

BRE TRUST

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR

1 APRIL 2009 - 31 MARCH 2010

Company Registration Number: 3282856
Charity Registration Number: 1092193

BRE TRUST

FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

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Constitution

BRE Trust is a company limited by guarantee Company number 3282856 and a registered as a charity in England and Wales (No 1092193) and in Scotland (No SCO39320). It is governed by its memorandum and articles of association.

Trustees and Officers of the Charity

The Directors of the charitable company ("the charity") are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees. The Trustees acknowledge that the content of the Trustees' report fulfils the requirement to produce a Directors' report as required by Section 234 of the Companies Act 2006.

The Trustees serving during the year and since the year end were as follows:

Sir Neville I Simms Chairman

John B Burland

John Callcutt

Mark Clare (appointed 5 August 2009)

Leslie A Clark (resigned 26 November 2009 - appointed 5 May 2010)

Mark Farrah (appointed 5 August 2009)

Hugh Ferguson (appointed 5 August 2009)

Richard Gillies (appointed 5 August 2009)

Richard B Haryott

Peter Lobban

John R Pike (resigned 8 January 2010)

Ian J Stewart (resigned 2 October 2009)

David J Szymanski (resigned 21 October 2009)

William R Treen

Hugh W Try (retired 3 March 2010)

Geoffrey H Wright (resigned 26 November 2009)

James Wates (appointed 3 March 2010)

The Trustees have delegated the day to day management of the Charity and management of its subsidiary activities to the Chief Executive (from 1 April 2010 Executive Chairman) of BRE Group, Martin J Wyatt and the Company Director, Russell Heusch.

Registered Office

Bucknalls Lane, Garston, Watford, Herts WD25 9XX

Auditors

KPMG LLP, Aquis Court, 31 Fishpool Street, St Albans, Herts AL3 4RF

Bankers

Barclays Bank Plc, Level 28, 1 Churchill Place, Canary Wharf, London E14 5HP

Solicitors

Sherrards, 45 Grosvenor Road, St Albans, Herts AL1 3AW

Structure

The BRE Trust is a charitable Company Limited by Guarantee (company number 3282856) registered with the Charities Commission for England and Wales with registered number (no. 1092193) and with the Office of the Scottish Charity Regulator (no. SC039320).

As a charity all the Trust's activities must at all times confirm with the statement of 'objects' given in the governing document – the Memorandum and Articles of Association:

The BRE Trust is the owner of BRE Group Limited and through that ownership, of subsidiary companies Building Research Establishment Limited ("BRE"), BRE Global Limited and FBE Management Limited. These companies gift-aid their taxable profits to the Trust to be used in furtherance of the charity's objects and

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for no other purposes. As the owner of these companies the Trust has an obligation to act to secure their success.

This ownership structure means that:

- BRE Trust has the flexibilities and freedoms as a charity to promote its objectives for the public good.
- BRE Group companies can maintain their independence from sector or political interests. They can act for the benefit of the built environment, the construction industry and its clients, whilst being free to develop as businesses.
- The corporate structure is clear and extensible with responsibilities and risks clearly defined.
- Taxation can be minimised whilst accommodating the assets, loans and necessary cash flows between companies.

The Trust is governed by a Council of Trustees, who are also the directors for the purpose of company law. On 5 August 2009 the collegiate membership structure of the BRE Trust was discontinued, henceforth the Trustees are the Members. BRE Trust ("the Trust") was originally formed to provide independent, non-sectoral ownership for BRE when it was transferred to the private sector in March 1997. It is governed by its Memorandum and Articles of Association, brought into effect from 1 April 2002 when the Trust obtained charitable status. The governing arrangements of the Trust, originally created to ensure the independence of BRE and that its advice and research are objective and free from bias, continue to be achieved. BRE continues to have a high reputation, both nationally and in the international arena, as an impartial and highly respected consultancy and research organisation.

As Directors of a charitable company owning BRE Group Limited the Trustees have dual responsibilities: overseeing the operations of its subsidiary companies and meeting the Trust's obligations as a charity.

Governance

The governing body of the BRE Trust is its **Council**. The Council consists of **Members** who are in law both **Directors** of the Company and **Trustees** of the Charity.

Trustees are invited to become a Trustee for their general expertise which would be of benefit to the Trust. The Council of Trustees comprises up to 14 Trustees, The Chairman is appointed by the Council for a 3 year period. If there are several candidates for any one Trustee position then the Council will take the views of the members of BRE Trust when it elects the Trustee. The council has five committees reporting to it, namely the Finance and Audit Committee, the Research Committee, the Publications Committee, the Business Development Committee and the Garston Site Development Committee. Each Committee is chaired by a Trustee and each Committee formulates decisions for ratification by the Council of Trustees.

The Trustees apply the principles of Good Governance and Code of Best Practice ("the Combined Code") as appropriate and having regard to the Charities SORP.

BRE Trust considers that it is important that all Trustees make a positive and meaningful contribution to the objectives of the Trust. New Trustees are issued with a comprehensive guidance hand book which details the duties of Trustees, disclosure requirements, particularly where there are conflicts of interest. Trustees have the opportunity to attend an induction meeting to ensure they understand the content of these documents and to ask questions on the organisation of the Trust. The Trust has a mechanism to provide Trustees with external professional advice if required.

Management

The role of Trustees is to manage the activities of the Trust, its assets and investments. These are explicitly defined as:

- to give strategic direction to the work of the BRE Trust and group companies;
- to make input into the strategic business plans of the group companies;
- to extend the scope of BRE Trust's charitable activities for the public good and seek funding;
- to develop research and education objectives for the charity and to prioritise expenditure against such objectives;
- to act as ambassadors for the work and objectives of the Trust and its group companies;
- to ensure the excellence of scientific standards within the BRE group of companies.

All other day to day decisions have been delegated to the boards of directors of the subsidiary companies.

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The Council of Trustees meet quarterly and directors of subsidiary companies and senior staff are invited to the meetings to report on operational and business performance.

The Trustees met 4 times during the year ended 31 March 2010 and attendances by those who held office during the year are as follows:

Trustees	Attendance	Attendees	Attendance
Sir Neville I Simms	4	Carol Atkinson	2
John B Burland	3	Peter Bonfield	4
John Callcutt	0	Clare Bott	1
Mark Clare	1	Leslie A Clark	1
Leslie A Clark	2	Russell Heusch	3
Stewart Evans	1	Alex Horsfall-Turner	3
Mark Farrar	2	Michael McCall	1
Hugh Ferguson	2	Brian Mellitt	4
Richard Gillies	1	Simon Nicol	1
Richard B Haryott	4	Christopher Watson	4
Peter Lobban	4	Martin J Wyatt	4
John Pike	3		
David Szymanski	1		
William R Treen	4		
Hugh W Try	2		
Geoffrey H Wright	1		

BRE Trust owns all of the issued share capital of BRE Group Limited. BRE Global Limited is a company limited by guarantee and BRE Group Limited exerts control as it is the only member of the company.

The activities of the trading subsidiaries are as follows:

- Building Research Establishment Limited provides independent advice and information on building performance, construction and sustainability in the United Kingdom;
- BRE Global Limited carries out research, testing and certification of materials and products, and certification of personnel, buildings, processes, systems and supply chains;
- FBE Management Limited manages research work and carries out consultancy and research for the European Commission and provides technical support for the Construction Products Directive.

Finance and Audit Committee

The Finance and Audit Committee comprises Ray Treen, acting as chairman, Hugh Try (retired 3 March 2010), Brian Mellitt (BRE Group non-executive director retired 1 April 2010) and Peter Lobban. The Chief Executive, Finance Director and external and internal auditors are also present as required. The Committee meets five times a year to review financial performance and monitor such matters as the group's external financial reporting, audit activities and corporate governance. Attendance of principal participants was as follows:

Participant	Attendance
William R Treen	5
Hugh W Try	3
Peter Lobban	5
Brian Mellitt	4
Martin J Wyatt	5
Russell Heusch	4
Christopher Watson	5
Michael McCall	2

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Risk Management

The group maintains detailed and comprehensive, group-wide systems for managing risk, operational and compliance issues across all activities. Systems are continuously evolving and currently include a code of conduct, compulsory training, mandatory procedures, a detailed high level risk analysis and response, mandatory risk assessments, appropriate insurances and internal audit. The major risks faced by the group are reviewed on an annual basis. The Trustees advise on improvements to risk procedures, which are incorporated into operations and reported on in the next annual report. The Trustees acknowledge their responsibility for the group system of internal control and for monitoring its effectiveness.

The Trustees accept that such a system can provide only reasonable and not absolute assurance against material mis-statement and loss and that the system is designed to provide the Trustees with reasonable assurance that problems are identified on a timely basis and dealt with appropriately and that systems exist to mitigate those risks. The Trustees are content that the controls are effective and that risks faced by the Charity have been minimised.

Objectives

The Company's objects are, for the public benefit:

- to undertake, commission and support research in areas of science, engineering, information technology, management and economics associated with the built environment, including its processes and artefacts;
- to advance knowledge, innovation, and communication, and to promote education and excellence, in all such matters, and to collect, collate and publish useful information, ideas, and data relating thereto; and
- to undertake, commission, facilitate and support carbon emission reduction projects and such other activities and services as are beneficial to the built environment and charitable in law.

The aims of the Trust include maintenance of a strategic plan for world class research in the built environment; to play a leading role in the development and expansion of research and to disseminate and promote its application through its publications to stimulate high quality, innovation and excellence in pursuit of a sustainable built environment for public benefit.

The Trust's strategy for achieving its stated objectives for the public good are to provide targeted funding for development of a world class research organisation, working in partnership with organisations such as NHBC Foundation and WRAP, the support and working in collaboration with the BRE University Centres of Excellence; the continuation of its education programmes by providing funding for PhD students and those studying for Masters degrees and to provide funding for publications to communicate the outcomes and provide the information needed to those who implement change in the built environment.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting the grant making policies for the year. Any benefit received by researchers and research institutes is purely incidental to the objectives of the Trust's work.

Business Development

In order to achieve its objectives for public benefit BRE Trust relies on the success of the BRE Group operating companies in generating and increasing the profits which are gift aided to the Trust. The Trustees therefore wish to ensure the success of BRE Group and the subsidiary companies. The Business Development Committee which comprises at least three Trustees and three directors from BRE Group Board and subsidiary companies makes recommendations to the Trustees on actions that assist in achieving this objective. The business development committee met in September to consider and respond to a number of future business strategies and opportunities for business development proposed by the BRE Group Board.

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Research Activities of the Trust

As a charity for research and education, the BRE Trust commissions and supports 'for public benefit research' at BRE group of companies and elsewhere. It awards scholarships and bursaries to PhD and MSc students and provides financial support for the Chairs held by the Directors of the Centres that together form the 'BRE-Universities Partnership'. The Trust is committed through its publication programme to disseminate to the public the outcomes of innovative research. The Trust aims to ensure that access is available in the UK to all the practical aspects of work we fund irrespective of nationality, gender and personal means, so that the research findings impact on the lives of the public. In terms of both activity and achievement the Trust has continued to maintain a high level of performance against all of its objects and targets.

During 2009/10 the number of active research projects within the established managed research programme was forty-three, which included eight new projects incorporated into the programme during the course of the year. In addition a new Thematic Research programme on 'Low Impact Materials, Products and Processes' was launched and twenty new projects in this category were approved and are active. Of the total active projects in the managed programme one was suspended and twelve were completed. One Thematic research project 'Sustainable Shop Fit and Equipment' was completed in the year 2009/10.

Eligibility for funding is restricted to applicants having expertise in the relevant field in order to ensure high standards of practice and high quality results. The Trust follows best practice in maintaining the independence of research funding and ensuring that sponsored researchers and research institutions abide by best practice in research ethics and environmental testing. Our aim is to maximise efficacy of the research programme for the public good whilst minimising the likelihood of harm to researchers and the environment.

The Trust provided financial support to the four Chairs at the following BRE Centres:

- Edinburgh University (Fire Safety Engineering),
- Strathclyde University (Energy Utilisation Research),
- Bath (Innovatory Construction Materials) and
- Cardiff University –Welsh School of Architecture (Sustainable Building Design)
- A fifth new BRE University Centre of Excellence was founded during the year 2009/10 at the University of Cardiff, School of Engineering (Building Systems and Informatics)

In 2009, BRE Trust and the BRE University Centres initiated the first two of what are to become regular six monthly meetings to share information about their activities and encourage collaboration and linked research projects.

All of the five university Centres in the BRE - Universities Partnership are allocated PhD studentships funded by the Trust.

During the year the following studentships were taken up and new awards made:

Centre for Fire Safety Engineering (Edinburgh)

The BRE Centre at Edinburgh University was allocated two new fully funded BRE Trust studentships for the projects:

- Behaviour of nuclear containment structure under fire (from 5 October 2009)
- Sensor-assisted support tools for live evacuation' (from February 2010)

The Centre was awarded a fully funded BRE Trust PhD studentship for a project entitled: 'Design interventions to improve sustainability in urban communities'.

Centre for Energy Utilisation Research (Strathclyde)

Four students, partly supported by the BRE Trust (three of these were supported by University administered funds in their first year), commenced their PhD research studies with BRE Trust funding in October 2009.

The projects are as follows:

- Design Methods, Tools and Standards for Autonomous Buildings (from year 2 commencing October 2009)
- Development and Testing of Energy Code Compliance Software in the Non-Domestic Sector (commencing October 2009 – for 3.5 years)

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- Advanced Building Controller Design Methodologies using Fully Integrated Building Systems Modelling and Computational Fluid Dynamics (Commenced October 2009 for 3 years)
- Nonlinear Control of Aircraft and Building Energy Systems (from year 2 commencing October 2009)

Centre for Sustainable Building Design (Cardiff)

Three students commenced fully funded BRE Trust PhD studentship for three projects entitled:

- Developing effective strategies for design interventions to improve sustainability in existing urban communities
- Understanding the impact of occupant behaviour on energy consumption within existing homes
- Learning from low carbon design

Centre for Innovative Construction Materials (Bath)

In 2008 funding was allocated for a fully funded student to investigate 'Environmental benefits of recycling and reusing metallic structural sections' however, the allocated student pulled out and this has been reallocated to the University.

Centre for Building Systems and Informatics (University of Cardiff)

The Centre was awarded a fully funded BRE Trust PhD studentship for a project entitled :

- Smart energy design and compliance checking environment for domestic building refurbishment. The student commenced in May 2009 but was unable to continue. The award has been reallocated to fund other PhD studentship listed below.

The centre was awarded three part funded BRE Trust PhD studentships for projects entitled :

- Home Centred Healthcare Management in an Assisted Living Context
- Feasibility and possibilities of an adaptable building by adding sensing technology in the housing sector
- Development of a cost-effective large-scale adaptable and deployable innovative domestic renewable energy product and process solutions, targeting existing and new homes

Overall PhD Programme

At the conclusion of 2009/10 there were twenty six active (nine new) PhD / EngDoc projects within the BRE Trust PhD postgraduate scholarship scheme plus five agreed and that are awaiting the appointment of suitable students.

Research Programme generally

Out of a total research spend of £2,702k (2009: £1,789k) the Trust committed £1,885k (2009: £1,258k) to projects in its managed research programme and £817k (2009: £531k) on its education programmes. The majority of the managed research programme was commissioned principally, but not exclusively, from the Trust's main subsidiary company: BRE Group. In 2009 the Trust also committed for the first time £312k to a £1.5million over three years Thematic Research Programme.

The BRE Trust published its 102 page Annual Review 2009 in May 2010 with a 'highlights of BRE Trust activities' and a summary of the research projects completed during the calendar year ending December 2009. It provides a forum for those who have benefited from BRE Trust funding to summarise their work. Two thousand copies of this have been printed and are being distributed at no charge to BRE staff and clients. An electronic version can be downloaded from the BRE Trust web site. This publication has proved a successful method of increasing awareness of BRE Trust activities.

The fifth annual research review event was held on 1 June 2010 to present to the BRE Trust Research Committee in front of an invited audience a selection of BRE Trust funded research projects completed in the financial year ending March 2010. This included presentations from final year BRE Trust funded PhD students from BRE University Centres of Excellence at Strathclyde and Edinburgh. Under the title 'BRE Research Review Conference', it was chaired by a member of the Research Committee with opening words by CEO of BRE it covered a selection of research projects on :

- Ventilation and Air Quality (BREVAQ) Tool for Good Indoor Air Quality in Urban Buildings
- Renewable Energy Research at Strathclyde University
- Dynamic SAP modelling

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- PV Systems on commercial buildings
- Flood resilience in Buildings
- Power over Ethernet
- Using building systems for predicting behaviour of fire
- External Fire spread on high rise buildings
- Carbon Footprint for Housing

These research review events, which have been held annually for the past five years are a continuing initiative to enable the Trustee members of the research committee (Professor John Burland, Professor Les Clark and Mr Richard Haryott) to assess the quality of the research projects funded by the Trust.

No charge was made to the invited audience and 32 attended this event. It proved successful in disseminating the research work of the Trust.

The research committee were pleased to report that overall the qualities of the projects reviewed, and which covered a wide range of topics, were good noting "that the standard of presentations has improved considerably over the last couple of years" while acknowledging there is still room for further improvement.

During the year in addition to the publications produced as part of the BRE Trust Publications programme (see next item) the following reports in the BRE Trust research series (FB) and Information Papers (IPs), based on the outcomes of BRE Trust funded research projects, were published by IHS-BRE Press:

FB 19	Automatic fire sprinkler systems: A guide to good practice
FB 20	Complying with the Code for Sustainable Homes: Lessons learnt on the Innovation Park
FB21	The move to low-carbon design: Are building designers taking the needs of building users into account
FB22	Building mounted micro-wind turbines on high rise and commercial buildings
IP2/09	Structural composite connections for sequential seismic and fire performance
IP7/09	Carbon reduction commitment
IP1/10	Microwind turbines on tall buildings
IP11/10	Sustainability in Foundations
EP97	The Life Handbook: Long term-initiatives for flood-risk environments
EP98	The Life Project: Long term-initiatives for flood-risk environments

The NHBC Foundation, a part of the Trust's operations which commissions work that is managed independently from the Trust's other programmes, published 10 new projects – six in hardcopy:

NF15	The Code for Sustainable Homes Simply Explained
NF16	Guidance on How to Achieve Good Standards of Airtightness (reprint)
NF17	Zero Carbon Compendium
NF18	Indoor Air Quality in highly efficient homes – a review
NF19	Open Plan flat layouts
NF20	Water Efficiency in new homes

and four which can be downloaded from their website on www.nhbcfoundation.org

Pull the chain, fill the drain
Understanding consumer attitudes to sustainable community infrastructure
Improving sound insulation measurement in homes and other buildings
How long should houses last

In the year 2009/10 WRAP agreed to provide a grant of £160,000 to work in partnership with BRE Trust to commission research relating to the development of three sector resource efficiency plans. The preparation of these plans is of strategic importance and forms part of the Construction Products Association commitment as detailed in the UK Government's Strategy for Sustainable Construction.

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BRE Trust supported three conferences with sponsorship. The RIBA Research Symposium held at the Royal Institute of British Architects on 'Changing Practices' held on 24 September 2009 and one held at BRE on 4 November 2009 'Updating Private Sector Housing Stock Information. News of the conference spread well beyond the original invitees and Government Office and CLG officials have requested places. Over 80 delegates attended. The Donovan Purcell Memorial Lecture, which is organised by the Standing Joint Committee on Natural Stone and Stone Federation was held on 9th December 2009 and is an annual lecture to promote and provide a greater understanding of the use of natural stone.

For the fifth consecutive year the Trust has provided Parmiter's School in Watford with support and financial assistance to enable a group of sixth form pupils to participate in the Engineering Education Scheme (England), which is part of the Royal Academy of Engineering's 'Best' programme. This scheme gives pupils the opportunity to work on a project, guided by a mentor from a company, in this case BRE Global Limited, so they can experience science, engineering and technology first hand. The students' project on 'Research into the Energy Saving Properties of Phase Change Materials in a Cavity Wall' gained them a gold CREST award in the British Association for the Advancement of Science CREST scheme.

The ninth (and final) edition of 'Foundation' the annual BRE Trust newsletter was published in August 2009 in printed and electronic form for downloading. Copies were sent to all members and it was made widely available via the Trust's web site. 'Foundation' gives a brief summary of BRE Trust activities but it was not possible in its four pages to share the results of the research which we had funded or go into any real detail. The BRE Trust Annual Review referred to above supersedes 'Foundation'.

Publications Programme

In the financial year 2009/10, BRE Trust launched a £550,000k publications programme and in the year 2009/10 £388k was expended.

Up until then publications from BRE and BRE Global – Information Papers, Digests, Guides and Reports published by IHS BRE Press – have been produced with the exception of outputs from research with no financial support from the Trust. These publications are often definitive sources of data, information and knowledge used by the construction industry, and many are referred to in legislation. It is imperative that they are kept up to date and relevant.

The Trust has now recognised the important public benefits to be gained from establishing a fully coordinated, core programme of publications that meet the needs of those working in the built environment, and has decided to provide funding for publication production by the BRE Group companies. A Publishing Committee chaired by Hugh Ferguson has been set up to work in parallel with the existing Research Committee. This will select and let contracts for publications on a competitive basis, against a set of criteria agreed by the Trustees, in the same way that the Research Committee selects research projects to support.

This year 52 BRE Trust publications were awarded.

The first wave of BRE Trust funded publications began to appear in the period between January and April 2010.

IP 2/10	Ground source heat pumps
IP 3/10	Sustainable refurbishment of non-traditional housing and pre-1920s solid wall housing
IP5/10	Carbon emission reductions as a driver for economic regeneration
IP6/10	A Guide to Green Print
IP7/10	SBEM for non-domestic building
IP8/10	Digitally enabled communities
IP9/10	SAP for beginners
FB 23	The real cost of poor housing
FB 24	A guide to the simplified building energy model (SBEM)
FB 25	Vacant dwellings in England

BRE Trust also provided financial support for the on-line magazine www.building4change.com (a free magazine for public benefit devoted to matters relating to sustainability in the built environment).

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The Publications Committee met in February 2010 to agree which titles will be produced by BRE and BRE Global in 2010/11 and forty eight titles were approved for publication.

Achievements and Performance

The Trustees are pleased to report that the charity has achieved its principal objectives for the financial year to 31 March 2010, particularly given the well publicised difficulties faced by the construction sector. In terms of the number of publications (reports in the FB research reports series, Information Papers and NHBC Foundation reports) the Trust has comfortably exceeded the target it set at the outset of the year.

The expenditure of £1,885k (2009: £1,258k) by the Trust on its managed research programme was a significant increase compared to the previous year. During the year there were 43 research projects in the managed programme, of which 8 were new projects started in the period. The Trust had scheduled 87 research milestones for delivery during the year, of which 82 (94%) were delivered within the year. 25 final research outputs were due within the year, of which 92% (23) were received on schedule.

The expenditure of £283k (2009: £0k) by the Trust on its Thematic research programme was less than expected at the start of the year. The Trustees wanted to ensure a high standard and rigour in the proposals which meant that approval of projects and commencement did not take place until the last quarter. During the year there were 20 new research projects in the Thematic programme all of which started in the period. The Trust had scheduled 20 milestones for delivery in the year of which 17 (85%) were delivered. One final research output was due within the year and was received on schedule.

As detailed under research activities above, ten new publications based on work supported by the Trust under its managed programme were published and the NHBC Foundation published ten reports. The BRE Trust publications programme awarded funding to 52 publications in June and by the end of the financial year the first 10 of these had been through the entire process to publication. The Trust supported three events to promote research in the built environment.

Funding or part funding for twenty six PhD studentships were made available during the year. Nine of these were new positions (one dropped out leaving the funding available for another student yet to be appointed). Appropriately qualified candidates for five vacant positions are being sought.

The Trust assesses performance through the Research Committee on a project by project basis with advice from Professor Burland. All research commissions are granted with identifiable milestones and delivery dates.

Progress and achievements are reported regularly to the BRE Trust Council.

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Other Factors Affecting the Group

Personnel Policies

The group has instituted means of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. This is achieved through consultations with employee representatives and various information channels. Employment policies aim to provide equal opportunities, irrespective of sex, race, religion or marital status. Applications by disabled persons are given full and fair consideration and, wherever practicable, provision is made for their special needs. The same criteria apply to disabled persons for training, career development and promotion as to any other employee. If any employee becomes disabled, every effort is made to ensure their continued employment by providing adequate facilities, offering an alternative job or providing retraining where necessary.

BRE Remuneration and Nomination Committee

The BRE Group remuneration and nomination committee is responsible for determining the remuneration and conditions of the executive directors of the subsidiary companies, and includes Brian Mellitt (BRE Group non executive chairman (resigned 31 March 2010 and replaced by Chris Earnshaw and David Szymanski as non-executive Directors – Martin Wyatt was appointed executive Chairman on 1 April 2010). It met twice during the year and there was 100% attendance by the committee members. In determining appropriate levels of remuneration for the executive directors, the committee aims to provide packages that are competitive in the marketplace and will attract and retain high quality executives capable of achieving the subsidiary companies' objectives and ultimately those of the Trust.

Environmental

As much of BRE group of companies' core business is directly connected with helping others to improve their environmental performance and the environment around them, it is essential for BRE to practice what it preaches and thus ensure that its operations and activities are being managed in a way which is both energy and resource-efficient.

During 2009/10 BRE's Sustainable Development Action Group continued to drive forward a series of initiatives as part of our environmental policy and strategy of continual improvement. The group continued to make good progress with a reduction in water use and an increase in recycling. BRE group has benefited from investment in energy efficiency measures on the Garston site and is making significant reductions in gas and electricity consumption.

Please see the BRE Sustainability Report 2009/10 for further details on eKPIs, as well as a look back on our performance against last year's objectives and the objectives for the year ahead.

In May 2010 the Sunday Times announced that the BRE Group came 26th in their top 60 Best Green Companies 2010 – up 9 places from 2009.

Financial Review

The financial statements have been prepared on the basis of the accounting policies attached and comply with the current statutory requirements, applicable law and the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ("the SORP"). Net income for the year to 31 March 2010 including the profit or loss on the sale of fixed assets was £1,287k (2009: £681k) which was after resources expended on research and management of £2,903k (2009: £1,962k). The principal accounting policies are included in the financial statements page 17 to 19. Incoming resources to the charity increased compared to last year at £2,715k (2009: £2,042k), which was the result of higher gift aid payments from subsidiary companies. Research expenditure net of management and administration cost was £2,702k (2009: £1,789k), an increase from the previous year, which demonstrates the growing programme of research that is carried out by the Trust. Given the current market conditions the subsidiary companies performed strongly with their combined net profit before gift aid, of £3,055k being a significant improvement over that achieved in 2009 of £2,151k.

BRE's operating profit before gift aid increased to £2,747k (2009: £330k), despite a reduction in turnover to £26,815k (2009: £29,277k). The result being achieved largely through reductions in overhead costs, gross margins remaining similar to last year in both BRE and BRE Global despite the economic downturn, and against this background BRE Global increased turnover to £19,328k (2009: £18,427k).

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FBE Management Limited's income increased to £466k (2009: £422k). Net profit before gift aid was £58k (2009: £99k).

The Directors of the subsidiary companies consider that the profits of the subsidiary companies were appropriate for the level of business activity.

Pensions Deficit

The FRS17 pension scheme deficits relating to the two defined benefit schemes operated by BRE are incorporated into the balance sheet of BRE and of the group. The deficit increased during the year to £22,355k (2009: £14,221k). The Directors consider that since the company is able to meet all of its short and medium term liabilities, and the nature of the pension scheme deficit is long term, that this does not impact on Building Research Establishment Limited as a going concern.

Reserves Policy

The Trust only holds reserves that it applies on its research and related long term objectives. Unrestricted funds are currently maintained at a level to enable the charity to fund projects up to three years in the future. The funds of the charity have decreased during the financial year to £8,296k (2009: £8,484k), of which £7,698k is unrestricted (2009: £7,785k). The Trustees consider the level of reserves appropriate for the level of expenditure currently being incurred and the plan to expand research activity in future years. The value of restricted funds has decreased as a result of expenditure exceeding receipts by £101k.

Fixed Assets

Freehold land and buildings were revalued during the year. The net book value of freehold land and buildings was £23,486k (2009: £35,971) at the end of the year.

Plans for Future Periods

The Trustees have agreed a programme of funding for 2010/11 so that the Trust can maintain its current research, publication and education expenditure and support new programmes. In the coming year as existing PhD students complete their three year research programmes the Trust plans to allocate up to seven new fully funded PhD studentships to the Centres within the BRE-Universities Partnership.

The Trustees will continue to assist BRE group management in developing plans for the redevelopment of the Garston site.

The Trust will organise the sixth research review event by the end of the financial year (held on 1 June 2010) and the seventh will be held before March 2011. As in previous years no charge will be made to the delegates attending this annual event.

As part of its research programme (as distinct from the publication programme described earlier) the Trust will publish no less than nine new publications including: Information Papers, reports in the BRE Trust FB series and NHBC Foundation reports. It will publish no less than 40 publications as part of the publications programme and continue with its support of the on-line magazine (www.building4change.com). BRE Trust is planning to provide financial support for public benefit a free web access to many volumes of archived and currently inaccessible valuable BRE research reports and publications which have been superseded or are out of print. It will organise no less than three by-invitation seminars, including the annual research review event. In May 2010 The Trust was pleased to publish the results of its research and information programmes to stakeholder groups in its first BRE Trust Annual Review and looks to continue this initiative each year.

The Trust will continue to support Parmiter's School so that students there can again be mentored by staff from the BRE Group to participate in the Royal Academy of Engineering's 'Best' programme.

BRE TRUST

TRUSTEES' ANNUAL REPORT

For the year 1 April 2009 - 31 March 2010

Creditors Payment Policy

The group operates normal trading terms of payment in 45 days when making payments to its creditors.

Disclosure of Information to Auditors

The trustees who held office at the date of approval of this trustees' annual report confirm that, so far as they are each aware, there is no relevant audit information of which the group and charitable company's auditors are unaware; and each trustee has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the group and charitable company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

BY ORDER OF THE TRUSTEES
Sir Neville I Simms
Chairman

Bucknalls Lane
Garston
Watford
WD25 9XX

Company Registration Number: 3282856
Charity Registration Number: 1092193

28th July 2010

BRE TRUST

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES' OF THE BRE TRUST IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and charitable company's financial statements are required by law to give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 group and the charitable company will continue its activities.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

Aquis Court
31 Fishpool Street
St Albans
AL3 4RF
United Kingdom

Independent auditors' report to the members of BRE Trust

We have audited the group and charity financial statements (the 'financial statements') of BRE Trust for the year ended 31 March 2010 set out on pages 17 to 48. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of the trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities on page 14.

We have been appointed as auditors under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with the regulations made under that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006, UK Generally Accepted Accounting Practice and the Companies Act 2006. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if the charity's statement of account are not in agreement with those accounting records or if we have not received all the information and explanations we require for our audit

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with UK Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent Auditors' Report to the members of the BRE Trust *(continued)*

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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charitable 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.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2010 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

A Mead (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Aquis Court
31 Fishpool Street
St Albans
Hertfordshire
AL3 4RF

BRE TRUST

PRINCIPAL ACCOUNTING POLICIES

For the year 1 April 2009 - 31 March 2010

BASIS OF PREPARATION

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

These accounts are prepared under Companies Act 2006 on the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards and the Statement of Recommended Practice on accounting and reporting by charities: the charities SORP 2005.

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the charitable company and its subsidiary undertakings on a line by line basis. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated statement of financial activities from the date of acquisition or up to the date of disposal.

Details of the principal subsidiary undertakings are shown in note 24. In accordance with FRS 8 'Related Party Disclosures', transactions or balances between BRE Trust group entities that have been eliminated on consolidation are not reported.

ASSOCIATED UNDERTAKINGS

Undertakings, other than subsidiary undertakings, in which the group has an investment of at least 20% of the shares and over which it exerts significant influence, are treated as associates.

INTANGIBLE ASSETS

In accordance with FRS 10 'Goodwill and Intangible Assets' purchased goodwill is capitalised and amortised over its useful economic life, which is determined on a case by case basis, but does not exceed 20 years.

As a matter of accounting policy, purchased negative goodwill first accounted for in periods ended 31 March 1998, the date of implementation of FRS 10, was eliminated from the financial statements by immediate write off to a separate reserve. This goodwill is retained in a separate reserve and transferred to the profit and loss reserve as it is realised over a maximum period of 20 years.

Negative goodwill arising on business combinations since 1 April 1998 is included in intangible assets and released to the Statement of Financial Activities over the period in which the fair values of the non-monetary assets purchased on the same acquisitions are recovered whether through depreciation or sale. Any negative goodwill in excess of the values of the non-monetary assets is written back in the profit and loss account over the period negative goodwill will benefit the group.

Expenditure incurred to purchase licence agreements is capitalised and written off over the useful economic life of the licence and will not exceed 20 years.

INCOMING RESOURCES

Activities for generating funds derives from the commercial trading activities net of inter company activities. This commercial activity represents the invoiced amount of research and technical consultancy and amounts recoverable on contracts and is stated net of value added tax. Certain commercial activities include contracts where the group has undertaken to negotiate and contract with third parties on behalf of clients and to subsequently recharge the clients at cost. Such amounts have been excluded from income and excluded from costs.

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover reflecting the proportion of work completed to date on the project.

BRE TRUST

PRINCIPAL ACCOUNTING POLICIES

For the year 1 April 2009 - 31 March 2010

RESOURCES EXPENDED

Resources expended are accounted for when incurred. Costs and overhead are directly allocated to activities for generating funds. Research management and charity administration cost are allocated to governance costs.

FUNDS

All funds of the charity and the group are unrestricted funds, with the exception of the NHBC Foundation funding which is restricted. Restricted funds are used for research to improve the performance and reduce the environmental impact of the UK house building industry.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost or valuation less depreciation. Annual impairment reviews are performed. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life on a straight line basis, as shown below:

Leasehold Improvements	8 years
Freehold buildings (Freehold land + buildings)	20 years
IT equipment (Plant + Machinery)	3 years
Telecommunications equipment (Plant + Machinery)	10 years
Other plant and machinery (Plant + Machinery)	7 years
Fixtures and fittings	7 years
Commercial vehicles and cars (Motor Vehicles)	3-6 years
Fork lift trucks (Motor Vehicles)	10 years

No depreciation is provided on freehold land or agricultural land.

Fixed assets above £500 are capitalised.

LONG TERM CONTRACTS

Amounts recoverable on long term contracts (work done not invoiced), which are included in debtors, are stated at the net sales value of the work done after making provision for contingencies and anticipated future losses on contracts and deducting amounts received as payments on account. Payments on account are shown in creditors due in less than one year.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the statement of financial activities over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the statement of financial activities on a straight line basis over the lease term.

PROVISIONS

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Within provisions is an amount for enhanced redundancy benefits where employees over 50 years of age can, under TUPE rules, translate part of their redundancy entitlement into an annual compensation payment a provision is made for the future amounts payable over the estimated life expectancy of the ex-employees.

TAXATION

The charge for taxation is based on the net income for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised, without discounting, in respect of all timing differences between treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 'Deferred Tax'.

BRE TRUST

PRINCIPAL ACCOUNTING POLICIES

For the year 1 April 2009 - 31 March 2010

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any exchange differences are dealt with through the profit and loss account.

RESEARCH AND DEVELOPMENT

All research expenditure is charged to the statement of financial activities in the period in which it is incurred.

POST-RETIREMENT BENEFITS

The Trust operates two defined benefit pension schemes providing benefits based on final pensionable pay. The BRE Pension Scheme was closed to future accrual at 28 February 2007 and the LPC scheme at 31 March 2009. The assets of the schemes are held separately from those of the Trust.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The Trust also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Trust in an independently administered fund.

The pension costs charged against net income are the contributions payable to the scheme in respect of the accounting period.

BRE TRUST**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

(Including consolidated income and expenditure account)

For the year 1 April 2009 – 31 March 2010

	Note	2010 £'000	2009 £'000	
Incoming Resources				
Incoming resources from generated funds	1			
Activities for generating funds				
Commercial trading operations		44,148	45,336	
Restricted research income		349	200	
Investment income				
Interest receivable (restricted Nil, 2009 Nil)		7	63	
Other income	8	-	915	
Total incoming resources		44,504	46,514	
Resources expended				
Costs of generating funds				
Fundraising trading				
Commercial trading operations (including restricted £181k, 2009: £271k)	2	(42,396)	(45,284)	
Charitable activities				
Research commissioned by the Charity with subsidiary undertakings (including restricted £181k, 2009: £271k)		1,884	1,258	
Research commissioned with external operations (including restricted £269k, 2009: £155k)		817	531	(531)
Total charitable activities		2,701	1,789	
Governance cost		202	173	(36)
Total charitable and governance expenditure		2,903	1,962	
Total resources expended		(43,236)	(45,851)	
Share of associate investment income		19	18	
Net incoming resources before other recognised gains and losses		1,287	681	
Other recognised losses				
Actuarial losses on defined benefit pension schemes	17	(8,555)	(5,389)	
Revaluation of land		(12,807)	-	
Net movement in funds for the year		(20,075)	(4,708)	
Reconciliation of funds				
Total funds brought forward	17	25,647	30,355	
Total funds carried forward (restricted funds 2010: £598k, 2009: £699k)		5,572	25,647	

The accompanying accounting policies and notes form an integral part of these financial statements.

BRE TRUST**CONSOLIDATED BALANCE SHEET**

As at 31 March 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Intangible assets	10	740	849
Tangible assets	11	25,050	37,613
Investments	12	489	196
		<hr/>	<hr/>
		26,279	38,658
Current assets			
Debtors (including £2,400k (2009: £2,400k) due after more than one year)	13	12,248	14,975
Cash		7,070	2,534
Creditors: amounts falling due within one year	14	(16,066)	(14,496)
Net current assets		<hr/>	<hr/>
		3,252	3,013
Total assets less current liabilities		<hr/>	<hr/>
		29,531	41,671
Creditors: amounts falling due after more than one year	15	-	(32)
Provisions for liabilities	16	(1,604)	(1,771)
		<hr/>	<hr/>
Net assets excluding pensions liabilities		27,927	39,868
Defined benefit pension scheme liability	21	(22,355)	(14,221)
Net assets including pension liabilities		<hr/>	<hr/>
		5,572	25,647
Funds of the group			
Unrestricted funds:			
General fund	17	(7,859)	(1,142)
Other reserves	17	3,149	3,599
Revaluation reserve	17	9,684	22,491
Restricted funds:			
Income fund	17	598	699
		<hr/>	<hr/>
Total funds		5,572	25,647

These financial statements were approved by the Trustees on 28th July 2010.

Sir Neville I Simms
Chairman

The accompanying accounting policies and notes form an integral part of these financial statements.

BRE TRUST**CHARITY STATEMENT OF FINANCIAL ACTIVITIES**

(including income and expenditure account)

For the year 1 April 2009 - 31 March 2010

	Note	Restricted Funds 2010 £'000	Unrestricted funds 2010 £'000	Total funds 2010 £'000	Total funds 2009 £'000
Incoming Resources					
Incoming resources from generated funds					
Activities for generating funds					
Research income		349	1	350	206
Investment income					
Gift Aid received	1	-	2,341	2,341	1,512
Group interest received		-	23	23	293
Other interest		-	1	1	31
		<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources		349	2,366	2,715	2,042
		<hr/>	<hr/>	<hr/>	<hr/>
Resources expended					
Costs of generating funds					
Research expenditure		(450)	(2,251)	(2,701)	(1,789)
Governance costs			(202)	(202)	(173)
		<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended		(450)	(2,453)	(2,903)	(1,962)
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds for the year		(101)	(87)	(188)	80
Reconciliation of funds					
Total funds brought forward		699	7,785	8,484	8,404
		<hr/>	<hr/>	<hr/>	<hr/>
Total funds carried forward		598	7,698	8,296	8,484
		<hr/>	<hr/>	<hr/>	<hr/>

All recognised gains and losses are included in the statement of financial activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

BRE TRUST**CHARITY BALANCE SHEET**

As at 31 March 2010

	Note	2010 £'000	2009 £'000
Investments	12	5,000	5,000
		_____	_____
Current assets			
Debtors	13	3,384	3,057
Cash		777	801
Creditors: amounts falling due within one year	14	(865)	(374)
		_____	_____
		3,296	3,484
		_____	_____
Net current assets		8,296	8,484
		_____	_____
Funds of the charity			
Unrestricted funds	17	7,698	7,785
Restricted funds	17	598	699
		_____	_____
Total charity funds		8,296	8,484
		_____	_____

These financial statements were approved by the Trustees on 28th July 2010.

Sir Neville I Simms
Chairman

The accompanying accounting policies and notes form an integral part of these financial statements.

BRE TRUST**CONSOLIDATED CASH FLOW STATEMENT**

For the year 1 April 2009 – 31 March 2010

	Note	2010 £'000	2009 £'000
Net cash inflow from operating activities	18	6,270	2,448
Return on investments and servicing of finance			
Interest paid		(1)	(71)
Interest received		7	63
Interest element of finance lease rental payments		(6)	(118)
Dividends received		-	56
Net cash outflow from return on investments and servicing of finance		-	(70)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,162)	(1,169)
Purchase of intangible assets		-	-
Sale of tangible fixed assets		-	698
Net cash outflow from capital expenditure and financial investment		(1,162)	(471)
Acquisitions and Disposals			
Purchase of investments		(288)	(128)
Disposal of investment		28	4
Cash inflow before financing		4,848	1,783
Financing			
Repayment of borrowings	19	(204)	(276)
Capital element of finance lease rental payments		(108)	(206)
Net cash outflow from financing		(312)	(482)
Increase in cash in period	20	4,536	1,301

The accompanying accounting policies and notes form an integral part of these financial statements.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

1 INCOMING RESOURCES

Gift Aid in the charity represents amounts payable from subsidiary undertakings. Gift Aid income received by the Trust are amounts remitted from its subsidiary companies to fund the research activities of the Trust in accordance with its objectives. Commercial activities exclude recharges of £21,227 (2009: £8,205k) where the group has undertaken to negotiate and contract with third parties on behalf of clients and to subsequently recharge the clients at cost.

2 COST OF GENERATING FUNDS

	Note	2010 £'000	2009 £'000
Staff costs	4	26,930	27,014
Depreciation of tangible assets	11	918	615
Amortisation of intangible assets	10	95	128
Other operating expenses		13,201	17,179
Interest payable	6	7	189
Other finance costs	7	1,244	159
Loss on disposal of fixed assets		1	-
		<hr/>	<hr/>
		42,396	45,284
		<hr/>	<hr/>

3 NET MOVEMENT IN FUNDS

Group	2010 £'000	2009 £'000
This is stated after charging:		
Restructuring costs (staff)	64	882
Operating lease rentals	575	740
<i>Auditors' remuneration:</i>		
Audit of these financial statements	56	54
Amounts receivable by auditors and their associates in respect of:		
Relating to taxation	9	9
Other services	21	15

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

4 STAFF COSTS AND NUMBERS

	2010 £'000	2009 £'000
Group staff costs during the period amounted to:		
Wages and salaries	23,077	22,629
Social security costs	2,410	2,374
Other pension costs	1,443	2,011
	<hr/>	<hr/>
	26,930	27,014
	<hr/>	<hr/>

During the year the company also made contributions of £1,665k (2009:£1,260k BRE scheme) to the closed BRE and LPC defined benefit Pension Schemes.

The average number of full-time equivalent employees (including directors) during the year was as follows:

	2010 Number	2009 Number
Research staff	554	577
Administration staff	48	50
	<hr/>	<hr/>
	602	627
	<hr/>	<hr/>

The emoluments (salary plus share of profits) costs of higher paid employees (all UK based), including directors, were as follows:

Salary band	2010 Number	2009 Number
£60,000 - £69,999	17	18
£70,000 - £79,999	14	11
£80,000 - £89,999	6	8
£90,000 - £99,999	4	3
£100,000 - £109,999	1	1
£110,000 - £119,999	0	0
£120,000 - £129,999	0	1
£130,000 - £199,999	4	2
£200,000 - £299,999	1	1
£300,000 - £309,999	0	1

The total employer contributions in the year for provision of money purchase benefits for higher paid employees were £216k (2009: £257k). The number of higher paid employees (i.e. greater than £60k) to whom retirement benefits are accruing under money purchase schemes was 40 (2009: 46) and accruing under defined benefit schemes was none (2009: 1).

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

5 TRUSTEES' REMUNERATION AND EXPENSES

No Trustee earned any remuneration in either 2010 or 2009. Out of pocket expenses incurred by Trustees in the furtherance of their duties are reimbursed at cost and totalled £1,517 (2009: Nil). The whole of this amount related to travel and expenses.

6 INTEREST PAYABLE	2010	2009
	£'000	£'000
Interest payable on short term borrowings wholly repayable within 5 years	1	71
Interest payable on leases	6	118
	<hr/>	<hr/>
	7	189
	<hr/>	<hr/>

7 OTHER FINANCE (COSTS)/INCOME

	2010	2009
	£'000	£'000
Expected return on pension scheme assets	2,619	3,808
Interest on pension scheme liabilities	(3,863)	(3,967)
	<hr/>	<hr/>
	(1,244)	(159)
	<hr/>	<hr/>

8 OTHER INCOME

	2010	2009
	£'000	£'000
Profit on sale of training programme	-	300
Profit on sale of agricultural land	-	615
	<hr/>	<hr/>
	-	915
	<hr/>	<hr/>

9 TAXATION

BRE Trust, as a registered charity, is exempt from taxation on its income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable gains Act 1992 to the extent that they are applied to its charitable objectives. No tax charge has arisen in the year.

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2009 – 31 March 2010

10 INTANGIBLE FIXED ASSETS

Group	Goodwill	Licence agreement	Set-up costs	Total
Cost	£'000	£'000	£'000	£'000
At 1 April 2009	1,375	175	36	1,586
Transfer to interest in associates	(14)	-	-	(14)
At 31 March 2010	1,361	175	36	1,572
Amortisation				
At 1 April 2009	581	156	-	737
Charge for year	76	19	-	95
At 31 March 2010	657	175	-	832
Net book value				
At 31 March 2010	704	-	36	740
At 1 April 2009	794	19	36	849

Goodwill is amortised over its useful economic life of between 3 and 20 years. The licence agreement is amortised over its useful economic life of 10 years.

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2009 – 31 March 2010

11 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Motor Vehicle s £'000	Total £'000
Cost					
At 1 April 2009	38,661	7,193	328	51	46,233
Additions	705	433	24	-	1,162
Disposals	-	(30)	-	-	(30)
Revaluations	(12,806)	-	-	-	(12,806)
At 31 March 2010	26,560	7,596	352	51	34,559
Depreciation					
At 1 April 2009	2,690	5,730	153	47	8,620
Charge for year	384	502	30	2	918
Eliminated on disposal	-	(29)	-	-	(29)
At 31 March 2010	3,074	6,203	183	49	9,509
Net Book Value At 31 March 2010	23,486	1,393	169	2	25,050
At 1 April 2009	35,971	1,463	175	4	37,613

The policy of not depreciating freehold land has been retained. As at 31 March 2010, freehold land is held at the revalued amount of £18,134k. The comparable cost (and net book value) at that date determined under the historical cost accounting rules would have been £8,450k. The full valuation was performed in 2010 by Stephen Wolfe (BSC, MRICS, IRRV) of Strutt & Parker. The Trustees are not aware of any material change in value and therefore the valuation set out above has not been updated.

The group has entered into finance lease agreements for certain plant and machinery assets. The details are as follows :

	£'000
Depreciation charged in year	152
Net book value as at 31 March 2010	86
Net book value as at 31 March 2009	238

All tangible fixed assets are used in the commercial trading organisations.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

12 FIXED ASSET INVESTMENTS

Group	Investments (including joint ventures)	Interests in associated undertakings (including joint ventures)	Capital Contribution	Total
	£'000	£'000	£'000	£'000
Cost				
At the beginning of the year	-	56	140	196
Transfer from goodwill	-	14	-	14
Transfer	6	(6)	-	-
Additions	-	-	288	288
Disposals	-	(28)	-	(28)
Share of associates' profit	-	19	-	19
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2010	6	55	428	489
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Book Value				
At 31 March 2010	6	55	428	489
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1 April 2009	-	56	140	196
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The group investment represents the group's holding in Tri-Air Developments Limited, held through BRE, and LPCB Nederland BV held through BRE Global Limited.

In March 2004, BRE acquired 15% of the total issued "A" Shares and 15% of the total issue "B" shares in Ceequal. The "B" shares were redeemed by Ceequal in March 2009. Ceequal is a private company, incorporated in October 2002 and was established to provide and develop an award-based assessment scheme for the environmental quality of civil engineering projects. This activity is complementary to BRE's own assessment scheme.

During the year BRE made a further capital contribution £288k to Tri-Air Developments Limited, which is addition to its shareholding valued at £142k in this company.

On 1 January 2007 the group formed LPCB Nederland BV, an associate with R₂B Investies BV, to provide certification services in Holland. The company was provided with a loan of €100k and at year end €87k was outstanding.

On 7 August 2007 BRE Group Limited became one of three members of the Shannon Built Environment Limited, trading as BRE Ireland. This is a company limited by guarantee. On 7 December 2007 BRE made a loan of €100k to this company on commercial terms, which is repayable on demand. Directors consider that this loan is a related party transaction.

The charity investment in subsidiary undertakings is £2 (2009: £2). A list of subsidiaries is included at note 24.

BRE has an associate interest in National Centre of Excellence in Housing – as one of 2 members in this company limited by guarantee. It has no impact on the profit and loss or balance sheet.

The total of the Group's net movement in funds from interests in associates and joint ventures was £19k (2009: £18k).

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

12 FIXED ASSET INVESTMENTS - continued**GROUP TRADING RESULTS**

	Building Research Establishment Limited 2010 £'000	BRE Global Limited 2010 £'000	FBE Management Limited 2010 £'000	Others 2010 £'000	Total 2010 £'000
Summary profit and loss account					
Turnover	26,813	19,328	467	-	46,608
Operating costs	(24,067)	(17,807)	(409)	-	(42,283)
Other operating income	-	-	-	-	-
Operating Profit	2,746	1,521	58	-	4,323
Profit on disposal of assets	(1)	-	-	-	(1)
Interest receivable	5	-	-	-	5
Interest payable	(30)	-	-	-	(30)
Other finance costs	(1,244)	-	-	-	(1,244)
Net result	1,476	1,521	58	-	3,055
Gift aid	(895)	(1,388)	(58)	-	(2,341)
Tax	-	-	-	-	-
Retained in the subsidiary	581	133	-	-	714
	Building Research Establishment Limited 2010 £'000	BRE Global Limited 2010 £'000	FBE Management Limited 2010 £'000	Others 2010 £'000	Total 2010 £'000
Assets and liabilities of the subsidiary					
Fixed assets	26,299	6	-	-	26,305
Current assets	14,979	7,616	446	14	23,055
Creditors:					
Amounts falling due within one year	(13,314)	(7,197)	(165)	(22)	(20,698)
Amounts falling due beyond one year	(2,400)	-	-	-	(2,400)
Net assets	25,564	425	281	(8)	28,262

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

12 FIXED ASSET INVESTMENTS - continued**ASSOCIATE RESULTS**

	2010 £'000	2009 £'000
Share of associates' turnover	25	300
Assets and liabilities of the associate		
Share of fixed assets	186	109
Share of current assets	22	104
Creditors:		
Share of amounts falling due within one year	(43)	(103)
Share of amounts falling due beyond one year	(110)	(54)
Share of net assets	55	56

FIXED ASSET INVESTMENTS OF THE CHARITY

	Shares in Group undertakings £'000
Cost	
At the beginning of the year and end of the year	5,000
Net Book Value:	
At 31 March 2010	5,000
At 1 April 2009	5,000

On 31 March 2009 the company purchased 5 shares with a total nominal value of £5 in BRE Group Limited for a cost of £5,000,000.

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2009 – 31 March 2010

13 DEBTORS

	2010	2010	2009	2009
	£'000	£'000	£'000	£'000
	Group	Charity	Group	Charity
Trade debtors	8,039	-	10,646	-
Amounts recoverable on contracts	3,825	5	3,889	4
Amounts due from group undertakings	166	10	81	14
Loans to group undertakings				
Due within 1 year	-	968	-	606
Due after more than 1 year	-	2,400	-	2,400
Amounts due from associates	-	-	66	-
Other debtors	7	-	39	-
Prepayments	211	1	254	33
	<u>12,248</u>	<u>3,384</u>	<u>14,975</u>	<u>3,057</u>

The loans to group undertakings have been made to the Trust's subsidiary undertakings in accordance with the charitable objectives of the Trust. It is secured on the assets of that company with interest charged at 0.25% (2009: 0.25%) above base rate. £2,400k was established as a long term loan, not repayable until after 1 April 2010, the balance of the loan being repayable on demand.

BRE is acting as agent for the payments of grants from the Big Lottery and Low Carbon Building Programme and the balance on these funds has been excluded from these accounts. At 31st March 2009 balances in their respective funds of £516k and £534k were included under trade debtors.

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2010	2009	2009
	£'000	£'000	£'000	£'000
	Group	Charity	Group	Charity
Secured bank loans	-	-	204	-
Amounts due on finance leases	34	-	110	-
Payments received in advance	9,544	-	8,605	-
Trade creditors	1,714	45	2,086	83
Amounts due to group undertakings	-	760	-	287
Social security and other taxes	1,773	-	1,548	-
Other creditors	391	-	330	-
Accruals	2,610	60	1,613	5
	<u>16,066</u>	<u>865</u>	<u>14,496</u>	<u>375</u>

The bank loan and overdraft were secured against the assets of the group.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010 £'000 Group	2009 £'000 Group
Amounts due on finance leases due between 2 and 5 years	-	32
	<hr/>	<hr/>
	-	32
	<hr/>	<hr/>

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2010 £'000	2009 £'000
Within one year	35	119
In the second to fifth years	-	34
	<hr/>	<hr/>
	35	153
Less future finance charges	(1)	(11)
	<hr/>	<hr/>
	34	142
	<hr/>	<hr/>

16 PROVISIONS FOR LIABILITIES

Future amounts payable relating to:	Directors' Retirement Lump sums £'000	Restructuring £'000	Legal claims £'000	Total £'000
Group:				
At the beginning of the year	339	1,432	-	1,771
Utilised in the year	(121)	(170)	-	(291)
Charge to the Statement of Financial Activities	-	64	60	123
	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the year	218	1,326	60	1,604
	<hr/>	<hr/>	<hr/>	<hr/>

The future amounts payable relating to restructuring costs is a provision made to reflect a liability to make future payments to ex-employees who were made redundant when over the age of 50 and have, under TUPE rules, translated part of their entitlement into an annual compensation payment payable for life.

The legal claim provision is made for possible future litigation including all legal fees, prosecution costs and any settlements imposed.

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2009 – 31 March 2010

17 RESERVES

Group	General Fund unrestricted £'000	Revaluation Reserve unrestricted £'000	Other Reserve unrestricted £'000	Total unrestricted funds £'000	Income fund restricted £'000
At 1 April 2009 (as restated)	(1,142)	22,491	3,599	24,948	699
Net income for the year	1,388	-	-	1,388	(101)
Transfer	450	-	(450)	-	-
Actuarial loss recognised in defined benefit pension schemes	(8,555)	-	-	(8,555)	-
Revaluation of land	-	(12,807)	-	(12,807)	-
At 31 March 2010	(7,859)	9,684	3,149	4,974	598

	2010 £'000	2009 £'000
General fund excluding pension liability	14,496	13,079
Pension liability	(22,355)	(14,221)
	(7,859)	(1,142)

Charity	Unrestricted Funds £'000	Restricted funds £'000	Total Funds £'000
At 1 April 2009	7,785	699	8,484
Net surplus for the year	(87)	(101)	(2,529)
At 31 March 2010	7,698	598	5,955

As stated in the accounting policy on intangible assets, negative goodwill is transferred to the profit and loss account reserve over its useful economic life. The cumulative amount of negative goodwill acquired prior to 1998 written to the general fund amounts to £9,683k (2009: £9,233k).

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2009 – 31 March 2010

17 RESERVES – continued

The Other Reserve relates to negative goodwill arising on acquisition of the business.

Restricted funds are used for research to improve the performance and reduce the environmental impact of the UK house building industry.

Analysis of group net assets between funds	Revaluation Reserve	Restricted Funds	General unrestricted Funds	Other Reserve	Total
	2010 £'000	2010 £'000	2010 £'000	2010 £'000	2010 £'000
Intangible	-	-	740	-	740
Tangible	9,684	-	12,217	3,149	25,050
Investments	-	-	489	-	489
Net current assets	-	598	2,654	-	3,252
Long term liabilities	-	-	-	-	-
Provisions	-	-	(1,604)	-	(1,604)
Pension scheme liability	-	-	(22,355)	-	(22,355)
	9,684	598	(7,859)	3,149	5,572

18 RECONCILIATION OF NET MOVEMENT IN FUNDS TO OPERATING CASH FLOWS

	2010 £'000	2009 £'000
Net income for the year	1,287	681
Net outflow on servicing of finance	-	126
Depreciation of tangible assets	918	615
Amortisation of intangible assets	95	128
Loss/(profit) on sale of assets	1	(615)
Share of associate	(19)	(18)
Pension Fund movements in current service	-	11
Costs and other finance income	1,244	159
Special pension fund contribution	(1,665)	(1,260)
Movement in working capital:		
Debtors	2,726	1,195
Creditors	1,851	1,211
Provisions	(168)	215
	6,270	2,448
Net Cash inflow from operations	6,270	2,448

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2009 – 31 March 2010

19 ANALYSIS OF CHANGE IN NET FUNDS/DEBT

	At 1 April 2009 £'000	Cash flow £'000	Non cash movement £'000	At 31 March 2010 £'000
Cash at bank	2,534	4,536	-	7,070
Debt due within one year	(204)	204	-	-
Finance leases within one year	(110)	108	(32)	(34)
Finance leases after one year	(32)	-	32	-
Net debt	2,188	4,848	-	7,036

20 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2010 £'000	2009 £'000
Increase in cash	4,536	1,301
Decrease in debt	312	482
Movement in net debt	4,848	1,783
Opening net debt	2,188	405
Closing net debt	7,036	2,188

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

21 PENSIONS

BRE established a defined contribution stakeholder scheme for employees who commenced employment after 1 January 2002. Members of the LPC and BRE defined benefit pension schemes (which are now closed to future accrual) have also been offered membership of this scheme on the same terms. The pension cost for the year represents contributions payable by the company to the stakeholder scheme and amounted to £793k (2009: £795k).

Contributions to the stakeholder scheme amounting to £66k (2009: £63k) were payable at 31 March 2010 and are included in creditors.

The group operates two defined benefit pension schemes, one for the employees who transferred from LPC and one for other employees of the Trust and its subsidiaries who commenced employment before 31 December 2001. Both defined benefit schemes are funded.

The assets of all the defined benefit schemes are held separately from those of the group, being invested with Legal and General Assurance (Pensions Management) Limited, Stenham Fund Management, State Street Global Investors and IO Investors Limited. The assets of the stakeholder scheme are invested with Aviva.

The current service cost of the two defined benefit pension schemes for the group was £nil (2009: £226k). Management charges of £356k (2009:£651k) were incurred on behalf of the two schemes. Contributions to these schemes amounting to £125k (2009: £125k) were payable at 31 March 2010 and are included in creditors.

In relation to the LPC scheme the contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 July 2007.

The July 2007 valuation for the LPC scheme showed that the market value of the scheme's assets was £15,612k and that the actuarial value of those assets represented 93% of the benefits that had accrued to members after allowing for expected future increases in earnings. The contributions of the company and employees remained at 16.8% and nil respectively. Following the Actuarial Review and taking into account the new 'prudence' requirements of the Pensions Regulator it was decided to close the existing Final Salary scheme to future accrual from 1 April 2009, although members have retained their link to final salary. The company contribution for the year ending 31 March 2010 was £405k equated to £34k monthly.

In relation to the BRE scheme the contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The BRE Pension Scheme was subject to a regular tri-annual review at 1 October 2005. Following the Actuarial Review and taking into account the new 'prudence' requirements of the Pensions Regulator the deficit at 1 October 2005 was calculated to be £15.6m and it was decided to close the existing Final Salary scheme to future accrual from 1 March 2007, although members have retained their link to final salary. Until this change active members made a contribution of circa 6.5% towards the scheme and the company made a contribution of 16.8%. The company contribution for the year ending 31 March 2010 was £1,260k equated to £105k monthly.

Under the 'recovery plan' agreed with the Trustees (and now submitted to the Regulator) this deficit is partially secured by an £8m 'Irrevocable Letter of Credit' issued by Barclays Bank which increases in value at a rate of 6.35% per annum and is finally payable in December 2015. This Letter of Credit is further secured against the BRE Garston Site and our agreement with Barclays is an 'every reasonable effort' to realise the value of the site and have paid off the deficit by before the end of 2014 (so that the letter of credit will not be triggered). BRE will endeavour to reduce the level of the letter of credit in stages over the year using development related proceeds (or normal cash generation). Barclays will charge 0.75% of the balance of the Letter of credit for this facility.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

21 PENSIONS – continued

The balance of the deficit is to be paid off in monthly instalments of £105k. Existing members of the Final Salary Scheme will make no further payments into the scheme. In replacement of the final salary scheme, members have been offered membership of the existing BRE defined contribution scheme. Under these arrangements the company contributes 5% of salary so long as the members do the same. However, members can contribute a higher amount if they wish.

For both schemes, contributions are being paid in accordance with the Schedules of Contributions currently in place.

The major assumptions used by the actuary were:

	BRE Scheme 2010 %pa	LPC Scheme 2010 %pa	BRE Scheme 2009 %pa	LPC Scheme 2009 %pa	BRE Scheme 2008 %pa	LPC Scheme 2008 %pa
Rate of increase in salaries	2.50	2.50	2.70	2.70	3.20	3.50
Discount rate for calculation of benefits	5.80	5.80	6.90	6.90	6.60	6.60
Inflation	3.40	3.40	2.70	2.70	3.20	3.20

In valuing the liabilities of the pension fund at 31 March 2010, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 March 2010 would have increased by £1,640k and £655k before deferred tax for the BRE Scheme and LPC Scheme respectively.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting an individual, on retirement, to live for a number of years as follows:

BRE Scheme

- Current pensioner aged 60: 28.7 years (male), 31.0 years (female)
- Future retiree upon reaching 65: 26.7 years (male), 28.0 years (female)

LPC Scheme

- Current pensioner aged 65: 23.6 years (male), 25.9 years (female)
- Future retiree upon reaching 65: 26.7 years (male), 28.0 years (female)

The assumptions used by the actuary are the Company's best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

21 PENSIONS – continued

The asset valuations of the schemes at that date amounted to £38,751k (2009: £29,659k) for the BRE Scheme and £16,083k (2009: £12,613k) for the LPC Scheme. These amounts were sufficient to cover 70.96% (2009: 74.08%) and 71.23% (2009: 76.65%) respectively, of the benefits that had accrued to members.

The fair value of the schemes' assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the schemes' liabilities, which are derived from cash flow projections over long years and thus inherently uncertain, were:

BRE Pension scheme

	2010 £000	2009 £000
Present value of funded defined benefit obligations	(54,609)	(40,038)
Fair value of plan assets	38,751	29,659
	<hr/>	<hr/>
Net deficit	(15,858)	(10,379)
	<hr/>	<hr/>

Movements in present value of defined benefit obligation

	2010 £000	2009 £000
At 1 April	40,038	44,333
Interest on obligation	2,728	2,892
Actuarial losses/(gains)	12,871	(6,141)
Benefits paid	(1,028)	(1,046)
	<hr/>	<hr/>
At 31 March	54,609	40,038
	<hr/>	<hr/>

Movements in fair value of plan assets

	2010 £000	2009 £000
At 1 April	29,659	35,427
Expected return on plan assets	1,854	2,734
Actuarial gains/(losses)	7,006	(8,716)
Contributions by employer	1,260	1,260
Benefits paid	(1,028)	(1,046)
	<hr/>	<hr/>
At 31 March	38,751	29,659
	<hr/>	<hr/>

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2009 – 31 March 2010

21 PENSIONS – continued**Expense recognised in resources expended**

	2010 £000	2009 £000
Interest on defined benefit pension plan obligation	2,728	2,892
Expected return on defined benefit pension plan assets	(1,854)	(2,734)
	<hr/>	<hr/>
Total	874	158
	<hr/>	<hr/>

The expense is recognised in the following line items in the Statement of Financial Activities:

	2010 £000	2009 £000
Other finance costs	874	158
	<hr/>	<hr/>

Analysis of the amounts recognised in statement of financial activities

	2010 £'000	2009 £'000
Actual return less expected return on pension scheme assets	7,006	(8,716)
Experience gains on the scheme liabilities	2,034	529
Change in assumptions underlying the present value of the liabilities	(14,905)	5,612
	<hr/>	<hr/>
Actuarial loss recognised in statement of financial activities	(5,865)	(2,575)
	<hr/>	<hr/>

Fair Value

The fair value of the plan assets and the return on those assets were as follows:

	2010			2009		
	Fair value	Expected return from 31 March 2010	Plan assets	Fair value	Expected return from 31 March 2009	Plan assets
	£'000	%	%	£'000	%	%
Equities	24,471	7.80	63.15	17,798	7.30	60.00
Bonds	9,342	4.65	24.11	5,731	4.00	19.33
Cash	2,706	0.50	6.98	1,696	0.50	5.72
Other (Absolute Return Fund)	2,232	7.00	5.76	4,434	7.00	14.95
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	38,751	6.48	100	29,659	6.23	100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Actual return on plan assets	8,859			(5,982)		
	<hr/>			<hr/>		

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

21 PENSIONS – continued

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Present value of scheme liabilities	(54,609)	(40,038)	(44,333)	(46,667)	(43,153)
Fair value of scheme assets	38,751	29,659	35,427	34,694	30,597
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deficit	(15,858)	(10,379)	(8,906)	(11,973)	(12,556)

History of experience gains and losses

	2010 %/£000	2009 %/£000	2008 %/£000	2007 %/£000	2006 %/£000
Experience adjustments on scheme liabilities	(12,871)	529	(364)	(612)	(747)
As a percentage of scheme liabilities	(23.6%)	(1%)	(1%)	1%	2%
Experience adjustments on scheme assets	7,005	(8,716)	(2,170)	364	3,162
As a percentage of scheme assets	18%	(29%)	(6%)	1%	10%
Total amount recognised in statement of financial activities	(11,269)	(2,575)	1,636	(248)	10
As percentage of scheme liabilities	(20.6%)	(6.4%)	4%	(1%)	0%

In relation to the FRS 17 disclosure no deferred tax has been provided on the net deficit of either scheme as no tax liabilities or benefits are expected to arise for the foreseeable future.

The Company expects to contribute approximately £1,260k to its defined benefit plans in the next financial year.

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2009 – 31 March 2010

21 PENSIONS – continued**LPC Pension scheme**

	2010 £000	2009 £000
Present value of funded defined benefit obligations	(22,580)	(16,455)
Fair value of plan assets	16,083	12,613
Net deficit	(6,497)	(3,842)

Movements in present value of defined benefit obligation

	2010 £000	2009 £000
At 1 April	16,455	16,294
Current service cost	-	226
Interest on obligation	1,135	1,075
Actuarial losses/(gains)	5,440	(897)
Benefits paid	(450)	(243)
At 31 March	22,580	16,455

Movements in fair value of plan assets

	2010 £000	2009 £000
At 1 April	12,613	15,281
Expected return on plan assets	765	1,074
Actuarial gains/(losses)	2,750	(3,711)
Contributions by employer	405	212
Benefits paid	(450)	(243)
At 31 March	16,083	12,613

Expense recognised in resources expended

	2010 £000	2009 £000
Current service cost	-	226
Interest on defined benefit pension plan obligation	1,135	1,075
Expected return on defined benefit pension plan assets	(765)	(1,074)
Total	370	227

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

21 PENSIONS – continued

The expense is recognised in the following line items in the Statement of Financial Activities:

	2010 £000	2009 £000
Other finance costs	370	227

Analysis of the amounts recognised in the statement of financial activities

	2010 £'000	2009 £'000
Actual return less expected return on pension scheme assets	2,750	(3,711)
Experience (losses)/gains on the scheme liabilities	(136)	155
Change in assumptions underlying the present value of the liabilities	(5,304)	742
Actuarial loss recognised in the statement of financial activities	(2,690)	(2,814)

Fair Value

The fair value of the plan assets and the return on those assets were as follows:

	2010			2009		
	Fair value	Expected return from 31 March 2010	Plan assets	Fair value	Expected return from 31 March 2009	Plan Assets
	£'000	%	%	£'000	%	%
Equities	7,118	7.80	44.26	5,564	7.30	39.05
Bonds	6,415	5.10	39.89	5,861	4.80	41.14
Cash	1,270	0.50	7.90	61	0.50	0.15
Other (Absolute Return Fund)	1,280	7.00	7.95	1,127	7.00	19.66
Total	16,083	16.08	100	12,613	6.08	100
Actual return on plan assets	3,515			(2,637)		

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

21 PENSIONS – continued

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Present value of scheme liabilities	(22,580)	(16,455)	(16,294)	(17,051)	(16,187)
Fair value of scheme assets	16,083	12,613	15,281	15,280	14,406
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deficit	(6,497)	(3,842)	(1,013)	(1,771)	(1,781)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

History of experience gains and losses

	2010 %/£000	2009 %/£000	2008 %/£000	2007 %/£000	2006 %/£000
Experience adjustments on scheme liabilities	(136)	155	(162)	(89)	(176)
As a percentage of scheme liabilities	1%	(1%)	(1%)	0.5%	1%
Experience adjustments on scheme assets	2,750	(3,711)	(1,012)	74	1,931
As a percentage of scheme assets	17%	(29%)	(7%)	0.5%	13%
Total amount recognised in statement of financial activities	(2,690)	(2,814)	2,197	15	1,050
As percentage of scheme liabilities	12%	(17%)	13%	0.1%	6%

The above values for the year ended 31 March 2009 and prior have not been amended to reflect the impact of the prior year adjustment.

In relation to the FRS 17 disclosure no deferred tax has been provided on the net deficit of either scheme as no tax liabilities or benefits are expected to arise for the foreseeable future.

The Company expects to contribute approximately £274k to its defined benefit plans in the next financial year.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

22 FINANCIAL COMMITMENTS

- a) At 31 March 2010 the group had annual commitments under non-cancellable operating lease arrangements as follows:

	2010 £'000	2009 £'000
Plant and machinery expiring:		
Within one year	14	86
Between two and five years	156	446
	<hr/>	<hr/>
	170	532
	<hr/>	<hr/>

- b) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2010 £'000	2009 £'000
Contracted	276	112
	<hr/>	<hr/>

23 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2010 or 31 March 2009 other than those disclosed in note 16.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

24 SUBSIDIARY AND ASSOCIATE UNDERTAKINGS

The undertakings in which the group's interest at 31 March 2010 was more than 20% were as follows:

	Interest in ordinary share capital	Activity
Trading Companies:		
BRE Group Limited	100%	Management of subsidiary company operations
Building Research Establishment Limited	100%	Independent advice and information on building performance, construction and fire safety
BRE Global Limited	Limited by guarantee	Testing and certification of materials and products, and certification of personnel, buildings, process, systems and supply chains
FBE Management Limited	100%	Management of research work
Tri-Air Developments Limited	33.35%	Exploit new technology in air filtration and cleaning systems
LPCB Nederland BV	50%	Undertake certification work in Holland
Non-Trading Companies:		
BRE (Cardington) Limited * #	100%	Ownership of property used in research activities
BRE International Limited * #	100%	Research work carried out overseas
BRE Projects Limited * #	100%	Ownership of property used in research activities
BRE Waste and Environmental Body Limited*#	100%	Research, development, education and dissemination of information about waste management practices.
Building Performance Holdings Limited*#	100%	Consultancy services
Building Performance Services Limited*#	100%	Consultancy services
E-State Pro Limited*#	100%	Consultancy services
Construction Audit Group Limited* #	100%	Consultancy services
EFSG Limited #	100%	Promote a common approach to product conformity certification for products, materials, systems and services connected with fire, security or damage protection.
The Loss Prevention Certification Board Limited * #	100%	Testing and certification of materials and products
Building Performance Group Limited*#	100%	Consultancy services
Innovation Den Limited * #	100%	Exploit new technology opportunities

* Held through Building Research Establishment Limited

Dormant company

The group is a member of the following companies (none of which it controls):

Companies limited by guarantee

Building Hub Limited

National Centre for Excellence in Housing (non trading)

Shannon Built Environment Consultancy (trading as BRE Ireland)

All of the subsidiaries and associates were registered in England and Wales, with the exception of LPCB Nederland BV, which is registered in the Netherlands; and Shannon Built Environment Consultancy, which is registered in Ireland.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 – 31 March 2010

25 RELATED PARTY TRANSACTIONS

Due to the nature of the Trust's operations and the composition of the Trustee's (holding other executive and non-executive roles) it is inevitable that transactions will take place with organisations in which a member of the Trustee's may have an interest. All transactions involving organisations in which a member of the Trustee's may have an interest are conducted at arms length and in accordance with the Trust's financial regulations and normal sales or procurement procedures. No transactions were identified which should be disclosed under FRS 8, Related Party Disclosures.

	2010 £'000	2009 £'000
During the year the company had the following transactions with Shannon Built Environment Consultancy.		
Aggregate sales	246	340
Aggregate purchases and other expenses	86	27
	<hr/>	<hr/>
At the year end date the following balances within the financial statements related to Shannon Built Environment Consultancy.		
Aggregate debtors owed	-	80
	<hr/>	<hr/>
During the year the company had the following transactions with LPCB Netherlands.		
Dividends	-	56
Aggregate sales	-	13
Aggregate purchases and other expenses	-	79
	<hr/>	<hr/>
At the year end date the following balances within the financial statements related to LPCB Netherlands.		
Aggregate debtors owed	-	-
	<hr/>	<hr/>
During the year the company had the following transactions with Building Hub Limited.		
Aggregate sales	95	140
	<hr/>	<hr/>
At the year end date the following balances within the financial statements related to Building Hub Limited.		
Aggregate debtors owed	112	-
	<hr/>	<hr/>