

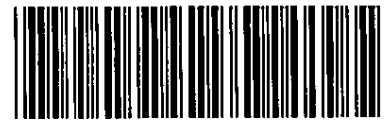
Registered No. 03067703

NHBC SERVICES LIMITED

ANNUAL REPORT

for the year ended 31 MARCH 2011

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NHBC SERVICES LIMITED

REPORT OF THE DIRECTORS **for the year ended 31 March 2011**

The directors present their report and audited financial statements of the Company for the year ended 31 March 2011

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 members of the Board during the year were

R Nicholson	(Chairman)
I Davis	
I Farookhi	
N Jefferson	
S Kelly	
D Marchant	
J Slater-Fearn	

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

REVIEW OF THE YEAR

The results for the year ended 31 March 2011 and the state of the Company's affairs at that date are set out on pages 7 and 8

Turnover increased by 3.5% (2010 fell by 27%) and in the year the Company made a profit before tax of £339,079 (2010 loss £141,039). After allowing for corporation tax, the negative shareholder's funds have decreased to (£1,451,892) (2010 (£1,701,272)).

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 risks and uncertainties affecting the Company are considered to relate to

- the underlying economic challenges facing the new house building industry where demand for properties is falling as a result of credit conditions; and
- Competition in both the more established parts of the business as well as in the emerging new services.

NHBC SERVICES LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 March 2011 (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

These risks are managed through ongoing review of the industry and competitors whilst maintaining the company risk register

OUTLOOK

It is expected that the tough market and economic conditions experienced in 2009/10 and 2010/11 will continue in the short term 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 15), 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 (2010 Nil)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 group and the company, and of the profit or loss of the group 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 the financial position of the company and the group, 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 the group 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 2011 (continued)

DIRECTORS' RESPONSIBILITIES (continued)

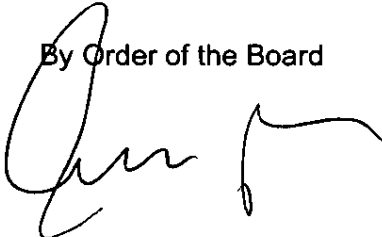
In so far as the directors are aware

- 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

AUDITORS

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

By Order of the Board



NHBC House
Davy Avenue
Knowlhill
Milton Keynes
Buckinghamshire
MK5 8FP

J Hastings
Secretary
7 June 2011

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 2011 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 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 2011 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.

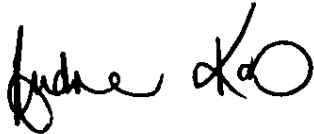
NHBC SERVICES LIMITED

**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



Andrew Kail (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 June 2011

NHBC SERVICES LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	2011 £	2010 £
Turnover	1(a)	6,866,604	6,631,438
Administrative Expenses	3	(6,522,123)	(6,764,942)
Operating profit /(loss)		344,481	(133,504)
Interest payable and similar charges	4	(5,402)	(7,535)
Profit / (loss) on ordinary activities before taxation	5	339,079	(141,039)
Tax on profit /(loss) on ordinary activities	8	(89,699)	30,101
Profit / (loss) on ordinary activities after taxation		249,380	(110,938)

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 2011**

	Notes	2011 £	2010 £
CURRENT ASSETS			
Accrued Income		793,328	617,038
Trade Debtors	9	1,189,271	1,138,722
Corporation Tax	8	-	32,068
Deferred Tax	10	10,230	10,329
Other Debtors		26,136	36,115
Cash at bank and in hand		583,530	15,362
		2,602,495	1,849,634
CREDITORS (amounts falling due within one year)	11	(3,437,141)	(2,961,703)
Accruals and Deferred Income	12	(617,246)	(589,203)
		(4,054,387)	(3,550,906)
NET CURRENT LIABILITIES		(1,451,892)	(1,701,272)
CAPITAL AND RESERVES			
Called up share capital		50,000	50,000
Profit and loss account		(1,501,892)	(1,751,272)
TOTAL SHAREHOLDER'S FUNDS	13	(1,451,892)	(1,701,272)

The financial statements were approved by the Board on 7 June 2011 and signed on their behalf

S Kelly
Director



R Nicholson
Director (Chairman)



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 2011

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. The principal accounting policies 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. 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

Administration expenses are costs incurred by the National House Building Council (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 2011 (continued)

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Interest payable to group undertakings	5,402	7,535

5. PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011	2010
	£	£
Operating Profit/(Loss) is stated after charging		
Directors' emoluments (see note 7)	69,835	75,267
Auditor's remuneration	5,000	5,000

There were no fees payable to the auditors for non-audit purposes in the year (2010 Nil)

6. EMPLOYEE INFORMATION

There were no direct employees of the Company during the year (2010 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. INFORMATION REGARDING DIRECTORS

	2011	2010
	£	£
Aggregate emoluments	69,835	75,267

There are seven directors (2010 seven) of NHBC Services Limited all of who are paid for by the National House-Building Council (NHBC) and then recharged to the company in respect of their services

NHBC SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 (continued)****8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	2011 £	2010 £
UK Corporation Tax		
Current at 28% (2010 21%)	89,601	(32,068)
Deferred at 26% (2010 21%)	98	1,967
Tax on profit / (loss) on ordinary activities	89,699	(30,101)
This comprises		
Current tax	89,601	(32,068)
Deferred tax	98	1,967
	89,699	(30,101)

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2010 21%)

	2011 £	2010 £
Profit / (loss) on ordinary activities before taxation	339,079	(141,039)
Profit on ordinary activities at 28% (2010 21%)	94,942	(29,618)
Expenses not deductible for tax purposes	378	132
Capital allowances for the period in excess of depreciation	(2,754)	(2,582)
Marginal relief	(2,965)	-
Tax on profit/(loss) on ordinary activities	89,601	(32,068)

NHBC SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 MARCH 2011 (continued)**9. TRADE DEBTORS**

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

10. DEFERRED TAX

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

	2011 £	2010 £
Timing differences on capital allowances	10,230	10,329

The movement in the deferred taxation account during the year was

	2011 £	2010 £
Balance brought forward	10,329	12,296
Change in applicable tax rate	2,459	-
Profit and Loss account movement arising during the year	(2,558)	(1,967)
Balance carried forward	10,230	10,329

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

	2011 £	2010 £
Excess of depreciation over taxation allowances	10,230	10,329

NHBC SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 (continued)****11. CREDITORS (Amounts falling due within one year)**

	2011 £	2010 £
Amount due to holding company	3,009,953	2,685,154
VAT	335,140	265,602
Corporation Tax (note 8)	89,601	-
Sundry creditors	2,447	10,947
	3,437,141	2,961,703

12. ACCRUALS AND DEFERRED INCOME

	2011 £	2010 £
Accruals	141,373	46,040
Deferred income	475,873	543,163
	617,246	589,203

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS DEFICIT

	2011 £	2010 £
Balance at 1 April	(1,701,272)	(1,590,334)
Profit / (Loss) for the period	249,380	(110,938)
Balance at 31 March	(1,451,892)	(1,701,272)

14. ULTIMATE PARENT COMPANY

The National House-Building Council, a Company limited by guarantee and registered in England, is the Company's immediate and ultimate parent Company. Copies of the financial statements of the National House-Building Council can be obtained from The Secretary, NHBC, NHBC House, Davy Avenue, Knowlhill, Milton Keynes, Bucks, MK5 8FP

NHBC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 (continued)

15. SUPPORT OF ULTIMATE PARENT COMPANY

The directors of the Company have received assurance from the directors of the National House-Building Council, the ultimate parent Company, 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.