BUILDING RESEARCH ESTABLISHMENT LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR

1 APRIL 2008 - 31 MARCH 2009

Company Registration Number: 3319324

Registered office:	Bucknalls Lane Garston Watford Herts WD25 9XX
Bankers:	Barclays Bank Plc Level 28 1 Churchill Place Canary Wharf London E14 5HP
Solicitors:	Sherrards 45 Grosvenor Road St Albans Herts AL1 3AW
Auditors:	KPMG LLP Aquis Court 31 Fishpool Street St Albans Herts AL3 4RF

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CHAIRMAN'S REPORT
For the year 1 April 2008 - 31 March 2009

Building Research Establishment Limited ("BRE") is a wholly owned subsidiary of BRE Group Limited and the ultimate parent undertaking and controlling party is BRE Trust, which is a non profit distributing company with no share capital and limited by guarantee and a charity.

Chief Executive's Report
Following a strong year in 2007/08 where BRE exceeded both its profit and net income targets, we entered 2008/09 with concerns about the general economic outlook in the UK and other parts of the world from where we derive our income. The downturn of the world economy and in particular the construction sector (which fell by more than 15% in 2008/09), exceeded our most gloomy prognosis. However, our early action to control and selectively reduce our cost base in areas where income dried up, coupled with careful targeting of our existing customers and developing business with selected new clients has helped us through a very challenging year. Our training business and work for government performed very well. We enter 2009/10 with a significant amount of work in hand, a strong new business pipeline and what we anticipate will be an appropriate cost base. Although the business environment remains challenging, we are in a good position to be profitable during 2009/10 and to come out of the downturn as a more efficient company set fair to exploit the growth opportunities that will arise. There is little doubt though that 2009/10 will be challenging and we remain vigilant and proactive in taking the actions required to support and protect our business.

Profit before taxation and gift aid for the year to 31 March 2009 was £336k compared to £923k (as restated) in the previous year.

Market Background
The commercial development market and the property and construction markets were significantly affected by the economic slowdown and we experienced some fall off of our work in this area. However, demand has remained reasonable from other sectors with public sector clients driving demand in areas we would expect to benefit from, such as infrastructure, housing, energy, healthcare and education, and large corporate bodies driving demand for our sustainability and related services. We expect the London 2012 Olympics to continue to underpin this growth and to continue to require our services over the next two to three years.

Demand for our traditional research and consultancy skills in such areas as materials science, building engineering and fire sciences has begun to grow again, although we have had to reduce our scale of activities in some areas of environmental consultancy and testing. Demand for our skills in areas such as energy and sustainability have continued to grow with many major companies now responding to the challenge of climate change and their brand positioning. Margins in the technology areas and those requiring significant physical facilities remain very tight and in some areas we have adopted an exit or joint venture strategy to protect our future capability as appropriate whilst minimising low margin work. Our training business has developed very strongly, delivering high profits levels, much needed income for key technical experts and doing much to promote our other services to a wide professional audience. Major drivers to the growth of our business derive from the global agenda on innovation and enterprise, skills shortages, climate change and sustainability. We are well placed to further capitalise on the requirement for independent, expert, market and policy focussed advice, consultancy and research.

Development of the Business
BRE has continued to be successful in developing the range of products and services it offers to both government and private sectors, and remains focussed on innovation, risk and sustainability. We have grown our work with central Government and relevant Agencies which positions us well in terms of influencing policy and regulation. This work also helps draw the private sector to us for related consultancy, applied research and testing activities. We have made good progress with cross business working and providing our clients with a range of integrated service offerings. Our commissions from FTSE 100 companies and major corporate companies have accelerated the development of these offerings.

In the coming year, we anticipate remaining profitable with good cash flow, although the business environment we operate in remains difficult. However, the need for sustainability, innovation and technical expertise will remain and we are strongly placed to be able to take advantage of the business opportunities that typically arise during an economic downturn.

BRE is a truly 'people business' which relies on the dedication, skill and integrity of its staff, many of whom are recognised nationally and internationally as experts in their field, to drive it forward. The last twelve months have demonstrated the ability of our staff to continue to grow the business in both existing and new markets. We are confident that they will continue to rise to the many challenges and opportunities that lie ahead.

Board of Directors
The membership of the Board of Directors throughout the year is set out below.

Chairman	Martin J Wyatt
Directors:	
Chief executive	Peter Bonfield
	Russell Heusch (appointed 19 September 2008)
Secretary	James F Horan (resigned 19 September 2008)

Martin J Wyatt
Chairman

5th August 2009

The Directors have pleasure in presenting their report for the year ended 31 March 2009.
A full list of directors appears in the Chairman's report.

Principal activity
The principal activity of the company is to provide independent advice and information on building performance, construction and fire safety in the United Kingdom.

Review of the business
The profit achieved by the company before gift aid and taxation is £336k (2008: £923k as restated). The Directors consider the profit achieved on ordinary activities to be satisfactory. Further information on the review of business is given within the Chairman's report.

Risks

The risk management process in BRE seeks to enable the early identification, evaluation and effective management of the key risks facing the business at operational level and to operate internal controls, which adequately mitigate these risks. The company regularly assesses it's risk management activities to ensure good practice in all areas.

The principle risk and uncertainty affecting the business outside of the current economic climate is credit risk. The business is exposed to counterparty credit risk when dealing with customers and from certain financing activities. The Company maintains strong relationships with each of its key customers and has established credit control parameters. Credit evaluations are performed on all customers requiring significant credit and outstanding debts are continuously monitored by each business. Concentrations of credit risk are limited as a result of the large and diverse customer base

Proposed Dividends
The directors do not propose the payment of a dividend (2008: Nil)

Personnel policies
The company has instituted means of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company.

This is achieved through open meetings, newsletters and consultations with employee representatives. 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.

Environmental
As much of BRE's 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 2008/09 BRE's Sustainable Development Action Group continued to drive forward a series of initiatives including the launch of the S-Plan 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 has benefited from investment in energy efficiency measures on the Garston site which has resulted in reductions in gas and electricity consumption.

Please see the BRE Sustainability Report 2008/09 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.

Political and charitable donations
The company made no political donations and charitable donations during the year (2008 Nil)

Disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the 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 BOARD
Russell Heusch
Director

Bucknalls Lane
Garston
Watford
WD25 9XX
5th August 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANICAL STATEMENTS
For the year 1 April 2008 - 31 March 2009

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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 company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Independent auditors' report to the members of Building Research Establishment Limited

We have audited the financial statements of Building Research Establishment Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the principal accounting policies and the related notes. 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 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

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 properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

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

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

Basis of audit opinion

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

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

Independent auditors' report to the members of Building Research Establishment Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP **2009**
Chartered Accountants
Registered Auditor

BASIS OF PREPARATION
The financial statements have been prepared in accordance with applicable accounting standards and under historical cost convention. The principal accounting polices are set out below and have remained unchanged from the previous year

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

Under FRS 1 'Cash Flow Statements' the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of BRE Trust, the company has taken advantage of the exemption contained in FRS 8 'Related Party Disclosures' and has, therefore, not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of BRE Trust, within which this company is included, can be obtained from the address at the front of the financial statements.

BASIS OF CONSOLIDATION
BRE, as a wholly owned subsidiary of BRE Group Limited and the ultimate parent undertaking and controlling party being BRE Trust, is exempt by virtue of section 228 of the Companies Act 1985 from preparing consolidated financial statements. Consequently, these financial statements only present information about the company.

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.

TURNOVER
Turnover represents the invoiced amount of research and technical consultancy and amounts recoverable on contracts. Turnover is stated net of value added tax.

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.

TANGIBLE FIXED ASSETS AND DEPRECIATION
Tangible fixed assets are stated at cost less depreciation. Depreciation has been 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.

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.

LEASED ASSETS
Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account 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.

TAXATION
The charge for taxation is based on the profit 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’.

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. The development costs incurred in the establishment of BRE Training business (which includes Home Inspectors) were capitalised and are being amortised over three years. The Directors consider that since there was a substantial amount of one off cost to establish this business and BRE will generate strong sales for a period of a least three years that the development costs should be matched against the future income.

PENSIONS DEFICIT
The deficit in the BRE Pension Scheme has not materially changed since last year. The BRE Pension Scheme is subject to its next tri-annual valuation on 1 October 2008.

The LPC Pension Scheme was subject to its tri-annual valuation on 1 July 2007. At the last valuation this Scheme had a small deficit and is unlikely to have deteriorated significantly in the interim period. Directors and Pension Scheme Trustees are currently in negotiations to agree future funding rates for the Scheme.

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.

POST-RETIREMENT BENEFITS

The Group operates two pension schemes providing benefits based on final pensionable pay. The BRE pension Scheme was closed to future accruals on 1 March 2007. The assets of the scheme are held separately from those of the Group.

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 company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company 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.

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.

PROFIT AND LOSS ACCOUNT
For the year 1 April 2008 to 31 March 2009

	Note	2009 £'000	2008 £'000 (As restated see note 18)
Turnover	1	29,277	29,735
Staff costs	3	(27,014)	(25,195)
Depreciation of tangible assets	10	(615)	(787)
Amortisation of intangible assets	9	(128)	(164)
Operating expenses		(14,693)	(14,230)
Other operating income	5	13,503	11,904
Operating profit	2	**330**	**1,263**
Profit/(loss) on disposal of fixed assets in continuing operations		615	(185)
Interest receivable		32	20
Interest payable	6	(482)	(527)
Other finance (cost)/income	7	(159)	352
Payment of Gift Aid to BRE Trust		-	(1,143)
Profit/(loss) on ordinary activities before taxation		336	(220)
Tax on profit/(loss) from ordinary activities	8	28	-
Profit/(loss) for the financial year		364	(220)

All recognised gains and losses are included in the profit and loss account and derive from continuing activities.

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

BALANCE SHEET
As at 31 March 2009

	Note	2009 £'000	2008 £'000 As restated see note 18
Fixed assets			
Intangible assets	9	766	894
Tangible assets	10	37,613	37,140
Investments	11	310	186
		38,689	38,220
Current assets			
Debtors	12	9,964	11,426
Cash		1,732	684
Creditors: amounts falling due within one year	13	(10,324)	(11,818)
Net current assets		1,372	292
Total assets less current liabilities		40,061	38,512
Creditors: amounts falling due after more than one year	14	(2,432)	(5,445)
Net assets excluding pension liabilities		37,629	33,067
Pension scheme liabilities	18	(14,221)	(9,919)
Provision for liabilities	15	(1,772)	(1,487)
Net assets including pension liabilities		21,636	21,661
Capital and reserves			
Share capital	16	-	-
Share Premium	17	5,000	-
Profit and loss account	17	(7,183)	(4,879)
Revaluation reserve	17	22,491	22,491
Other reserves	17	3,599	4,049
Shareholder's funds	17	21,636	21,661

These financial statements were approved by the Board of Directors on 5th August 2009.

Russell Heusch
Director

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES AND
RECONCILIATION OF MOVEMENT IN TOTAL RESERVES
For the year 1 April 2008 – 31 March 2009

Statement of total recognised gains and losses	2009 £'000	2008 £'000 (As restated see note 18)
Profit /(loss) for financial year	364	(220)
Actuarial (loss)/gain recognised in the pension scheme	(3,118)	3,833
Total recognised gains and losses relating to the financial year	(2,754)	3,613
Prior year adjustment (see note 18)	(1,353)	
Total recognised gains and losses since last financial statements	(4,107)	

Reconciliation of movements in total reserves	2009 £'000	2008 £'000 (As restated see note 18)
Profit /(loss) for financial year	364	(220)
Actuarial (loss)/gain recognised in the pension scheme	(3,118)	3,833
Shares issued	5,000	-
Net addition to total reserves	2,246	3,613
Opening reserves (originally £23,014k before prior year adjustment of £1,353k)	21,661	18,048
Closing reserves	23,907	21,661

1 TURNOVER

Turnover and profit before taxation are attributable to the company's principal activity.

Turnover and operating expenses exclude recharges of £8,109k (2008: £3,939k) where the company has undertaken to negotiate and contract with third parties on behalf of clients and to subsequently recharge the clients at cost.

2 OPERATING PROFIT

	2009 £'000	2008 £'000
The operating profit is stated after charging:		
Restructuring costs	882	319
Depreciation of tangible fixed assets	615	787
Amortisation of intangible assets	128	164
Operating lease rentals	697	811
Auditors' remuneration:		
Audit of these financial statements	54	61
Amounts receivable by auditors and their associates in respect of:		
services relating to taxation	9	13
Other services	15	-

3 STAFF COSTS

	2009 £'000	2008 £'000
Staff costs, including directors' remuneration, during the period amounted to:		
Wages and salaries	22,629	21,835
Social security costs	2,374	2,364
Other pension costs	2,011	996
	27,014	25,195

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

	2009 Number	2008 Number
Research staff	577	559
Administration staff	50	51
	627	610

4 DIRECTORS' REMUNERATION

	2009 £'000	2008 £'000
Directors' emoluments	650	724
Company contributions to defined contribution pension schemes	62	50
	712	774

During the period three executive directors participated in the defined contribution pension scheme. The aggregate of emoluments of the highest paid director was £330k (2008: £333k), and Company pension contributions of £27k (2008: £21k) were made to a defined contribution scheme on his behalf.

5 OTHER OPERATING INCOME

Other operating income relates to costs recharged to other BRE Trust subsidiary undertakings.

6 INTEREST PAYABLE

	2009 £'000	2008 £'000
Interest payable to group undertakings	293	303
Interest payable on short term borrowings wholly repayable within 5 years	71	85
Interest payable on leases	118	139
	482	527

7 OTHER FINANCE (COSTS)/INCOME

	2009 £'000	2008 £'000 (As restated note 18)
Expected return on pension scheme assets	3,808	3,722
Interest on pension liabilities	(3,967)	(3,370)
	(159)	352

8 TAXATION

It is company policy that taxable profits made by Building Research Establishment Limited are donated to BRE Trust under "Gift Aid". The Directors consider this arrangement will remain in place for the foreseeable future.

The tax credit represents:

	2009	2008
UK Corporation tax	£'000	£'000
Current tax on income for the period at 28% (2008: 30%)	(28)	-

The current tax charge for the period is lower *(2008: lower)* than the standard rate of corporation tax in the UK (28%, *2008: 30%*). The differences are explained below.

	2009 £'000	2008 £'000 (As restated see note 18)
Current tax reconciliation		
Profit/(loss) on ordinary activities before tax	336	(220)
Current tax at 28% *(2008: 30%)*	94	(66)
Effects of:		
Expenses not deductible for tax purposes	127	69
Depreciation in excess of/(less than) capital allowances	116	88
Chargeable capital gain	15	286
Other timing differences	(336)	(377)
R&D relief	(66)	-
Losses carried forward	22	-
Tax losses transferred to group companies	28	-
Payments for group relief	(28)	-
Total current tax credit	(28)	-

The company has an unrecognised deferred tax asset of £262k (2008: £240k) in respect of tax losses available for offset against future profits. However the Directors have considered it prudent not to recognise a deferred tax asset in respect of these losses in the accounts. The deferred tax asset would be recovered if there were suitable taxable profits in future periods

9 INTANGIBLE FIXED ASSETS

	Development Costs	Goodwill	Licence agreement	Set-up costs	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2008	246	1,292	175	36	1,749
At 31 March 2009	**246**	**1,292**	**175**	**36**	**1,749**
Amortisation					
At 1 April 2008	205	512	138	-	855
Charge for period	41	69	18	-	128
At 31 March 2009	**246**	**581**	**156**	**-**	**983**
Net book value					
At 31 March 2009	**-**	**711**	**19**	**36**	**766**
At 1 April 2008	41	780	37	36	894

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. Development costs are amortised over their useful economic life of 3 years.

10 TANGIBLE FIXED ASSETS

	Leasehold Improvements	Freehold Land and Buildings	Agricultural land	Plant and Machinery	Fixtures and Fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2008	97	38,234	20	7,411	254	51	46,067
Additions	-	427	-	652	90	-	1,169
Disposals	(97)	-	(20)	(870)	(16)	-	(1,003)
At 31 March 2009	**-**	**38,661**	**-**	**7,193**	**328**	**51**	**46,233**
Depreciation							
At 1 April 2008	24	2,438	-	6,257	163	45	8,927
Charge for period	12	252	-	343	6	2	615
Eliminated on disposal	(36)	-	-	(870)	(16)	-	(922)
At 31 March 2009	**-**	**2,690**	**-**	**5,730**	**153**	**47**	**8,620**
Net Book Value							
At 31 March 2009	**-**	**35,971**	**-**	**1,463**	**175**	**4**	**37,613**
At 1 April 2008	73	35,796	20	1,154	91	6	37,140

The policy of not depreciating freehold land has been retained. As at 31 March 2009, freehold land is held at the revalued amount of £30,941k. 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 2007 by Stephen Wolfe (BSC, MRICS, IRRV) of Strutt & Parker. The directors are not aware of any material change in value and therefore the valuation set out above has not been updated.

During the year the company entered into finance lease agreements for certain plant and machinery assets. The details are as follows:

	£'000
Depreciation charged in year	209
Net book value as at 31 March 2009	238
Net book value as at 31 March 2008	447

11 FIXED ASSET INVESTMENTS

	Interests in associated undertakings (including joint ventures) £'000	Other investments £'000	Capital Contribution £'000	Total £'000
Cost				
At the beginning of the year	170	4	12	186
Additions	-	-	128	128
Disposals	-	(4)	-	(4)
At 31 March 2009	**170**	**-**	**140**	**310**
Net Book Value				
At 31 March 2009	**170**	**-**	**140**	**310**
At 1 April 2008	170	4	12	186

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 in March 2009. Ceequal is a private company, incorporated in October 2002 and 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.

12 DEBTORS

	2009 £'000	2008 £'000
Trade debtors	6,585	7,058
Amounts recoverable on external contracts	2,839	3,817
Amounts recoverable on internal contracts	161	178
Other debtors	39	10
Amounts due from group undertakings	147	158
Prepayments	193	205
	9,964	11,426

BRE is acting as agent for the payment of grants from the big lottery and low carbon building programme and the balances in their respective funds of £516k and £534k are included under trade debtors.

13 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Bank loans due within one year	204	276
Trade creditors	1,527	1,618
Amounts due to group undertakings	795	1,423
Other creditors	330	270
Social security and other taxes	1,548	1,890
Accruals	1,566	2,177
Amounts due on finance leases	110	207
Payments received in advance from external clients	4,228	3,949
Payments received in advance from internal clients	16	8
	10,324	11,818

The bank loans and overdraft facility are secured over the assets of the group.

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £'000	2008 £'000
Secured bank loan due between 2 and 5 years	-	203
Amounts due on finance leases within 2-5 years	32	142
Amounts due to group undertakings	2,400	5,100
	2,432	5,445

15 PROVISIONS FOR LIABILITIES

	Directors Retirement Lump sums £'000	Restructing £'000	Total £'000
Balance brought forward	-	1,487	1,487
Utilised in the period	-	(200)	(200)
Transferred to the Statement of Financial Activities	339	146	485
Balance carried forward	339	1,433	1,772

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.

In the year an additional provision for directors' retirement lump sum has been provided to cover the cost of their entitlement.

16 SHARE CAPITAL

	2009 £	2008 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted:		
Issued and fully paid 7 ordinary shares of £1 each	7	2

On 9 May 2007 all of the issued and fully paid shares were acquired by BRE Group Limited from BRE Trust for the nominal amount of £2. On the 31 March 2009 BRE Group Ltd acquired an additional five £1 shares for a total consideration of £5,000,000.

17 MOVEMENTS ON RESERVES AND SHAREHOLDERS' FUNDS

	Profit and Loss Account £'000	Revaluation Reserve £'000	Share Premium £'000	Other Reserve £'000	Shareholders' Funds £'000
At 1 April 2008 as originally stated	(3,526)	22,491	-	4,049	23,014
Prior year adjustment (see note 18)	(1,353)	-	-	-	(1,353)
At 1 April 2008 as restated	(4,879)	22,491	-	4,049	21,661
Result for the year	364	-			364
Share issue	-	-	5,000	-	5,000
Transfer	450	-	-	(450)	-
Actuarial loss recognised in the pension scheme	(5,389)	-	-	-	(5,389)
At 31 March 2009	(9,454)	22,491	5,000	3,599	21,636

	2009 £'000	2008 £'000 (As restated)
General fund excluding pension liability	4,767	5,040
Pension liability	(14,221)	(9,919)
	(9,454)	(4,879)

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

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 goodwill written off against reserves amounted to £9,233k (2008: £8,782k).

18 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 charge for the year represents contributions payable by the company to the scheme and amounted to £795k (2008: £711k).

Contributions to the scheme amounting to £63k (2008: £63k) were payable at 31 March 2009 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 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. The assets of the stakeholder scheme are invested with Aviva.

The total pension cost for the two defined benefit pension schemes for the group was £226k (2008: £269k). Current service costs of the schemes are charged to the profit and loss account in order to spread the cost of the pensions over the employees' working lives. In addition management charges of £651k (2008:£16k) were incurred on behalf of the two schemes.

Contributions to the schemes amounting to £125k (2008: £117k) were payable at 31 March 2009 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.

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 2009 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.

18 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 to do so.

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

Prior year adjustment

During the year it was noted that the authorisation of a deed of amendment relating to the benefits of certain members of the Loss Prevention Council Pension and Assurance Scheme could not be evidenced. As a result, benefits for those members have been increased, and pension scheme liabilities have increased as a result.

A prior year adjustment has been made for this increase in liability, resulting in a reduction in the General fund and opening net assets of the Trust at 1 April 2007 of £1,552k and a decrease in the net assets of the trust of £1,353k at 31 March 2008. This adjustment also resulted in a net increase in the charge to the Profit and Loss account of £80k and a decrease of £279k to the Statement of Total Recognised gains and Losses for the year ended 31 March 2008.

The major assumptions used by the actuary were:

	BRE Scheme 2009 %pa	LPC Scheme 2009 %pa	BRE Scheme 2008 %pa	LPC Scheme 2008 %pa	BRE Scheme 2007 %pa	LPC Scheme 2007 %pa
Rate of increase in salaries	2.70	2.70	3.20	3.50	3.20	3.20
Discount rate for calculation of benefits	7.15	7.15	6.60	6.60	5.20	5.20
Inflation	2.70	2.70	3.20	3.20	2.90	2.90

In valuing the liabilities of the pension fund at 31 March 2009, 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 2009 would have increased by approximately £1m and £365k 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.

18 PENSIONS – continued

The asset valuations of the schemes at that date amounted to £29,659k (2008: £35,427k) for the BRE Scheme and £12,613k (2008: £15,281k) for the LPC Scheme. These amounts were sufficient to cover 76.99% (2008: 79.91 %) and 80.34% (2008: 93.78 %) 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

	2009 £000	2008 £000
Present value of funded defined benefit obligations	(40,038)	(44,333)
Fair value of plan assets	29,659	35,427
Net deficit	(10,379)	(8,906)

Movements in present value of defined benefit obligation

	2009 £000	2008 £000
At 1 April	44,333	46,667
Interest on obligation	2,892	2,403
Actuarial gains	(6,141)	(3,806)
Benefits paid	(1,046)	(931)
At 31 March	40,038	44,333

Movements in fair value of plan assets

	2009 £000	2008 £000
At 1 April	35,427	34,694
Expected return on plan assets	2,734	2,574
Actuarial losses	(8,716)	(2,170)
Contributions by employer	1,260	1,260
Benefits paid	(1,046)	(931)
At 31 March	29,659	35,427

18 PENSIONS – continued

Expense recognised in resources expended

	2009 £000	2008 £000
Interest on defined benefit pension plan obligation	2,892	2,403
Expected return on defined benefit pension plan assets	(2,734)	(2,574
Total	158	(171)

The expense is recognised in the following line items in the Profit and loss account:

	2009 £000	2008 £000
Other finance costs/(income)	158	(171)

Analysis of the amounts recognised in statement of total recognised gains and losses

	2009 £'000	2008 £'000
Actual return less expected return on pension scheme assets	(8,716)	(2,170)
Experience gains/(losses) on the scheme liabilities	529	(364)
Change in assumptions underlying the present value of the liabilities	5,612	4,170
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	(2,575)	1,636

Fair Value

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

			2009			2008
	Fair value £'000	Expected return from 31 March 2009 %	Plan assets %	Fair value £'000	Expected return from 31 March 2008 %	Plan assets %
Equities	17,798	7.30	60.00	21,789	7.80	61.50
Bonds	5,731	4.00	19.33	7,002	6.50	19.76
Cash	1,696	0.50	5.72	1,847	5.00	5.21
Other (Absolute Return Fund)	4,434	7.00	14.95	4,789	10.00	13.52
Total	29,659	6.23	100	35,427	7.69	100
Actual return on plan assets	(5,982)			404		

18 PENSIONS – continued

History of plans

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

Balance sheet

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Present value of scheme liabilities	(40,038)	(44,333)	(46,667)	(43,153)	(36,378)
Fair value of scheme assets	29,659	35,427	34,694	30,597	23,823
Deficit	(10,379)	(8,906)	(11,973)	(12,556)	(12,555)

History of experience gains and losses

	2009 %/£000	2008 %/£000	2007 %/£000	2006 %/£000	2005 %/£000
Experience adjustments on scheme liabilities	529	(364)	(612)	(747)	(705)
As a percentage of scheme liabilities	(1%)	(1%)	1%	2%	2%
Experience adjustments on scheme assets	(8,716)	(2,170)	364	3,162	417
As a percentage of scheme assets	(29%)	(6%)	1%	10%	2%
Total amount recognised in statement of financial activities	(2,575)	1,636	(248)	10	(288)
As percentage of scheme liabilities	(6.4)%	4%	(1%)	(0%)	(1%)

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.

18 PENSIONS – continued

LPC Pension scheme

	2009 £000	2008 £000 (As restated)
Present value of funded defined benefit obligations	(16,455)	(16,294)
Fair value of plan assets	12,613	15,281
Net deficit	(3,842)	(1,013)

Movements in present value of defined benefit obligation

	2009 £000	2008 £000 (As restated)
At 1 April	16,294	18,603
Current service cost	226	269
Interest on obligation	1,075	967
Actuarial gains	(897)	(3,209)
Benefits paid	(243)	(336)
At 31 March	16,455	16,294

Movements in fair value of plan assets

	2009 £000	2008 £000
At 1 April	15,281	15,280
Expected return on plan assets	1,074	1,148
Actuarial losses	(3,711)	(1,012)
Contributions by employer	212	201
Benefits paid	(243)	(336)
At 31 March	12,613	15,281

Expense recognised in the Profit and loss account

	2009 £000	2008 £000 (As restated)
Current service cost	226	269
Interest on defined benefit pension plan obligation	1,075	967
Expected return on defined benefit pension plan assets	(1,074)	(1,148)
Total	227	88

18 PENSIONS – continued

The expense is recognised in the following line items in the Profit and loss account:

	2009 £000	2008 £000
Other finance costs	227	88

Analysis of the amounts recognised in the statement of total recognised gains and losses

	2009 £'000	2008 £'000
Actual return less expected return on pension scheme assets	(3,711)	(1,012)
Experience gains/(losses) on the scheme liabilities	155	(161)
Change in assumptions underlying the present value of the liabilities	742	3,371
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	(2,814)	2,198

Fair Value

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

			2009			2009
	Fair value	Expected return from 31 March 2009	Plan assets	Fair value	Expected return from 31 March 2008	Plan Assets
	£'000	%	%	£'000	%	%
Equities	5,564	7.30	39.05	7,506	7.80	49.12
Bonds	5,861	4.80	41.14	4,647	5.50	30.41
Cash	61	0.50	0.15	22	5.25	0.14
Other (Absolute Return Fund)	1,127	7.00	19.66	3,106	7.50	20.33
Total	12,613	6.08	100	15,281	7.04	100
Actual return on plan assets	(2,637)			(2,160)		

18 PENSIONS – continued

History of plans

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

Balance sheet

	2009 £000	2008 £000 As restated	2007 £000	2006 £000	2005 £000
Present value of scheme liabilities	(16,455)	(16,294)	(17,051)	(16,187)	(14,600)
Fair value of scheme assets	12,613	15,281	15,280	14,406	11,766
Deficit	(3,842)	(1,013)	(1,771)	(1,781)	(2,834)

History of experience gains and losses

	2009 %/£000	2008 %/£000 As restated	2007 %/£000	2006 %/£000	2005 %/£000
Experience adjustments on scheme liabilities	155	(162)	(89)	(176)	379
As a percentage of scheme liabilities	(1%)	(1%)	0.5%	1%	3%
Experience adjustments on scheme assets	(2,814)	(1,012)	74	1,931	21
As a percentage of scheme assets	(29%)	(7%)	0.5%	13%	0%
Total amount recognised in statement of financial activities	(2,059)	2,197	15	1,050	(26)
As percentage of scheme liabilities	17%	13%	0.1%	6%	0%

The above values for the year ended 31 March 2007 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 expected to contribute approximately £355k to its defined benefit plans in the next financial year.

19 FINANCIAL COMMITMENTS

At 31 March 2009 BRE had annual commitments under operating lease arrangements as follows:

Plant and machinery expiring:	2009 £'000	2008 £'000
Within one year	86	154
Between two and five years	446	389
	532	543

20 CAPITAL COMMITMENTS

The following commitments for capital expenditure existed as at 31 March 2009

	2009 £'000	2008 £'000
Contracted	112	449

21 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is BRE Trust, a company limited by guarantee and a charity registered in England and Wales. It is situated at the address shown at the front of the financial statements.

The largest and smallest group of undertakings for which group accounts have been prepared is that headed by BRE Trust. The consolidated financial statements of BRE Trust can be obtained from the address shown at the front of the financial statements.

22 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2009 or 31 March 2008, other than that disclosed in note 18.

23 SUBSIDIARY AND ASSOCIATE UNDERTAKINGS

On 31 March 2009 the subsidiary and associate undertakings were as follows:

	Interest in Ordinary Shares
Tri-Air Developments Limited	40%
Non-trading companies	
BRE (Cardington) Limited	100%
BRE Waste & Environmental Body Limited	100%
BRE International	100%
BRE Projects	100%
Building Performance Group Limited	100%
Construction Audit Limited	100%
Building Performance Holdings Limited	100%
Building Performance Services Limited	100%
E-State Pro Limited	100%
EFSG Limited	100%
The Loss Prevention Certification Board Limited	100%
Innovation Den Limited	100%

The company 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)

All of the entities were registered in England and Wales.