specifically around the year end.
- We have obtained an understanding of the revenue process, including procedures for determining the recognition of revenue for long tail streams, such as apprenticeship schemes;
- Assessed the design and implementation of controls in the revenue process specifically focusing on the controls that address revenue recognition cut-off; and
- Performed additional cut-off testing around the year-end date by selecting additional samples for revenue recognised in March 2021 and April 2021 to identify any transactions which may have been erroneously recognised as revenue in the incorrect period

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

NHBC Services Limited

Independent Auditor's Report to the Member of NHBC Services Limited *(continued)*

Year ended 31 March 2021

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Claire Clough
9BE87AF331D64AE...

7/2/2022

Claire Clough, ACA (Senior statutory auditor)

For and on behalf of
Deloitte LLP
Statutory auditor
London, United Kingdom

7 February 2022

NHBC Services Limited**Statement of Income and Retained Earnings****Year ended 31 March 2021**

	Note	2021 £	2020 £
Turnover		4,994,411	6,080,395
Gross profit		4,994,411	6,080,395
Administrative expenses		5,570,661	5,801,116
Operating (loss)/profit		(576,250)	279,279
Other interest receivable and similar income		699	10,336
(Loss)/profit before taxation	7	(575,551)	289,615
Tax on (loss)/profit		9,737	–
(Loss)/profit for the financial year and total comprehensive income		(565,814)	289,615
Retained earnings at the start of the year		1,731,329	1,441,714
Retained earnings at the end of the year		1,165,515	1,731,329

All the activities of the company are from continuing operations.

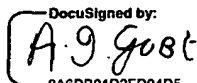
The notes on pages 9 to 11 form part of these financial statements.

NHBC Services Limited**Statement of Financial Position****31 March 2021**

	Note	2021 £	2020 £
Current assets			
Debtors	8	2,652,958	2,743,813
Cash at bank and in hand		95,097	195,576
		<u>2,748,055</u>	<u>2,939,389</u>
Creditors: amounts falling due within one year	9	<u>1,532,540</u>	<u>1,158,060</u>
Net current assets		<u>1,215,515</u>	<u>1,781,329</u>
Total assets less current liabilities		<u>1,215,515</u>	<u>1,781,329</u>
Net assets		<u>1,215,515</u>	<u>1,781,329</u>
Capital and reserves			
Called up share capital		50,000	50,000
Profit and loss account		1,165,515	1,731,329
Shareholder funds		<u>1,215,515</u>	<u>1,781,329</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 7 February 2022, and are signed on behalf of the board by:

DocuSigned by:

 8A6DB01D2FD04D5...
 A Gorst
 Director

7/2/2022

Company registration number: 03067703

The notes on pages 9 to 11 form part of these financial statements.

NHBC Services Limited

Notes to the Financial Statements

Year ended 31 March 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is NHBC House, Davy Avenue, Knowlhill, Milton Keynes, Bucks, MK5 8FP.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Legal form and operating activities

NHBC Services Limited is a limited company incorporated in the United Kingdom. The principal activity of the Company was the provision of an integrated set of services to the house-building and construction industry. Consultancy services offered related to health and safety, energy, sustainability, engineering, training, testing, quality inspection, and information.

4. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. The Company's Board of directors have considered the effect of Covid-19 in their assessment of the Company's going concern.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of National House-Building Council which can be obtained from The Secretary, NHBC, NHBC House, Davy Avenue, Knowlhill, Milton Keynes, Bucks, MK5 8FP. As such, advantage has been taken of the disclosure exemptions available under paragraph 1.12 of FRS 102.

No cash flow statement has been presented for the Company.

Disclosures in respect of financial instruments have not been presented.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

NHBC Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

4. Accounting policies *(continued)*

Revenue recognition *(continued)*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

5. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>5,000</u>	<u>6,300</u>

6. Employee information

There were no direct employees of the Company during the year (2020: 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.

7. Profit before taxation

Profit before taxation is stated after crediting:

	2021	2020
	£	£
Interest receivable from group undertakings	<u>(699)</u>	<u>(10,336)</u>

NHBC Services Limited**Notes to the Financial Statements** *(continued)***Year ended 31 March 2021****8. Debtors**

	2021	2020
	£	£
Trade debtors	1,129,171	938,743
Amounts owed by group undertakings and undertakings in which the company has a participating interest	1,244,816	1,535,546
Other debtors	278,971	269,524
	<u>2,652,958</u>	<u>2,743,813</u>

9. Creditors: amounts falling due within one year

	2021	2020
	£	£
Social security and other taxes	314,622	292,006
Other creditors	1,217,918	866,054
	<u>1,532,540</u>	<u>1,158,060</u>

10. Controlling party

National House-Building Council ("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.