

**BRE TRUST**

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

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR

1 APRIL 2010 - 31 MARCH 2011

Company Registration Number: 3282856  
Charity Registration Number in England and Wales: 1092193  
Charity Registration Number in Scotland: SCO39320

# **BRE TRUST**

## **FINANCIAL STATEMENTS**

For the year 1 April 2010 - 31 March 2011

---

<b>INDEX</b>	<b>PAGE</b>
Trustees' annual report	1 - 13
Statement of responsibilities of the Trustees' of the BRE Trust in respect of the Trustees' annual report and the financial statements	14
Independent auditors' report to the members of BRE Trust	15 - 16
Principal accounting policies	17 - 19
Consolidated statement of financial activities (including consolidated income and expenditure account)	20
Consolidated balance sheet	21
Charity statement of financial activities (including income and expenditure account)	22
Charity balance sheet	23
Consolidated cash flow statement	24
Notes to the financial statements	25 - 48

## **BRE TRUST**

### **TRUSTEES' ANNUAL REPORT**

For the year 1 April 2010 - 31 March 2011

---

#### **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 FREng Chairman

Professor John B Burland CBE, FREng, FRS

John Callcutt CBE (retired 3 November 2010)

Mark Clare

Professor Leslie A Clark OBE, FREng (resigned 26 November 2009 - reappointed 5 May 2010)

John Carter (appointed 2 March 2011)

Mark Farrar

Hugh Ferguson

Richard Gillies

Dr Liz Goodwin (appointed 2 March 2011)

Richard B Haryott FREng

Sir Ken Knight CBE, QFSM (appointed 2 March 2011)

Peter Lobban OBE

William R Treen

James Wates FCIQB, FRSA

Russell Heusch Secretary

The Trustees have delegated the day to day management of the Charity and management of its subsidiary activities to the 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.

As a charity all the Trust's activities must at all times confirm with the statement of 'objects' given in the governing documents – 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 for no other purposes. As the owner of these companies the Trust has an obligation to act to secure their success.

## **BRE TRUST**

### **TRUSTEES' ANNUAL REPORT**

For the year 1 April 2010 - 31 March 2011

---

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 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. 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 the Memorandum and Articles of Association which were 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**

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 Council 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.

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.

## BRE TRUST

### TRUSTEES' ANNUAL REPORT

For the year 1 April 2010 - 31 March 2011

The Trustees met 4 times during the year ended 31 March 2011 and attendances by those who held office during the year are as follows:

Trustees	Attendance	Attendees	Attendance
Sir Neville I Simms	4	Carol Atkinson	1
John B Burland	4	Peter Bonfield	2
John Callcutt	0	Clare Bott	4
John Carter	1	Chris Earnshaw	3
Mark Clare	3	Guy Hammersley	1
Leslie A Clark	4	Russell Heusch	4
Mark Farrar	1	David Szymanski	3
Hugh Ferguson	4	Christopher Watson	4
Richard Gillies	1	Martin J Wyatt	4
Liz Goodwin	1		
Richard B Haryott	2		
Sir Ken Knight	1		
Peter Lobban	4		
William R Treen	3		
James Wates	3		

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 (BRE) 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 – Audit Committee

The Finance and Audit Committee comprised Ray Treen, acting as chairman, Peter Lobban and the two non-executive Group Board Directors, Chris Earnshaw and David Szymanski. The Group Board Chairman, Finance Director and external and internal auditors are also present as required. The Finance and Audit Committee has been replaced, from 2 March 2011, by an Audit Committee comprising the BRE Group Board non-executive Directors, Chris Earnshaw (Chairman) and David Szymanski and a representative of the Trustees, Peter Lobban. Attending, by invitation, are the BRE Group Board Chairman, Martin Wyatt, and the Finance Director, Russell Heusch.

The Finance and Audit Committee met five times a year to review financial performance and monitor such matters as the group's external financial reporting, audit activities and corporate governance. The change of committee name reflects that oversight of financial matters now rests with the BRE Group Board and the independent non-executive Directors. The new Committee acts as audit committee for both the BRE Trust and the operating companies. The Audit Committee's role also includes monitoring that risk is managed satisfactorily. The Audit Committee Attendance of principal participants was as follows

Participant	Attendance Finance and Audit Committee	Attendance Audit Committee
William R Treen	3	
Peter Lobban	3	1
Chris Earnshaw	4	1
David Szymanski	3	1
Martin J Wyatt	4	1
Russell Heusch	4	1
Christopher Watson	4	1

## **BRE TRUST**

### **TRUSTEES' ANNUAL REPORT**

For the year 1 April 2010 - 31 March 2011

---

#### **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. It was agreed that instead of BRE Group Board, as in previous years, making recommendations to a sub-committee (the Business Development Committee) to assist in this objective, that it would be preferable for all members of BRE Trust Council to be in a position to comment on business development. The Trustees were invited to consider and respond to a presentation to the BRE Trust Council given in May 2011 by the Chairman and Directors of the Group Board to outline their business challenges and opportunities and their strategy for dealing with them.

## BRE TRUST

### TRUSTEES' ANNUAL REPORT

For the year 1 April 2010 - 31 March 2011

---

#### 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 the innovative research which it supports. 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 2010/11 the number of active research projects within the established managed research programme was twenty eight in the responsive mode programme including seventeen new projects during the course of the year. Of the total active projects in the responsive mode programme sixteen were completed.

The three year Thematic Research programme on 'Low Impact Materials, Products and Processes' continued and eighteen projects are still active. Two Thematic research projects were completed in the year 2010/11.

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 five Chairs at the following BRE Centres:

- Edinburgh University (Fire Safety Engineering),
- Strathclyde University (Energy Utilisation Research),
- University of Bath (Innovatory Construction Materials) and
- Cardiff University –Welsh School of Architecture (Sustainable Building Design)
- Cardiff University, School of Engineering (Centre for Sustainable Engineering)

In 2010, BRE Trust and the BRE University Centres continued with the 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 from 1 April 2010 the following studentships were taken up and new awards made:

#### *Centre for Fire Safety Engineering (Edinburgh)*

A new fully funded BRE Trust PhD studentships commenced for the following project:

- Real fires for the safe design of tall buildings (from October 2010).

#### *Centre for Energy Utilisation Research, University of Strathclyde*

Four PhD studentships, partly funded by BRE Trust, commenced their PhD research studies in 2010.

- Controls and networks for zero carbon dc lighting systems (from November 2010)
- Low impact autonomous power generation systems for commercial buildings and call centres (from December 2010)
- Architectural design processes for fully integrated building design using renewables and pervasive monitoring and control systems (from December 2010).
- Deep bore ground source heat pumps for commercial buildings (from February 2011).

Four further PhD studentships part funded by the Trust have been awarded for the following projects:

- Low Voltage LED Lighting Systems
- Architectural design processes for fully integrated building design using renewables and pervasive monitoring and control systems

## **BRE TRUST**

### TRUSTEES' ANNUAL REPORT

For the year 1 April 2010 - 31 March 2011

---

- Low Impact autonomous power generation systems for commercial buildings and call centres
- Ground source heat pumps for commercial buildings

*Centre for Sustainable Design of the Built Environment, University of Cardiff*

A fully funded BRE Trust PhD studentship commenced in early 2010 for a project entitled:

- Design interventions to improve sustainability in urban communities (from January 2010).

*Centre for Innovative Construction Materials, University of Bath*

A BRE Trust funded PhD studentship commenced entitled:

- Thin topping timber–concrete composite floors.

Three further PhD studentships funded by the BRE Trust have been awarded as follows:

- Fire and Structural performance of non-metallic timber connections
- The use of waste china clay
- (part funded) Lime Bound bio-aggregates

BRE Trust has also agreed to support the University of Bath with an application for a EPSRC Leadership Fellowship. If Bath is successful the support would not be required until 2011/12 or 2012/13.

*Centre for Sustainable Engineering, University of Cardiff*

Three studentships part funded by BRE Trust commenced their PhD studentships for projects entitled:

- Home-centred healthcare management in an assisted living context (Cardiff/BRE Trust)
- Building adaptability (EPSRC/BRE Trust)
- Renewable energy (a BRE Trust funded student in connection with a knowledge transfer partnership).

#### ***Other universities***

BRE Trust funding supports two PhD students who are not affiliated with one of the BRE University Centres of Excellence.

*Imperial College London.*

A BRE Trust PhD studentship commenced

- 'An innovative deformationbased design approach for steel structures'.

*University of Hertfordshire.*

BRE Trust is part funding a PhD studentship which has commenced

- 'Improving the properties of natural fibre composites through surface modification of fibres in relation to matrix'.

#### ***PhDs completed in 2010***

The following BRE Trust funded PhD research projects were completed in 2010 and final submissions were being drafted at the time these accounts were being prepared.

*Edinburgh:*

- Material flammability as CFD model input

*Strathclyde:*

- Intelligent controller and system design methodologies for systems in buildings with adaptive climate control
- Energy demand control and profile restructuring to improve building energy performance and carbon footprint
- Carbon assessment methodologies for buildings and organisations

## **BRE TRUST**

### TRUSTEES' ANNUAL REPORT

For the year 1 April 2010 - 31 March 2011

---

#### *Bath:*

- Development of hemp-based composite materials for construction.
- Fibre-reinforced polymer (FRP) stay in place (SIP) participating formwork for new construction

#### ***Overall PhD Programme***

At the conclusion of 2010/11 there were nineteen active PhD projects within the BRE Trust PhD postgraduate scholarship scheme plus eight agreed and that are awaiting the appointment of suitable students.

#### *Research Programme generally*

Out of a total research spend of £2,928k (2010: £2,880k) the Trust spent £2,080k (2010: £2,063k) on projects in its managed research programme and £848k (2010: £817k) 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 2010-11 the Trust also spent £538k in the second year of its £1.5million over three years Thematic Research Programme.

The BRE Trust published its 124 page Annual Review 2010 in May 2011 with a 'highlights of BRE Trust activities' and a summary of the research projects and publications completed during the calendar year ending December 2010. It provides a forum for those who have benefited from BRE Trust funding to summarise their work. Two thousand five hundred 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 (the sixth annual research review event was held on 24 May 2011) 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
- 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 six 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, however as result of feedback from the audience and others, following BRE Research Event will be tied in with the meetings of the BRE Global Governing Body and to a larger and more influential audience.

To coincide with the 90<sup>th</sup> Anniversary of BRE, the 2011 BRE Trust Research Review Meeting was held on the morning of 24 May 2011 and chaired by Professor John Burland at the Saatchi Gallery in London to an audience of 150. BRE's own annual conference followed in the afternoon.

The following Research Projects were presented and followed by a discussion:

- Achieving Code level 4 with fabric solutions only
- Renewable Construction Materials

## BRE TRUST

### TRUSTEES' ANNUAL REPORT

For the year 1 April 2010 - 31 March 2011

---

- Low Impact Shop-fit
- Advanced Controls for Energy Systems (ACES)
- Whole building Life Cycle Analysis
- Monitoring Occupant Behaviour in Sustainable Homes
- Evacuation of dependent people from buildings

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.

Most BRE Trust publications arise from the Publications Programme, however 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 26	Energy efficiency in new and existing buildings
FB 28	Integrating BREEAM throughout the design process
IP 14/10	Consumer feedback on low-carbon housing
IP 15/10	Specifying LED lighting
IP 17/10	Creating a funding mechanism for UK carbonreduction projects

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

NF 21	Efficient design of piled foundations for housing
NF 22	Sustainable drainage systems for housing
NF 23	Introduction to Feed-In-Tariffs
NF 24	Ageing and airtightness
NF 25	Management of post-completion repairs
NF26	Home sale and handover
NF29	Water consumption in sustainable new homes.

In the year 2010/11 WRAP agreed to provide a grant of £175,000 to work in partnership with BRE Trust to commission research relating to the development of three sector resource efficiency plans. Two of the plans (joinery and flooring) were launched at the Building Environment Solutions Technology (BEST) show at Birmingham's NEC on 20th October 2010. 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.

In addition to the BRE Trust Research Conference BRE Trust supported three conferences with sponsorship. The BRE Trust sponsored the

- RIBA Research Symposium held at the Royal Institute of British Architects on 23 September 2010 under the title of 'Does beauty matter?' and chaired by Phillip Blond and Albert Taylor with keynote speaker, John Gummer. One of the speakers was a former BRE Trustee, John Calcutt. BRE Trust support enabled the entire proceedings to be recorded and the audio transcript is available to download from the RIBA website.
- LED Lighting Conference, 2 November 2010. This well-attended conference was chaired by Dr Paul Littlefair.
- A two-day conference organised by the IOM3 Sustainable Development Group and entitled 'Innovation towards sustainable materials'. Peter Bonfield, CEO of BRE, was one of the speakers in the first session. The conference set out to demonstrate that materials have a key role in sustainable development, against a background of mitigating and adapting to climate change, which remains the primary challenge of the 21st century, while yet improving living standards and quality of life for all in the long term.

## BRE TRUST

### TRUSTEES' ANNUAL REPORT

For the year 1 April 2010 - 31 March 2011

---

For the sixth 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, so they can experience science, engineering and technology first hand. The students' project on 'Assessing the performance of thermal mass of materials' gained them a gold CREST award in the British Association for the Advancement of Science CREST scheme.

#### **Publications Programme**

In the financial year 2010/11, BRE Trust repeated its successful £550k annual publications programme launched in 2009/10 and in the year 2010/11 £529k was expended.

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 recognises 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 provides funding for publication production by the BRE Group companies. The BRE Trust Publications Committee chaired by Hugh Ferguson has been set up to work in parallel with the existing Research Committee. This selects and lets 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 48 BRE Trust publications were awarded (one of these being a series of linked publications related to the 2012 London Olympic site).

In addition to the BRE Trust Review 2009, the BRE Trust funded publications produced in the year 2010/11 include:

FB 24	A guide to SBEM.
FB 25	Vacant dwellings in England
FB 27	Health and productivity benefits of sustainable schools
FB 28	Integrating BREEAM throughout the design process
FB 29	Design fires for use in fire safety engineering
FB 30	Ventilation for healthy buildings
FB 31	Financing UK carbon reduction projects.
FB 32	The cost of poor housing in Wales
Digest 514	Drying distortion of timber.
Digest 515	Lessons learned from real fires.
Digest 517	Assessment of timber structures..
Digest 516	Evacuation modelling and human behaviour in fire.
Digest 518	Sprinkler systems for fire protection of commercial and industrial buildings.
DG 519 part 1	Residential sprinklers for fire protection.
IP 11/10	Sustainability in foundations.
IP 12/10	An introduction to the use of fire modelling
IP 13/10	An introduction to cool roofs and their application in the UK.
IP 16/10	Quantifying the cost of poor housing.
IP 18/10	Sustainable housing refurbishment.
IP 19/10	Designing urban streets to minimise heat island effects.
IP20/10	Delivering a successful demonstration project.
IP 21/10	Fire performance of Structural Insulated Panel systems.
IP 22/10	Planning decentralised energy systems in large new developments.
IP 1/11	LIST (Low Impact Shopfitting Tool) for designing greener shopfitting display equipment.
IP 2/11	Energy in schools.
IP 3/11	Performance of district heating in new developments.

## **BRE TRUST**

### **TRUSTEES' ANNUAL REPORT**

For the year 1 April 2010 - 31 March 2011

---

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

As mentioned in last year's report, BRE Trust provided 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

The Publications Committee met in early March 2011 to agree which titles will be produced by BRE and BRE Global in 2011/12 and forty five 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 2011, particularly given the continuing 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 £2,080k (2010: £2,063k) by the Trust on responsive mode research programme was a significant increase compared to the previous year. During the year there were 28 research projects in the responsive mode programme, seventeen of which were new projects started in the period. The Trust had scheduled 65 research milestones for delivery during the year, of which 58 (89%) were delivered within the year. 16 final research outputs were due within the year, of which 94% (15) were received on schedule.

The expenditure of £538k (2010: 283k) by the Trust on its Thematic research programme was less than expected at the start of the year. Two key members of staff working in highly specialised areas left during the year and the remaining staff carrying out the research became overcommitted until replacements were found. During the year there were eighteen active projects. The Trust had scheduled 44 milestones for delivery in the year of which 39 (89%) were delivered. Two final research projects from this three year programme were due within the year and one (50%) was received on schedule.

As detailed under research activities above, five new publications based on work supported by the Trust under its managed programme were published and the NHBC Foundation published seven reports. The BRE Trust publications programme awarded funding to 48 publications for the year and by the end of the financial year 26 publications from the publications programme had been published. A further 21 draft publications are currently being edited by the publishers and another four have complete text but awaiting images.

The Trust supported four events to promote research in the built environment.

Funding or part funding for twenty seven PhD studentships were made available during the year. Seven 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 collaborative work with WRAP continued from 2009/10 to 2010/11 with an increased grant from WRAP and this looks set to continue for 2011/12.

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.

## **BRE TRUST**

### **TRUSTEES' ANNUAL REPORT**

For the year 1 April 2010 - 31 March 2011

---

#### **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 Chris Earnshaw and David Szymanski as non-executive Directors of BRE Group. 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 2010/11 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 2010/11 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 2011 the Sunday Times advised that BRE Group was again included in their top 60 Best Green Companies, placed 11<sup>th</sup> in the 2011 competition. The Sunday Times noted in their advice to BRE that, as more companies are improving their environmental strategies, policies and initiatives, the competition is becoming tougher year on year.

##### **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"). The principal accounting policies are included in the financial statements page 17 to 19. Net income for the year to 31 March 2011 including the profit or loss on the sale of fixed assets was £1,662k (2010 £1,287k). Incoming resources to the charity increased compared to last year at £3,606k (2010: £2,715k), which was the result of higher gift aid payments from subsidiary companies. Research expenditure was £2,928k (2010: £2,880k), 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 £3,634k being a slight increase on that achieved in 2010 of £3,055k.

BRE's operating profit before gift aid decreased to £2,125k (2010: £2,747k), following a reduction in turnover to £24,647k (2010: £26,815k). BRE Global, despite the economic downturn, increased turnover to £22,112k (2010: £19,328k) and operating profit before gift aid increased to £2,273k (2010: £1,521k). FBE Management Limited's income reduced to £422k (2010: £466k). Net profit before gift aid was £58k (2010: £58k).

## **BRE TRUST**

### **TRUSTEES' ANNUAL REPORT**

For the year 1 April 2010 - 31 March 2011

---

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 decreased during the year to £18,316k (2010: £22,355k). 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 increased during the financial year to £8,892k (2010: £8,296k), of which £8,192k is unrestricted (2010: £7,698k). 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 increased as a result of receipts exceeding resources expended by £102k, this does not impact on the Trust as a going concern.

#### **Plans for Future Periods**

The Trustees have agreed a programme of funding for 2011/12 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 five 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 seventh research review event immediately after the end of the financial year. 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 plans to publish no less than 15 new publications including: Information Papers, reports in the BRE Trust FB series and NHBC Foundation reports. It plans to 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](http://www.building4change.com)) with a view to self-support by March 2012.

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 the initiative was continued with the issue of a second BRE Trust annual review in May 2011.

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.

#### **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.

**BRE TRUST**

**TRUSTEES' ANNUAL REPORT**

For the year 1 April 2010 - 31 March 2011

---

**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 in England and Wales: 1092193  
Charity Registration Number in Scotland: SCO39320

**27 July 2011**

## **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.



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

## **Independent auditors' report to the trustees and members of BRE Trust**

We have audited the financial statements of BRE Trust for the year ended 31 March 2011 set out on pages 17 to 48. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, 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. Our audit work has been undertaken so that we might state to the members and 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, its members as a body and its trustees as a body, for our audit work, for this report or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees Responsibilities set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

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 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

## **Independent auditors' report to the trustees and members of BRE Trust (continued)**

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if in our opinion:

- the charitable company has not kept adequate and proper accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

*A. Mead*

*12 August 2011*

**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*

## **BRE TRUST**

### **PRINCIPAL ACCOUNTING POLICIES**

For the year 1 April 2010 - 31 March 2011

---

#### **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 2010 - 31 March 2011

---

#### **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 and WRAP 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)	5-20 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.

#### **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**

All 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.

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.

#### **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 2010 - 31 March 2011

---

#### **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.

#### **GOVERNANCE COSTS OF THE CHARITY**

The governance costs of the charity comprise those costs incurred supporting the trustees carrying out their responsibilities as trustees. These include the cost of services provided by BRE; staff seconded to the charity and engaged on these activities; publicity, legal and incidental administrative expenses.

**BRE TRUST****CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

(Including consolidated income and expenditure account)

For the year 1 April 2010 – 31 March 2011


	Note	Restricted Funds 2011 £'000	Unrestricted Funds 2011 £'000	Total Funds 2011 £'000	Total Funds 2010 £'000
<b>Incoming Resources</b>					
Incoming resources from generated funds	1				
Activities for generating funds		651	42,713	43,364	44,497
Investment income					
Interest receivable		-	22	22	7
<b>Total incoming resources</b>		<b>651</b>	<b>42,735</b>	<b>43,386</b>	<b>44,504</b>
<b>Resources expended</b>					
Costs of generating funds					
Fundraising trading					
Commercial trading operations	2	-	(38,602)	(38,602)	(40,333)
<b>Charitable activities</b>					
Research commissioned by the Charity		(549)	(2,379)	(2,928)	(2,880)
Governance cost		-	(82)	(82)	(23)
<b>Total charitable and governance expenditure</b>		<b>(549)</b>	<b>(2,461)</b>	<b>(3,010)</b>	<b>(2,903)</b>
<b>Total resources expended</b>		<b>(549)</b>	<b>(41,063)</b>	<b>(41,612)</b>	<b>(43,236)</b>
Share of associate investment (loss)/income		-	(112)	(112)	19
<b>Net incoming resources before other recognised gains and losses</b>		<b>102</b>	<b>1,560</b>	<b>1,662</b>	<b>1,287</b>
<b>Other recognised losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	16	-	2,753	2,753	(8,555)
Revaluation of land		-	-	-	(12,807)
<b>Net movement in funds for the year</b>		<b>102</b>	<b>4,313</b>	<b>4,415</b>	<b>(20,075)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward	16	598	4,974	5,572	25,647
<b>Total funds carried forward</b>		<b>700</b>	<b>9,987</b>	<b>9,987</b>	<b>5,572</b>

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

**BRE TRUST****CONSOLIDATED BALANCE SHEET**  
As at 31 March 2011

	Note	2011 £'000	2010 £'000
<b>Fixed assets</b>			
Intangible assets	9	630	740
Tangible assets	10	25,251	25,050
Investments	11	661	489
		<hr/>	<hr/>
		26,542	26,279
<b>Current assets</b>			
Debtors	12	10,555	12,248
Cash		9,412	7,070
<b>Creditors: amounts falling due within one year</b>	13	(16,481)	(16,066)
<b>Net current assets</b>		<hr/>	<hr/>
		3,486	3,252
<b>Total assets less current liabilities</b>		<hr/>	<hr/>
		30,028	29,531
Provisions for liabilities	15	(1,725)	(1,604)
		<hr/>	<hr/>
<b>Net assets excluding pensions liabilities</b>		28,303	27,927
<b>Defined benefit pension scheme liability</b>	20	(18,316)	(22,355)
		<hr/>	<hr/>
<b>Net assets including pension liabilities</b>		9,987	5,572
<b>Funds of the group</b>			
Unrestricted funds:			
General fund	16	(3,096)	(7,859)
Other reserves	16	2,699	3,149
Revaluation reserve	16	9,684	9,684
Restricted funds:			
Income fund		700	598
		<hr/>	<hr/>
<b>Total funds</b>		9,987	5,572
		<hr/>	<hr/>

These financial statements were approved by the Trustees on 27 July 2011.

  
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 2010 - 31 March 2011

	Note	Restricted Funds 2011 £'000	Unrestricted funds 2011 £'000	Total funds 2011 £'000	Total funds 2010 £'000
<b>Incoming Resources</b>					
Incoming resources from generated funds					
Activities for generating funds					
Research income		651	24	675	350
Investment income					
Gift Aid received	1	-	2,904	2,904	2,341
Group interest received		-	25	25	23
Other interest		-	2	2	1
<b>Total incoming resources</b>		<b>651</b>	<b>2,955</b>	<b>3,606</b>	<b>2,715</b>
<b>Resources expended</b>					
Costs of generating funds					
Research expenditure		(549)	(2,379)	(2,928)	(2,880)
Governance costs		-	(82)	(82)	(23)
<b>Total resources expended</b>		<b>(549)</b>	<b>(2,461)</b>	<b>(3,010)</b>	<b>(2,903)</b>
<b>Net movement in funds for the year</b>		<b>102</b>	<b>494</b>	<b>596</b>	<b>(188)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		598	7,698	8,296	8,484
<b>Total funds carried forward</b>		<b>700</b>	<b>8,192</b>	<b>8,892</b>	<b>8,296</b>

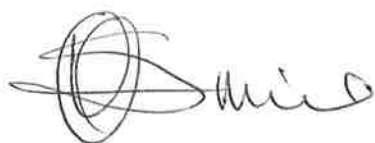
All recognised gains and losses are included in the statement of financial activities.

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

**BRE TRUST****CHARITY BALANCE SHEET**  
As at 31 March 2011

	Note	2011 £'000	2010 £'000
<b>Investments</b>	11	5,000	5,000
<b>Current assets</b>			
Debtors (including £2,400k (2010: £2,400k) due after more than one year)	12	4,266	3,384
Cash		1,174	777
<b>Creditors: amounts falling due within one year</b>		(1,548)	(865)
<b>Net current assets</b>		3,892	3,296
<b>Net assets</b>		8,892	8,296
<b>Funds of the charity</b>			
Unrestricted funds	16	8,192	7,698
Restricted funds	16	700	598
<b>Total charity funds</b>		8,892	8,296

These financial statements were approved by the Trustees on 27 July 2011.



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 2010 – 31 March 2011

	Note	2011 £'000	2010 £'000
<b>Net cash inflow from operating activities</b>			
	17	3,762	6,270
<b>Return on investments and servicing of finance</b>			
Interest paid		-	(1)
Interest received		22	7
Interest element of finance lease rental payments		(3)	(6)
		<u>19</u>	<u>-</u>
<b>Net cash outflow from return on investments and servicing of finance</b>			
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(1,313)	(1,162)
Sale of tangible fixed assets		18	-
		<u>(1,295)</u>	<u>(1,162)</u>
<b>Net cash outflow from capital expenditure and financial investment</b>			
<b>Acquisitions and Disposals</b>			
Purchase of investments	11	(233)	(288)
Disposal of investment	11	123	28
		<u>(110)</u>	<u>(260)</u>
<b>Cash inflow before financing</b>		2,376	4,848
<b>Financing</b>			
Repayment of borrowings	18	-	(204)
Capital element of finance lease rental payments	18	(34)	(108)
		<u>(34)</u>	<u>(312)</u>
<b>Net cash outflow from financing</b>			
<b>Increase in cash in period</b>	18	2,342	4,536

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 2010 – 31 March 2011

#### 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 £35,315k (2010: £21,227k) 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	2011 £'000	2010 £'000
Staff costs	4	26,365	26,930
Depreciation of tangible assets	10	1,112	918
Amortisation of intangible assets	9	110	95
Other operating expenses		12,298	13,201
Interest payable	6	3	7
Other finance costs	7	950	1,244
Profit/(loss) on disposal of investments		(117)	-
(Profit)/loss on disposal of fixed assets		(18)	1
Amounts reallocated to charitable activities		(2,101)	(2,063)
		<hr/>	<hr/>
		38,602	40,333
		<hr/>	<hr/>

#### 3 NET MOVEMENT IN FUNDS

Group	2011 £'000	2010 £'000
This is stated after charging:		
Restructuring costs (staff)	433	64
Operating lease rentals	491	575
<i>Auditors' remuneration:</i>		
Audit of these financial statements	60	56
Amounts receivable by auditors and their associates in respect of:		
Relating to taxation	10	9
Other services	11	21

## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS For the year 1 April 2010 – 31 March 2011

#### 4 STAFF COSTS AND NUMBERS

	2011 £'000	2010 £'000
Group staff costs during the period amounted to:		
Wages and salaries	22,464	23,077
Social security costs	2,339	2,410
Other pension costs	1,562	1,443
	<hr/>	<hr/>
	26,365	26,930
	<hr/>	<hr/>

During the year the company also made contributions of £2,236k (2010:£1,665k) 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:

	2011 Number	2010 Number
Research staff	548	554
Administration staff	51	48
	<hr/>	<hr/>
	599	602
	<hr/>	<hr/>

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

Salary band	2011 Number	2010 Number
£60,000 - £69,999	19	17
£70,000 - £79,999	12	14
£80,000 - £89,999	8	6
£90,000 - £99,999	4	4
£100,000 - £109,999	1	1
£110,000 - £119,999	1	0
£120,000 - £129,999	1	0
£130,000 - £199,999	3	4
£200,000 - £299,999	3	1

The total employer contributions in the year for provision of money purchase benefits for higher paid employees were £228k (2010: £216k). The number of higher paid employees (i.e. greater than £60k) to whom retirement benefits are accruing under money purchase schemes was 43 (2010: 40).

## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2010 – 31 March 2011

#### 5 TRUSTEES' REMUNERATION AND EXPENSES

No Trustee earned any remuneration in either 2011 or 2010. Out of pocket expenses incurred by Trustees in the furtherance of their duties are reimbursed at cost and totalled £3,638 (2010: £1,517). The whole of this amount related to travel and expenses.

<b>6 INTEREST PAYABLE</b>	2011 £'000	2010 £'000
Interest payable on short term borrowings wholly repayable within 5 years	-	1
Interest payable on leases	3	6
	<u>3</u>	<u>7</u>

#### 7 OTHER FINANCE (COSTS)/INCOME

	2011 £'000	2010 £'000
Expected return on pension scheme assets	3,505	2,619
Interest on pension scheme liabilities	(4,455)	(3,863)
	<u>(950)</u>	<u>(1,244)</u>

#### 8 TAXATION

BRE Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

**BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS  
For the year 1 April 2010 – 31 March 2011**9 INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Goodwill</b>	<b>Set-up costs</b>	<b>Total</b>
<b>Cost</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2010	1,361	36	1,397
<b>At 31 March 2011</b>	<b>1,361</b>	<b>36</b>	<b>1,397</b>
<b>Amortisation</b>			
At 1 April 2010	657	-	657
Charge for year	74	36	110
<b>At 31 March 2011</b>	<b>731</b>	<b>36</b>	<b>767</b>
<b>Net book value</b>			
<b>At 31 March 2011</b>	<b>630</b>	<b>-</b>	<b>630</b>
At 1 April 2010	704	36	740

Goodwill is amortised over its useful economic life of between 3 and 20 years.

**BRE TRUST****NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2010 – 31 March 2011

**10 TANGIBLE FIXED ASSETS**

	<b>Freehold Land and Buildings £'000</b>	<b>Plant and Machinery £'000</b>	<b>Fixtures and Fittings £'000</b>	<b>Motor Vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 April 2010	26,560	7,596	352	51	34,559
Additions	825	416	48	24	1,313
Disposals	-	(635)	(22)	-	(657)
<b>At 31 March 2011</b>	<b>27,385</b>	<b>7,377</b>	<b>378</b>	<b>75</b>	<b>35,215</b>
<b>Depreciation</b>					
At 1 April 2010	3,074	6,203	183	49	9,509
Charge for year	582	496	32	2	1,112
Eliminated on disposal	-	(635)	(22)	-	(657)
<b>At 31 March 2011</b>	<b>3,656</b>	<b>6,064</b>	<b>193</b>	<b>51</b>	<b>9,964</b>
<b>Net Book Value</b>					
At 31 March 2011	23,729	1,313	185	24	25,251
At 1 April 2010	23,486	1,393	169	2	25,050

The policy of not depreciating freehold land has been retained. As at 31 March 2011, 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 assets. The details are as follows :

	£'000
Depreciation charged in year	86
Net book value as at 31 March 2011	-
Net book value as at 31 March 2010	86

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

## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS For the year 1 April 2010 – 31 March 2011

#### 11 FIXED ASSET INVESTMENTS

Group	Investments (including joint ventures)	Interests in associated undertakings (including joint ventures)	Capital Contribution	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At the beginning of the year	6	55	428	489
Additions	-	-	233	233
Disposals	(6)	-	-	(6)
Share of associates' profit	-	(112)	-	(112)
Transfer to liabilities	-	57	-	57
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2011</b>	-	-	661	661
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>				
<b>At 31 March 2011</b>	-	-	661	661
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2010	6	55	428	489
	<hr/>	<hr/>	<hr/>	<hr/>

The group investment represents the group's holding in Tri-Air Developments Limited, held through BRE.

During the year BRE made a further capital contribution £233k to Tri-Air Developments Limited, which is additional to its shareholding valued at £142k in this company.

On 1 January 2007 the group formed LPCB Nederland BV, an associate with R<sub>2</sub>B Investies BV, to provide certification services in Holland. On 9 March 2011 the company sold its share holding in LPCB for £141k.

The charity investment in subsidiary undertakings is £5,000k (2010: £5,000k). 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 £112k loss (2010: £19k profit).

**BRE TRUST****NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2010 – 31 March 2011

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

	Building Research Establishment Limited 2011 £'000	BRE Global Limited 2011 £'000	FBE Management Limited 2011 £'000	Others 2011 £'000	Total 2011 £'000
<b>Summary profit and loss account</b>					
Turnover	24,647	22,112	422	-	47,181
Operating costs	(22,522)	(19,839)	(364)	-	(40,725)
Operating Profit	2,125	2,273	58	-	4,456
Profit on disposal of assets	18	117	-	-	135
Interest receivable	21	-	-	-	21
Interest payable	(28)	-	-	-	(28)
Other finance costs	(950)	-	-	-	(950)
Net result	1,186	2,390	58	-	3,634
Gift aid	(621)	(2,224)	(58)	-	(2,903)
Retained in the subsidiary	565	166	-	-	731
<b>Assets and liabilities of the subsidiary</b>					
Fixed assets	26,628	-	-	-	26,628
Current assets	15,072	10,683	347	14	26,116
Creditors falling due within one year	(13,883)	(10,092)	(66)	(22)	(24,063)
Creditors falling due beyond one year	(2,400)	-	-	-	(3,602)
Provisions	(1,726)	-	-	-	(1,726)
Deferred capital grant	(1,202)	-	-	-	(1,202)
Pension liabilities	(18,316)	-	-	-	(18,316)
Net assets	4,173	591	281	(8)	5,037

**BRE TRUST**

NOTES TO THE FINANCIAL STATEMENTS  
For the year 1 April 2010 – 31 March 2011

---

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

	2011 £'000	2010 £'000
Share of associates' turnover	12	25
<b>Assets and liabilities of the associate</b>		
Share of fixed assets	324	186
Share of current assets	11	22
Creditors:		
Share of amounts falling due within one year	(392)	(43)
Share of amounts falling due beyond one year	-	(110)
Share of net (liabilities)/assets	(57)	55

**FIXED ASSET INVESTMENTS OF THE CHARITY**

	Shares in Group undertakings £'000
<b>Cost</b>	
At the beginning of the year and end of the year	5,000
<b>Net Book Value:</b>	
At 31 March 2011	5,000
At 1 April 2010	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 2010 – 31 March 2011

**12 DEBTORS**

	2011 £'000 Group	2011 £'000 Charity	2010 £'000 Group	2010 £'000 Charity
Trade debtors	7,438	-	8,009	-
Amounts recoverable on contracts	2,753	-	3,825	5
Amounts due from group undertakings	-	27	166	10
Loans to group undertakings	-	4,239	-	3,368
Amounts due from associates	150	-	30	-
Other debtors	17	-	7	-
Prepayments	197	-	211	1
	<u>10,555</u>	<u>4,266</u>	<u>12,248</u>	<u>3,384</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% (2010: 0.25%) above base rate. £2,400k was established as a long term loan, not repayable until after 1 April 2011, the balance of the loan being repayable on demand.

**13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £'000 Group	2011 £'000 Charity	2010 £'000 Group	2010 £'000 Charity
Amounts due on finance leases	-	-	34	-
Payments received in advance	10,501	226	9,544	-
Trade creditors	1,880	23	1,714	45
Amounts due to group undertakings	-	1,077	-	760
Social security and other taxes	1,842	-	1,773	-
Other creditors	428	-	391	-
Accruals	1,773	222	2,610	60
Share of associate liabilities	57	-	-	-
	<u>16,481</u>	<u>1,548</u>	<u>16,066</u>	<u>865</u>

## BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
For the year 1 April 2010 – 31 March 2011

### 14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

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

	2011 £'000	2010 £'000
Within one year	-	35
	<hr/>	<hr/>
	-	35
Less future finance charges	-	(1)
	<hr/>	<hr/>
	-	34
	<hr/>	<hr/>

### 15 PROVISIONS FOR LIABILITIES

Future amounts payable relating to:	Directors' Retirement Lump sums £'000	Restructuring £'000	Legal claims £'000	Total £'000
<b>Group:</b>				
At the beginning of the year	218	1,326	60	1,604
Utilised in the year	(5)	(134)	-	(139)
Charge to the Statement of Financial Activities	150	110	-	260
	<hr/>	<hr/>	<hr/>	<hr/>
At the end of the year	363	1,302	60	1,725
	<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 other costs imposed or arising.

**BRE TRUST****NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2010 – 31 March 2011

**16 RESERVES**

<b>Group</b>	<b>General Fund unrestricted</b> £'000	<b>Revaluation Reserve unrestricted</b> £'000	<b>Other Reserve unrestricted</b> £'000	<b>Total unrestricted funds</b> £'000	<b>Income fund restricted</b> £'000
At 1 April 2010	(7,859)	9,684	3,149	4,974	598
Net income for the year	1,560	-	-	1,560	102
Transfer	450	-	(450)	-	-
Actuarial gain recognised in defined benefit pension schemes	2,753	-	-	2,753	-
At 31 March 2011	<u>(3,096)</u>	<u>9,684</u>	<u>2,699</u>	<u>9,287</u>	<u>700</u>
				2011 £'000	2010 £'000
General fund excluding pension liability				15,220	14,496
Pension liability				(18,316)	(22,355)
				<u>(3,096)</u>	<u>(7,859)</u>
<b>Charity</b>			<b>Unrestricted Funds</b> £'000	<b>Restricted Funds</b> £'000	<b>Total Funds</b> £'000
At 1 April 2010			7,698	598	8,296
Net surplus for the year			494	102	596
At 31 March 2011			<u>8,192</u>	<u>700</u>	<u>8,892</u>

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 £10,133k (2010: £9,683k).

## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2010 – 31 March 2011

---

## 20 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 £791k (2010: £793k).

Contributions to the stakeholder scheme amounting to £65k (2010: £66k) were payable at 31 March 2011 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, Ruffer, Newton, State Street Global Investors and IO Investors Limited. The assets of the stakeholder scheme are invested with Aviva.

Management charges of £361k (2010:£356k) were incurred on behalf of the two schemes. Contributions to these schemes amounting to £143k (2010: £125k) were payable at 31 March 2011 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 2011 was £946k and equated to monthly payments of £35k and one additional contribution.

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 2011 was £1,290k equated to £107.5k monthly.

Under the 'recovery plan' agreed with the Trustees (and now submitted to the Regulator) this deficit was partially secured by an £8m 'Irrevocable Letter of Credit' issued by Barclays Bank which increased in value at a rate of 6.35% per annum and was finally payable in December 2015. On 1 April 2011 the letter of credit was replaced with a direct charge over the Garston site in favour of the BRE pension fund trustees.

## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2010 – 31 March 2011

#### 20 PENSIONS – continued

The balance of the deficit is to be paid off in monthly instalments of £109k. 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 2011 %pa	LPC Scheme 2011 %pa	BRE Scheme 2010 %pa	LPC Scheme 2010 %pa	BRE Scheme 2009 %pa	LPC Scheme 2009 %pa
Rate of increase in salaries	2.50	2.50	2.50	2.50	2.70	2.70
Discount rate for calculation of benefits	5.80	5.80	5.80	5.80	6.90	6.90
Inflation	3.30	3.30	3.40	3.40	2.70	2.70

In valuing the liabilities of the pension fund at 31 March 2011, 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 2011 would have increased by £1,640k and £802k 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: 28.2 years (male), 30.3 years (female)
- Future retiree upon reaching 65: 31.5 years (male), 32.5 years (female)

#### *LPC Scheme*

- Current pensioner aged 65: 22.9 years (male), 25.2 years (female)
- Future retiree upon reaching 65: 25.9 years (male), 27.4 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 2010 – 31 March 2011

---

#### 21 FINANCIAL COMMITMENTS

- a) At 31 March 2011 the group had annual commitments under non-cancellable operating lease arrangements as follows:

Plant and machinery expiring:	2011	2010 restated
	£'000	£'000
Within one year	145	14
Between two and five years	217	389
	<u>362</u>	<u>403</u>

- b) The following commitments for capital expenditure existed at 31 March for which no provision has been made:

	2011	2010
	£'000	£'000
Contracted	206	276
	<u>206</u>	<u>276</u>

#### 22 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2011 or 31 March 2010 other than those disclosed in note 15.

## BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
For the year 1 April 2010 – 31 March 2011

### 23 SUBSIDIARY AND ASSOCIATE UNDERTAKINGS

The undertakings in which the group's interest at 31 March 2011 was more than 20% were as follows:

	Interest in ordinary share capital	Activity
<b>Trading Companies:</b>		
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
<b>Non-Trading Companies:</b>		
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 (ceased trading March 2011)

All of the subsidiaries and associates were registered in England and Wales with the exception of Shannon Built Environment Consultancy which is registered in Ireland.

## BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS  
For the year 1 April 2010 – 31 March 2011

---

### 24 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.

During the year the company had the following transactions with Shannon Built Environment Consultancy, trading as BRE Ireland.

	2011 £'000	2010 £'000
Aggregate sales	77	246
Aggregate purchases and other expenses	33	86
	<hr/>	<hr/>

During the year the company had the following transactions with Building Hub Limited.

	2011 £'000	2010 £'000
Aggregate sales	-	95
	<hr/>	<hr/>

At the year end date the following balances within the financial statements related to Building Hub Limited.

	2011 £'000	2010 £'000
Aggregate debtors owed	-	112
	<hr/>	<hr/>

During the year the company had the following transactions with Tri-Air Limited.

	2011 £'000	2010 £'000
Aggregate sales	120	30
	<hr/>	<hr/>

At the year end date the following balances within the financial statements related to Tri-Air Limited.

	2011 £'000	2010 £'000
Aggregate debtors owed	150	30
	<hr/>	<hr/>