

Registered No. 3067703

**NHBC SERVICES LIMITED**

**ANNUAL REPORT**

**for the year ended 31 MARCH 2008**

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## **NHBC SERVICES LIMITED**

### **REPORT OF THE DIRECTORS** **for the year ended 31 March 2008**

The directors present their report and audited financial statements of the Company for the year ended 31 March 2008

#### **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, information and home information packs.

#### **DIRECTORS**

The members of the Board during the year were

I Farookhi	(Chairman)
R Tamayo	Resigned 30 October 2007
M Jones	Resigned 1 November 2007
N Smith	
N Jefferson	
R Nicholson	Appointed 20 February 2008
D Marchant	Appointed 2 November 2007
I Davis	Appointed 2 November 2007
S Kelly	Appointed 2 November 2007

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

#### **REVIEW OF THE YEAR**

The results for the year ended 31 March 2008 and the state of the Company's affairs at that date are set out on pages 7 and 8

Turnover rose by 11% (2007 4%) and in the year the Company made a profit before tax of £190,372 (2007 loss £59,647)

Services to help customers deal with new legislative requirements such as Energy Performance Certificates and Home Information Packs were launched during the year

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 2008 (continued)**

#### **OUTLOOK**

Despite short term industry challenges, 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 14), 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 (2007 Nil).

#### **DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently, with the exception of changes arising on the adoption of new accounting standards in the year,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 confirm they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which 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 1985. 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. So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

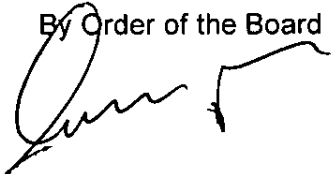
**NHBC SERVICES LIMITED**

**REPORT OF THE DIRECTORS**  
**for the year ended 31 March 2008 (continued)**

**AUDITORS**

Under Section 379A of the Companies Act 1985, the Company has elected to dispense with the requirement to appoint auditors annually

By Order of the Board

A handwritten signature in black ink, appearing to be 'J Hastings', written over the text 'By Order of the Board'.

J Hastings  
Secretary  
10 June 2008

## **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 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**NHBC SERVICES LIMITED**

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

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 March 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
17 June 2008

**NHBC SERVICES LIMITED****PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	2008 £	2007 £
Turnover	1(a)	<b>9,945,031</b>	8,950,541
Administrative Expenses		<b>(9,700,040)</b>	(8,970,456)
Operating profit / (loss)		<b>244,991</b>	(19,915)
Interest payable to group undertakings		<b>(54,619)</b>	(37,732)
Profit/(Loss) on ordinary activities before taxation	3	<b>190,372</b>	(57,647)
Tax on profit/ (loss) on ordinary activities	6	<b>(56,286)</b>	4,986
Profit / (loss) on ordinary activities after taxation		<b>134,086</b>	(52,661)

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

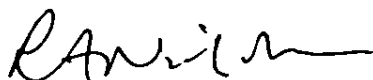
The notes on pages 9 to 12 form part of these financial statements

**NHBC SERVICES LIMITED****BALANCE SHEET AS AT 31 MARCH 2008**

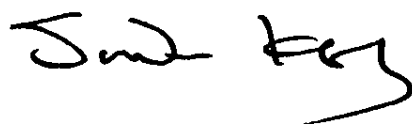
	Notes	2008 £	2007 £
<b>CURRENT ASSETS</b>			
Accrued Income		545,265	451,815
Trade Debtors	7	2,069,307	1,573,999
Corporation Tax		-	312
Deferred Tax	8	15,370	4,674
Other Debtors		13,708	-
Cash at bank and in hand		457,907	292,262
		<b>3,101,557</b>	<b>2,323,062</b>
<b>CREDITORS (amounts falling due within one year)</b>			
Accruals and Deferred Income	9	(3,305,161)	(3,099,018)
	10	(1,161,691)	(723,425)
		<b>(4,466,852)</b>	<b>(3,822,443)</b>
<b>NET CURRENT LIABILITIES</b>		<b>(1,365,295)</b>	<b>(1,499,381)</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	50,000	50,000
Profit and loss account	12	(1,415,295)	(1,549,381)
<b>TOTAL SHAREHOLDER'S FUNDS</b>	12	<b>(1,365,295)</b>	<b>(1,499,381)</b>

Approved by the Board on 10 June 2008 and signed on their behalf

Director



Director



The notes on pages 9 to 12 form part of these financial statements



## **NHBC SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 MARCH 2008**

#### **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 1985 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 profits 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. PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Profit/(Loss) is stated after charging		
Directors' emoluments (see note 5)	<b>51,000</b>	<b>94,778</b>
Auditors' remuneration	<b>5,500</b>	<b>5,500</b>

There were no fees payable to the auditors for non-audit purposes in the year (2007 Nil)

**NHBC SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)****4. EMPLOYEE INFORMATION**

There were no direct employees of the Company during the year (2007 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

**5. INFORMATION REGARDING DIRECTORS**

	2008 £	2007 £
Aggregate emoluments	51,000	94,778

Six directors (2007 4 directors) are employees of the National House-Building Council which makes a recharge to the Company in respect of one of these directors (2007 1 director) The amount of the recharge is included in the table above as aggregate emoluments

**6. TAXATION ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES**

	2008 £	2007 £
UK Corporation Tax		
Current at 30%	66,982	(13,954)
Deferred at 20%	(10,696)	(2,009)
(Over)/Under provision in respect of prior years		
Current	-	13,642
Deferred	-	(2,665)
<b>Tax on profit / (loss) on ordinary activities</b>	<b>56,286</b>	<b>(4,986)</b>
 This comprises		
Current tax	66,982	(312)
Deferred tax	(10,696)	(4,674)
	<b>56,286</b>	<b>(4,986)</b>

**NHBC SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008 (continued)****6. TAXATION ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES (continued)**

The current tax for the year is higher than (2007 higher) the standard rate of Corporation tax in the UK (30%) for the following reasons

	2008 £	2007 £
Surplus / (Deficit) on ordinary activities before tax	190,372	(57,647)
Surplus / (Deficit) on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30% (2007 30%)	57,112	(17,294)
Effects of		
Marginal relief	(6,386)	-
Expenses not deductible for tax purposes	212	326
Capital allowances in excess of depreciation	16,044	3,014
Adjustment in respect of prior years	-	13,642
Current tax charge/(credit)	66,982	(312)

**7. TRADE DEBTORS**

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

**8. DEFERRED TAXATION**

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

	2008 £	2007 £
Timing differences on capital allowances	15,370	4,674

**9. CREDITORS (Amounts due within one year)**

	2008 £	2007 £
Amount due to holding company	2,674,041	2,656,091
VAT	508,356	430,759
Sundry creditors	55,782	12,168
Corporation Tax	66,982	-
	3,305,161	3,099,018

**NHBC SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2008 (continued)****10. ACCRUALS AND DEFERRED INCOME**

	2008 £	2007 £
Accruals	50,222	19,030
Deferred income	1,111,469	704,395
	1,161,691	723,425

**11. CALLED UP SHARE CAPITAL**

	2008 £	2007 £
Authorised, Allotted and fully paid 50,000 ordinary shares of £1 (2007 50,000)	50,000	50,000

**12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS**

	2008 £	2007 £
Balance at 1 April	(1,499,381)	(1,446,720)
Profit/(Loss) for the period	134,086	(52,661)
Balance at 31 March	(1,365,295)	(1,499,381)

**13. 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, Buildmark House, Chiltern Avenue, Amersham, Bucks, HP6 5AP.

**14. 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.