

Registered No. 03067703

NHBC SERVICES LIMITED

ANNUAL REPORT

for the year ended 31 MARCH 2014

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NHBC SERVICES LIMITED

Strategic report for the year ended 31 March 2014

The directors present their strategic report on the group for the year ended 31 March 2014.

Who we are and what we do

The principal activity of the Company is the provision of an integrated set of services to the house-building and construction industry. Consultancy services offered currently relate to health and safety, energy, sustainability, engineering, training, testing, quality inspection, and information.

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 (NHBC) 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 underlying economic challenges facing the new house-building industry particularly as a result of the availability of mortgage lending;
- competition in both the more established parts of the business as well as in the emerging new services; and
- financial risk associated with management of financial assets.

These risks are managed through ongoing review of the industry and competitors whilst taking action as appropriate.

Review of the year

The results for the year ended 31 March 2014 and the state of the Company's affairs at that date are set out on pages 8 and 9.

Turnover decreased by 2.0% (2013: decrease by 7.0%) and in the year the Company made a profit before tax of £429,784 (2013: £38,229). After allowing for corporation tax, the negative shareholders' funds have decreased to £1,087,006 (2013: £1,418,527).

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 SERVICES LIMITED

Strategic report (continued) for the year ended 31 March 2014

Outlook

A brighter outlook for the UK economy is forecast and it is expected that Services will continue to identify growth and new product opportunities, 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.

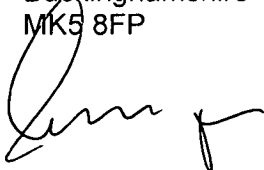
Given this and with the continuing support of the parent Company (see note 16), the directors believe that it is appropriate to prepare these financial statements on a going concern basis.

Corporate governance

The company is a wholly owned subsidiary of the National House Building Council. The Board of Services Limited 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



J Hastings
Secretary

Approved by the directors on 17 June 2014

NHBC SERVICES LIMITED

Directors' report for the year ended 31 March 2014

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

Directors

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

R Nicholson (Chairman)	Resigned 3 May 2013
I Davis	Resigned 18 June 2013
A Gorst	Appointed 18 June 2013
N Jefferson (Chairman)	Appointed 18 June 2013
S Kelly	Resigned 18 June 2013
J Slater-Fearn	Resigned 7 May 2013
C Smith	
M Quinton	Resigned 18 June 2013

No director holds the beneficial interest of any shares in the Company.

Dividends

The directors do not recommend payment of a dividend for the year (2013: Nil).

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.

NHBC SERVICES LIMITED

Directors' report (continued) for the year ended 31 March 2014

Directors' responsibilities statement (continued)

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 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:

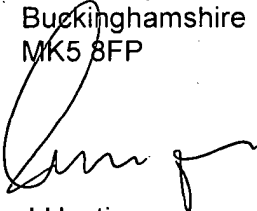
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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 SERVICES LIMITED

Independent Auditor's report to the members on NHBC Services Limited (continued)

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 SERVICES LIMITED

Independent Auditor's report to the members on NHBC 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 SERVICES LIMITED

Profit and loss account for the year ended 31 March 2014

	Notes	2014 £	2013 £
Turnover	1(a)	6,004,989	6,124,962
Administrative expenses	3	(5,574,095)	(6,082,971)
Operating profit		430,894	41,991
Interest payable and similar charges	4	(1,110)	(3,762)
Profit on ordinary activities before taxation	5	429,784	38,229
Tax on profit on ordinary activities	8	(98,263)	(9,162)
Profit for the financial year		331,521	29,067

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.

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

NHBC SERVICES LIMITED

Balance sheet as at 31 March 2014

	Notes	2014 £	2013 £
CURRENT ASSETS			
Trade debtors	9	1,122,701	1,138,399
Deferred tax	10	4,233	5,163
Accrued income		479,236	600,528
Other debtors		67,329	85,815
Cash at bank and in hand		456,180	195,878
		2,129,679	2,025,783
CURRENT LIABILITIES			
Creditors (amounts falling due within one year)	11	(2,196,652)	(2,602,670)
Accruals and deferred Income	12	(1,020,033)	(841,640)
		(3,216,685)	(3,444,310)
NET CURRENT LIABILITIES		(1,087,006)	(1,418,527)
NET LIABILITIES		(1,087,006)	(1,418,527)
CAPITAL AND RESERVES			
Called up share capital	13	50,000	50,000
Profit and loss account		(1,137,006)	(1,468,527)
TOTAL SHAREHOLDERS' DEFICIT	14	(1,087,006)	(1,418,527)

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

N Jefferson
Director



A Gorst
Director



Company Registration Number: 03067703

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

NHBC SERVICES LIMITED

Notes to the financial statements (continued) 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 invoiced income which is adjusted, where appropriate, for work in progress and deferred income, to reflect the value of work done during the period.

(b) Taxation

UK Corporation Tax is provided at the rate applicable to the result 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 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 FRS 8 "Related Party Disclosures" from disclosing related party transactions with other entities that are part of the group.

3. ADMINISTRATIVE EXPENSES

Administrative expenses are costs incurred by the NHBC on behalf of NHBC Services Limited and are recharged in full to NHBC Services Limited. The expenses comprise of both directly incurred expenditure on behalf of NHBC Services Limited and shared costs incurred by NHBC. The expenses primarily relate to staff costs and shared costs.

NHBC SERVICES LIMITED

Notes to the financial statements (continued) for the year ended 31 March 2014

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
Interest payable to group undertakings	1,110	3,762

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014 £	2013 £
Operating profit is stated after charging:		
Directors' emoluments (see note 7)	56,806	139,505
Auditor's remuneration	5,000	5,000

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

6. EMPLOYEE INFORMATION

There were no direct employees of the Company during the year (2013: Nil). The salary costs incurred in the year relate to employees of the NHBC, which makes a recharge to the Company in respect of their services.

7. INFORMATION REGARDING DIRECTORS

	2014 £	2013 £
Aggregate emoluments	56,806	139,505

There were eight directors (2013: eight) of NHBC Services Limited during the year, all of whom were paid for by the NHBC and then recharged to the company in respect of their services.

NHBC SERVICES LIMITED

Notes to the financial statements (continued) for the year ended 31 March 2014

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £	2013 £
UK Corporation Tax		
Current at 23% (2013: 20%)	97,333	6,770
Deferred at 20% (2013: 20%)	930	2,392
Tax on profit on ordinary activities	98,263	9,162

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.

The current tax charge for the year is lower (2013: lower) than the standard rate of Corporation tax in the UK (22.9%) (2013: 20%) for the following reasons:

	2014 £	2013 £
Profit on ordinary activities before taxation	429,784	38,229
Profit on ordinary activities at 22.9% (2013: 20%)	98,421	7,646
Expenses not deductible for tax purposes	715	257
Capital allowances for the year in excess of depreciation	(1,803)	(1,133)
Tax on profit on ordinary activities	97,333	6,770

NHBC SERVICES LIMITED

Notes to the financial statements (continued) for the year ended 31 March 2014

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 for in the financial statements as follows:

	2014 £	2013 £
Timing differences on capital allowances	4,233	5,163

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

	2014 £	2013 £
Balance brought forward	5,163	7,555
Change in applicable tax rate	-	(1,259)
Profit and loss account movement arising during the year	(930)	(1,133)
Balance carried forward	4,233	5,163

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	4,233	5,163

11. CREDITORS (Amounts falling due within one year)

	2014 £	2013 £
Amounts due to group undertakings	1,744,229	2,279,549
VAT	354,007	311,302
Corporation tax (note 8)	97,333	6,770
Other creditors	1,083	5,049
	2,196,652	2,602,670

NHBC SERVICES LIMITED

Notes to the financial statements (continued) for the year ended 31 March 2014

12. ACCRUALS AND DEFERRED INCOME

	2014 £	2013 £
Accruals	320,092	292,414
Deferred income	699,941	549,226
	1,020,033	841,640

13. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

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

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2014 £	2013 £
Balance at 1 April	(1,418,527)	(1,447,594)
Profit for the year	331,521	29,067
Balance at 31 March	(1,087,006)	(1,418,527)

15. 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.

16. SUPPORT OF ULTIMATE PARENT COMPANY

The directors of the Company have received a letter of support from the directors of the NHBC that finance facilities will continue to be made available. Repayment of any amounts drawn down under this facility will not be made to the detriment of third party creditors. The first £1.5m of the facility will be extended on an interest free basis, with the balance provided at commercial rates of interest.