

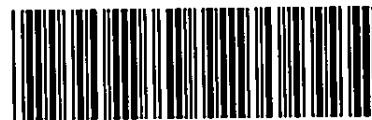
Registered No. 03067703

NHBC SERVICES LIMITED

ANNUAL REPORT

for the year ended 31 MARCH 2013

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NHBC SERVICES LIMITED

REPORT OF THE DIRECTORS **for the year ended 31 March 2013**

The directors present their report and audited financial statements of the Company for the year ended 31 March 2013

PRINCIPAL ACTIVITIES

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.

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	
N Jefferson	
S Kelly	
D Marchant	Resigned 19 June 2012
J Slater-Fearn	Resigned 7 May 2013
C Smith	Appointed 19 June 2012
M Quinton	Appointed 26 November 2012

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

REVIEW OF THE BUSINESS

The results for the year ended 31 March 2013 and the state of the Company's affairs at that date are set out on pages 7 and 8

Turnover decreased by 7.0% (2012 decrease by 4.1%) and in the year the Company made a profit before tax of £38,229 (2012 £7,030). After allowing for corporation tax, the negative shareholder's funds have decreased to £1,418,527 (2012 £1,447,594).

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.

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

NHBC SERVICES LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 March 2013 (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- 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

OUTLOOK

It is expected that the challenging market and economic conditions experienced since the market downturn in 2008/09 will continue although the directors expect growth in turnover and increasing profitability in the medium term. Given this and with the continuing support of the parent Company (see note 16), the directors believe that it is appropriate to prepare these accounts on a going concern basis.

DIVIDENDS

The directors do not recommend payment of a dividend for the year (2012 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 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.

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.

NHBC SERVICES LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 March 2013 (continued)

DIRECTORS' RESPONSIBILITIES STATEMENT (continued)

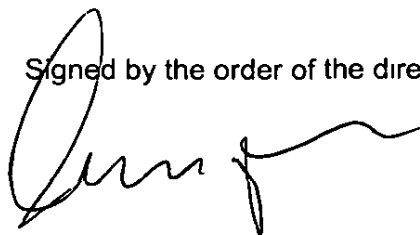
In so far as the directors are aware

- 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 the order of the directors



NHBC House
Davy Avenue
Knowlhill
Milton Keynes
Buckinghamshire
MK5 8FP

J Hastings
Secretary

Approved by the directors on 18 June 2013

NHBC SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NHBC SERVICES LIMITED

We have audited the financial statements of NHBC Services Limited for the year ended 31 March 2013 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 set out on page 3 and 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 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. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

NHBC SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NHBC SERVICES LIMITED (continued)**

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



Mark Bolton (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 June 2013

NHBC SERVICES LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 £	2012 £
Turnover	1(a)	6,124,962	6,584,975
Administrative Expenses	3	(6,082,971)	(6,570,937)
Operating profit		41,991	14,038
Interest payable and similar charges	4	(3,762)	(7,008)
Profit on ordinary activities before taxation	5	38,229	7,030
Tax on profit on ordinary activities	8	(9,162)	(2,732)
Profit for the financial year		29,067	4,298

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 9 to 14 form part of these financial statements

NHBC SERVICES LIMITED**BALANCE SHEET AS AT 31 MARCH 2013**

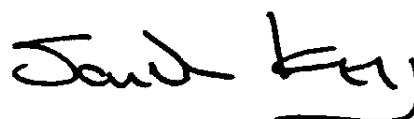
	Notes	2013 £	2012 £
CURRENT ASSETS			
Trade debtors	9	1,138,399	1,276,520
Deferred tax	10	5,163	7,555
Accrued income		600,528	759,637
Other debtors		85,815	61,908
Cash at bank and in hand		195,878	19,593
		2,025,783	2,125,213
CURRENT LIABILITIES			
Creditors (amounts falling due within one year)	11	(2,602,670)	(2,729,831)
Accruals and deferred Income	12	(841,640)	(842,976)
		(3,444,310)	(3,572,807)
NET CURRENT LIABILITIES		(1,418,527)	(1,447,594)
NET LIABILITIES		(1,418,527)	(1,447,594)
CAPITAL AND RESERVES			
Called up share capital	13	50,000	50,000
Profit and loss account		(1,468,527)	(1,497,594)
TOTAL SHAREHOLDER'S DEFICIT	14	(1,418,527)	(1,447,594)

The financial statements were approved by the directors and authorised for issue on 18 June 2013 and signed on their behalf by

N Jefferson
Director



S Kelly
Director



Company Registration Number 03067703

The notes on pages 9 to 14 form part of these financial statements

NHBC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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**
FOR THE YEAR ENDED 31 MARCH 2013 (continued)**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2013	2012
	£	£
Interest payable to group undertakings	3,762	7,008

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	£	£
Operating profit is stated after charging		
Directors' emoluments (see note 7)	139,505	60,287
Auditor's remuneration	5,000	5,000

There were no fees payable to the auditors for non-audit purposes in the year (2012 Nil)

6. EMPLOYEE INFORMATION

There were no direct employees of the Company during the year (2012 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

	2013	2012
	£	£
Aggregate emoluments	139,505	60,287

There were eight directors (2012 seven) of NHBC Services Limited during the year, all of whom were paid for by the National House-Building Council (NHBC) and then recharged to the company in respect of their services The increase in fees from prior year reflects the inclusion of a new director whose remuneration was previously accounted for in salary costs

NHBC SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 MARCH 2013 (continued)**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2013 £	2012 £
UK Corporation Tax		
Current at 20% (2012: 20%)	6,770	57
Deferred at 20% (2012: 24%)	2,392	2,675
Tax on profit on ordinary activities	9,162	2,732

The current tax charge for the year is lower (2012: lower) than the standard rate of Corporation tax in the UK (20%) (2012: 20%) for the following reasons

	2013 £	2012 £
Profit on ordinary activities before taxation	38,229	7,030
Profit on ordinary activities at 20% (2012: 20%)	7,646	1,406
Expenses not deductible for tax purposes	257	225
Capital allowances for the year in excess of depreciation	(1,133)	(1,574)
Tax on profit on ordinary activities	6,770	57

NHBC SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013 (continued)****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

	2013 £	2012 £
Timing differences on capital allowances	5,163	7,555

The movement in the deferred taxation account during the year was

	2013 £	2012 £
Balance brought forward	7,555	10,230
Change in applicable tax rate	(1,259)	(786)
Profit and loss account movement arising during the year	(1,133)	(1,889)
Balance carried forward	5,163	7,555

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

	2013 £	2012 £
Excess of depreciation over taxation allowances	5,163	7,555

NHBC SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013 (continued)****11. CREDITORS (Amounts falling due within one year)**

	2013 £	2012 £
Amount due to holding company	2,279,549	2,359,185
VAT	311,302	369,042
Corporation tax (note 8)	6,769	57
Other creditors	5,050	1,547
	2,602,670	2,729,831

12. ACCRUALS AND DEFERRED INCOME

	2013 £	2012 £
Accruals	292,414	194,064
Deferred income	549,226	648,912
	841,640	842,976

13. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid

	2013 No	£	2012 No	£
50,000 (2012 50,000)				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S DEFICIT

	2013 £	2012 £
Balance at 1 April	(1,447,594)	(1,501,892)
Profit for the year	29,067	4,298
Balance at 31 March	(1,418,527)	(1,447,594)

NHBC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 MARCH 2013 (continued)**

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.