

**BUILDING RESEARCH ESTABLISHMENT LIMITED**

FINANCIAL STATEMENTS  
FOR THE YEAR

1 APRIL 2009 - 31 MARCH 2010

Company Registration Number: 3319324

# **BUILDING RESEARCH ESTABLISHMENT LIMITED**

## **FINANCIAL STATEMENTS**

For the year 1 April 2009 - 31 March 2010

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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

# **BUILDING RESEARCH ESTABLISHMENT LIMITED**

## **FINANCIAL STATEMENTS**

For the year 1 April 2009 - 31 March 2010

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<b>INDEX</b>	<b>PAGE</b>
Chairman's statement	1 - 2
Report of the Directors	3 - 4
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	5
Independent auditors' report to the members of Building Research Establishment Limited	6 - 7
Principal accounting policies	8 - 10
Profit and loss account	11
Balance sheet	12
Statement of total recognised gains and losses	13
Reconciliation of movements in total reserves	13
Notes to the financial statements	14 – 32

## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

### **CHAIRMAN'S STATEMENT**

For the year 1 April 2009 - 31 March 2010

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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.

#### **Chairman's Report**

The downturn of the world economy and in particular the construction sector which negatively impacted on BRE in 2008/09 continued through most of 2009/10. However our early action to control our cost base, coupled with careful targeting of our existing customers and developing business with selected new clients helped us through another very challenging year. Our training business and work for government performed very well. We have focussed effort on re-establishing our research-based activities which have helped us to grow our revenue base and enhance our reputation as one of the World's leading provider of independent and authoritative information. Our research-based income streams have helped to substitute for a decline in consultancy fees which have negatively impacted on many similar companies in the construction sector who have been forced to significantly reduce staff numbers. We achieved a good profit outturn, without the need to cut our staff cost base. We have also established strong, positive relationships with our public sector customer base in particular, which has helped ensure that prior to a post election we have continued to be successful in growing our work with them. These positive relationships will be pivotal during 2010/11 if we are to retain and grow our activities for the public sector despite the cuts in public sector spending that will be forthcoming. We enter 2010/11 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 2010/11 although there is little doubt though that it will be challenging year for us. We remain vigilant and proactive in taking the early actions required to support and protect our business. Operationally, we have improved our performance significantly to deliver measurable efficiency improvements across our business.

Profit before taxation and gift aid for the year to 31 March 2010 was £1,476k compared to £336k 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 strong 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. The London 2012 Olympics continued to underpin this growth and look likely to require our services over the next two years.

Demand for our traditional research and consultancy skills in areas such as materials science, building engineering and fire sciences has grown again and we have had considerable success in growing our applied research activities. These bring together the private and public sector together in projects which expedite the delivery of innovation into the built environment. 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 well, delivering high profit levels, although there has been a more recent fall off in demand for these services and growth in competition from other providers. 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. We have established a successful business focussed on environmental markets which is just starting to deliver us meaningful profits.

#### **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



## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

### **REPORT OF THE DIRECTORS**

For the year 1 April 2009 - 31 March 2010

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The Directors have pleasure in presenting their report for the year ended 31 March 2010. 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 £1,476k (2009: £336k). 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 its 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 (2009: 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 2009/10 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 2009/10 for further details on eKPIs, as well as a look back on our performance against last year's objectives and the objectives for the year ahead.

## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

### **REPORT OF THE DIRECTORS**

For the year 1 April 2009 - 31 March 2010

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#### **Political and charitable donations**

The company made no political donations and charitable donations during the year (2009 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

Company Registration Number: 3319324

21<sup>st</sup> July 2010

## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

For the year 1 April 2009 - 31 March 2010

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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 2006. 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 2010, set out on pages 8 to 32. 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of the company's result 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 requirements of the Companies Act 2006.

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

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

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

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

*A. Mead*

*3 August 2010*

**A Mead (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
Aquis Court  
31 Fishpool Street  
St Albans  
Hertfordshire  
AL3 4RF

## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

For the year 1 April 2009 - 31 March 2010

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#### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost convention. The principal accounting policies 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 s400 of the Companies Act 2006 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.

## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

For the year 1 April 2009 - 31 March 2010

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#### **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. 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 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 at least three years that the development costs should be matched against the future income.

## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

For the year 1 April 2009 - 31 March 2010

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#### **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.

**BUILDING RESEARCH ESTABLISHMENT LIMITED****PROFIT AND LOSS ACCOUNT**

For the year 1 April 2009 to 31 March 2010

	Note	Before Gift Aid 2010 £'000	Gift Aid 2010 £'000	2010 £'000	2009 £'000
Turnover	1	26,813	-	26,813	29,277
Staff costs	3	(26,930)	-	(26,930)	(27,014)
Depreciation of tangible assets	10	(918)	-	(918)	(615)
Amortisation of intangible assets	9	(86)	-	(86)	(128)
Operating expenses		(10,789)	-	(10,789)	(14,693)
Other operating income	5	14,656	-	14,656	13,503
<b>Operating profit</b>	2	2,746	-	2,746	330
(Loss)/profit on disposal of fixed assets in continuing operations		(1)	-	(1)	615
Interest receivable		5	-	5	32
Interest payable	6	(30)	-	(30)	(482)
Other finance cost	7	(1,244)	-	(1,244)	(159)
Payment of Gift Aid to BRE Trust		-	(895)	(895)	-
<b>Profit/(loss) on ordinary activities before taxation</b>		1,476	(895)	581	336
Tax on profit from ordinary activities	8	-	-	-	28
<b>Profit/(loss) for the financial year</b>		1,476	(895)	581	364

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

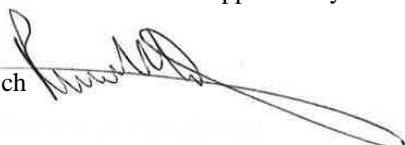
The accompanying accounting policies and notes form an integral part of these financial statements.

**BUILDING RESEARCH ESTABLISHMENT LIMITED**BALANCE SHEET  
As at 31 March 2010

	Note	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Intangible assets	9	680	766
Tangible assets	10	25,050	37,613
Investments	11	569	310
		<hr/>	<hr/>
		26,299	38,689
<b>Current assets</b>			
Debtors	12	8,686	9,964
Cash		6,293	1,732
<b>Creditors: amounts falling due within one year</b>	13	(13,314)	(10,324)
		<hr/>	<hr/>
<b>Net current assets</b>		1,665	1,372
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		27,964	40,061
Creditors: amounts falling due after more than one year	14	(2,400)	(2,432)
Provision for liabilities	15	(1,604)	(1,772)
Deferred grant	16	(750)	-
		<hr/>	<hr/>
<b>Net assets excluding pension liabilities</b>		23,210	35,857
Pension scheme liabilities	19	(22,355)	(14,221)
		<hr/>	<hr/>
<b>Net assets including pension liabilities</b>		855	21,636
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Share capital	17	-	-
Share premium	18	5,000	5,000
Profit and loss account	18	(16,978)	(9,454)
Revaluation reserve	18	9,684	22,491
Other reserves	18	3,149	3,599
		<hr/>	<hr/>
<b>Shareholder's funds</b>	18	855	21,636
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 21<sup>st</sup> July 2010.

Russell Heusch  
Director



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

<b>Statement of total recognised gains and losses</b>	2010 £'000	2009 £'000
Profit for financial year	581	364
Actuarial loss recognised in the pension scheme	(8,555)	(5,389)
Unrealised loss revaluation of assets	(12,807)	-
	_____	_____
<b>Total recognised gains and losses relating to the financial year</b>	<b>(20,781)</b>	<b>(5,025)</b>
	_____	_____
Prior year adjustment (see note 18)	-	(1,353)
	_____	_____
Total recognised gains and losses since last financial statements	(20,781)	(6,378)
	_____	_____
<b>Reconciliation of movements in total reserves</b>	2010 £'000	2009 £'000
Profit for financial year	581	364
Actuarial loss recognised in the pension scheme	(8,555)	(5,389)
Unrealised loss on revaluation of assets	(12,807)	-
Shares issued	-	5,000
	_____	_____
<b>Net addition to total reserves</b>	<b>(20,781)</b>	<b>(25)</b>
	_____	_____
Opening reserves	21,636	21,661
	_____	_____
<b>Closing reserves</b>	<b>855</b>	<b>21,636</b>
	_____	_____

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

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#### 1 TURNOVER

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

Turnover and operating expenses exclude recharges of £21,203k (2009: £8,109k) 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

	2010 £'000	2009 £'000
The operating profit is stated after charging:		
Restructuring costs	63	882
Depreciation of tangible fixed assets	918	615
Amortisation of intangible assets	86	128
Operating lease rentals	493	697
<i>Auditors' remuneration:</i>		
Audit of these financial statements	56	54
Amounts receivable by auditors and their associates in respect of:		
Services relating to taxation	9	9
Other services	21	15

#### 3 STAFF COSTS

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

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

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

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

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#### 4 DIRECTORS' REMUNERATION

	2010 £'000	2009 £'000
Directors' emoluments	836	979
Company contributions to defined contribution pension schemes	66	62
	<hr/>	<hr/>
	902	1,041
	<hr/>	<hr/>

During the period three executive directors participated in the defined contribution pension scheme. The aggregate of emoluments of the highest paid director was £255k (2009: £330k), and Company pension contributions of £27k (2009: £27k) 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

	2010 £'000	2009 £'000
Interest payable to group undertakings	23	293
Interest payable on short term borrowings wholly repayable within 5 years	1	71
Interest payable on leases	6	118
	<hr/>	<hr/>
	30	482
	<hr/>	<hr/>

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

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

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

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#### 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:

	2010 £'000	2009 £'000
UK Corporation tax		
Current tax on income for the period at 28% (2009: 28%)	-	(28)
	<hr/>	<hr/>

The current tax charge for the period is lower (2009: lower) than the standard rate of corporation tax in the UK (2010: 28%, 2009: 28%). The differences are explained below.

	2010 £'000	2009 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	581	336
	<hr/>	<hr/>
Current tax at 28% (2009: 28%)	163	94
<i>Effects of:</i>		
Expenses not deductible for tax purposes	27	127
Depreciation in excess of capital allowances	65	116
Chargeable capital gain	-	15
Other timing differences	(184)	(336)
R&D relief	(54)	(66)
Losses carried forward	-	22
Brought forward losses utilised	(17)	-
Tax losses transferred to group companies	-	28
Payments for group relief	-	(28)
	<hr/>	<hr/>
Total current tax credit	-	(28)
	<hr/>	<hr/>

The company has an unrecognised deferred tax asset of £225k (2009: £242k) 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.

**BUILDING RESEARCH ESTABLISHMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS**For the year 1 April 2009 - 31 March 2010

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**9 INTANGIBLE FIXED ASSETS**

	Goodwill	Licence agreement	Set-up costs	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 April 2009	1,292	175	36	1,503
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2010</b>	<b>1,292</b>	<b>175</b>	<b>36</b>	<b>1,503</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>				
At 1 April 2009	581	156	-	737
Charge for period	67	19	-	86
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2010</b>	<b>648</b>	<b>175</b>	<b>-</b>	<b>823</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
<b>At 31 March 2010</b>	<b>644</b>	<b>-</b>	<b>36</b>	<b>680</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2009	711	19	36	766
	<hr/>	<hr/>	<hr/>	<hr/>

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.

**BUILDING RESEARCH ESTABLISHMENT LIMITED**

## NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

**10 TANGIBLE FIXED ASSETS**

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

The policy of not depreciating freehold land has been retained. As at 31 March 2010, freehold land is held at the revalued amount of £18,134k. The comparable cost (and net book value) at that date determined under the historical cost accounting rules would have been £8,450k. The full valuation was performed in 2010 by Stephen Wolfe (BSC, MRICS, IRRV) of Strutt & Parker. The 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	152
Net book value as at 31 March 2010	86
Net book value as at 31 March 2009	238

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

#### 11 FIXED ASSET INVESTMENTS

	Interests in associated undertakings (including joint ventures)	Capital Contribution	Total
	£'000	£'000	£'000
<b>Cost</b>			
At the beginning of the year	170	140	310
Additions	-	287	287
Disposals	(28)	-	(28)
	_____	_____	_____
<b>At 31 March 2010</b>	<b>142</b>	<b>427</b>	<b>569</b>
	_____	_____	_____
<b>Net Book Value</b>			
<b>At 31 March 2010</b>	<b>142</b>	<b>427</b>	<b>569</b>
	_____	_____	_____
At 1 April 2009	170	140	310
	_____	_____	_____

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

	2010 £'000	2009 £'000
Trade debtors	4,591	6,585
Amounts recoverable on contracts external to group	3,169	2,839
Amounts recoverable on contracts internal to group	589	161
Amounts due from group undertakings	167	147
Other debtors	7	39
Prepayments	163	193
	_____	_____
	8,686	9,964
	_____	_____

BRE is acting as agent for the payment of grants from the big lottery and low carbon building programme and the balances are excluded from these accounts. At 31 March, 2009 corresponding amounts of £516k and £534k respectively were included under trade debtors.

**BUILDING RESEARCH ESTABLISHMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2009 - 31 March 2010

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

	2010 £'000	2009 £'000
Bank loans due within one year	-	204
Amounts due on finance leases	34	110
Payments received in advance from external clients	4,080	4,228
Payments received in advance from internal clients	10	16
Trade creditors	1,295	1,527
Amounts due to group undertakings	3,259	795
Social security and other taxes	1,773	1,548
Other creditors	391	330
Accruals	2,472	1,566
	<hr/>	<hr/>
	13,314	10,324
	<hr/>	<hr/>

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

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

	2010 £'000	2009 £'000
Secured bank loan due between 2 and 5 years	-	-
Amounts due on finance leases within 2-5 years	-	32
Amounts due to group undertakings	2,400	2,400
	<hr/>	<hr/>
	2,400	2,432
	<hr/>	<hr/>

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

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#### 15 PROVISIONS FOR LIABILITIES

	Directors Retirement Lump sums £'000	Litigation £'000	Restructuring £'000	Total £'000
Balance brought forward	339	-	1,433	1,772
Utilised in the period	(121)	-	(170)	(291)
Transferred to the Profit and Loss Account	-	60	63	123
	<hr/>	<hr/>	<hr/>	<hr/>
Balance carried forward	218	60	1,326	1,604
	<hr/>	<hr/>	<hr/>	<hr/>

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

#### 16 DEFERRED GRANT

The deferred grant represents monies received in respect of building refurbishment costs included under fixed assets and will be released to the profit and loss account in line with future depreciation of the asset.

#### 17 SHARE CAPITAL

	2010 £	2009 £
Authorised: 1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted: Issued and fully paid 7 ordinary shares of £1 each	7	7
	<hr/>	<hr/>

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

#### 18 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 2009	(9,454)	22,491	5,000	3,599	21,636
Result for the year	581	-	-	-	581
Revaluation	-	(12,807)	-	-	(12,807)
Transfer	450	-	-	(450)	-
Actuarial loss recognised in the pension scheme	(8,555)	-	-	-	(8,555)
At 31 March 2010	(16,978)	9,684	5,000	3,149	855

	2010 £'000	2009 £'000
Profit and loss account excluding pension liability	5,377	4,767
Pension liability	(22,355)	(14,221)
	(16,978)	(9,454)

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 £9,683k (2009: £9,233k).

## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2009 - 31 March 2010

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#### **19 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 scheme and amounted to £793k (2009: £795k).

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

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

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

The total pension cost for the two defined benefit pension schemes for the group was £ nil (2009: £226k). 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 £365k (2009:£651k) were incurred on behalf of the BRE Pension Scheme.

Contributions to the schemes amounting to £125k (2009: £125k) were payable at 31 March 2010 and are included in creditors.

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

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

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

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

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

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

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#### 19 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.

The major assumptions used by the actuary were:

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

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

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

#### *BRE Scheme*

- Current pensioner aged 60: 28.9 years (male), 31.1 years (female).
- Future retiree upon reaching 65: 32.3 years (male), 33.3 years (female)

#### *LPC Scheme*

- Current pensioner aged 65: 23.7 years (male), 26 years (female).
- Future retiree upon reaching 65: 26.8 years (male), 28.1 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.

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

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#### 19 PENSIONS – continued

The asset valuations of the schemes at that date amounted to £38,751k (2009: £26,659k) for the BRE Scheme and £16,083k (2009: £12,613k) for the LPC Scheme. These amounts were sufficient to cover 70.96% (2009: 74.08 %) and 71.23% (2009: 76.65%) respectively, of the benefits that had accrued to members.

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

#### BRE Pension scheme

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

#### Movements in present value of defined benefit obligation

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

#### Movements in fair value of plan assets

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

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

#### 19 PENSIONS – continued

##### Expense recognised in resources expended

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

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

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

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

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

#### Fair Value

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

	2010			2009		
	Fair value	Expected return from 31 March 2010	Plan assets	Fair value	Expected return from 31 March 2009	Plan assets
	£'000	%	%	£'000	%	%
Equities	24,470	7.80	63.15	17,798	7.30	60.00
Bonds	9,342	4.65	24.11	5,731	4.00	19.33
Cash	2,706	0.50	6.98	1,696	0.50	5.72
Other (Absolute Return Fund)	2,232	7.00	5.76	4,434	7.00	14.95
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	38,750	6.48	100	29,659	6.23	100
Actual return on plan assets	8,859			(5,982)		
	<hr/>			<hr/>		

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

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#### 19 PENSIONS – continued

##### History of plans

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

##### Balance sheet

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

##### History of experience gains and losses

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

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

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

**BUILDING RESEARCH ESTABLISHMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2009 - 31 March 2010

**19 PENSIONS – continued****LPC Pension scheme**

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

**Movements in present value of defined benefit obligation**

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

**Movements in fair value of plan assets**

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

**Expense recognised in the Profit and loss account**

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

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

#### 19 PENSIONS – continued

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

	2010 £000	2009 £000
Other finance costs	370	227

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

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

#### Fair Value

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

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

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

#### 19 PENSIONS – continued

##### History of plans

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

##### Balance sheet

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

##### History of experience gains and losses

	2010	2009	2008	2007	2006
	%/£000	%/£000	%/£000	%/£000	%/£000
			As restated		
Experience adjustments on scheme liabilities	(136)	155	(162)	(89)	(176)
As a percentage of scheme liabilities	1%	(1%)	(1%)	0.5%	1%
Experience adjustments on scheme assets	2,750	(2,814)	(1,012)	74	1,931
As a percentage of scheme assets	17%	(29%)	(7%)	0.5%	13%
Total amount recognised in statement of financial activities	(2,690)	(2,059)	2,197	15	1,050
As percentage of scheme liabilities	12%	17%	13%	0.1%	6%

The above values for the year ended 31 March 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 expects to contribute approximately £405k to its defined benefit plans in the next financial year.

## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year 1 April 2009 - 31 March 2010

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#### **20 FINANCIAL COMMITMENTS**

At 31 March 2010 BRE had annual commitments under operating lease arrangements as follows:

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

#### **21 CAPITAL COMMITMENTS**

The following commitments for capital expenditure existed as at 31 March 2010

	2010 £'000	2009 £'000
Contracted	276	112

#### **22 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.

#### **23 CONTINGENT LIABILITIES**

There were no contingent liabilities at 31 March 2010 or 31 March 2009, other than that disclosed in note 15.

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2009 - 31 March 2010

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#### 24 SUBSIDIARY AND ASSOCIATE UNDERTAKINGS

On 31 March 2010 the subsidiary and associate undertakings were as follows:

	Interest in Ordinary Shares
Tri-Air Developments Limited	33.35%
<b>Non-trading companies</b>	
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.