

**BUILDING RESEARCH ESTABLISHMENT LIMITED**

FINANCIAL STATEMENTS  
FOR THE YEAR

1 APRIL 2011 - 31 MARCH 2012

Company Registration Number: 3319324

# **BUILDING RESEARCH ESTABLISHMENT LIMITED**

## **FINANCIAL STATEMENTS**

For the year 1 April 2011 - 31 March 2012

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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  
                                 58 Clarendon Road  
                                 Watford  
                                 WD17 1DE

# **BUILDING RESEARCH ESTABLISHMENT LIMITED**

## **FINANCIAL STATEMENTS**

For the year 1 April 2011 - 31 March 2012

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# **BUILDING RESEARCH ESTABLISHMENT LIMITED**

## **CHAIRMAN'S STATEMENT**

For the year 1 April 2011 - 31 March 2012

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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**

BRE has achieved a good profit outturn for its main core business by building on the progress made in the previous financial year on gaining greater commercial focus, new business winning, improved operations, cost control and efficient delivery. This was delivered in a turbulent economy where cuts to public spending, the continued slump in the construction sector and a turbulent economy have made trading conditions challenging throughout 2011/12. Many of our competitors have been forced to make radical structural changes to their businesses as a result.

Government's austerity measures have meant that the amount of work within the public sector decreased by 11% with existing contracts being re-won at lower value and entire large programmes scrapped or significantly altered, for example the Low Carbon Building Programme, Building Schools for the Future and FITs. Significant growth in private sector consultancy recouped some but not all of the losses incurred as a result. Assembly Government spending in both Scotland and Wales has been strong for the period with our regional businesses growing as a result.

Significant progress and resource investment was made this year on establishing international businesses in growth economies in line with our long term strategic objectives. In October we launched BRE Canada and have worked well to establish Innovation Park-related projects in China and Brazil that will generate short term revenue and position us well for future, long term sustained growth.

There is no doubt that 2012/13 will continue to be a difficult year. Economic markets remain unstable and the survival of the Euro currently hangs in the balance creating uncertainty across all sectors. A smaller public purse will continue to be the norm. However we expect the introduction of the Government's Green Deal scheme to deliver growth in our training and applied research businesses.

Our work in retaining strong relationships with our public sector customer base has paid off - we have secured a new three year, two million pound contract to conduct the English House Condition Survey which gives a core area of our business stability and room for further growth. We plan for slow and steady growth for our fledgling international enterprises.

It is imperative that we maintain a business that is relevant and fit for the future so we can continue to drive change that delivers better outcomes across the built environment both nationally and internationally both for the short and long term focus, enhancing our reputation as one of the world's leading providers of independent and authoritative information. We continue to focus on:

- driving our research-based activities allowing us to grow our revenue base and enhance our reputation as one of the world's leading providers of independent and authoritative information;
- creating products and tools which allow and enable consistent outcomes for our clients and customers at a global level with local adaptation ie standards, specifications, models, training and certification;
- driving and enabling change through experience and expert knowledge.

We remain vigilant and proactive in taking the early actions required to support and protect our business. Operationally, we have improved our performance to deliver measurable efficiency improvements across our business.

### **Market Background**

In the UK and around the world we are facing an era of unprecedented change, which will have a significant impact on the built environment because it provides the infrastructure for almost everything we do. The main drivers are:

- Climate change and its mitigation- buildings account for almost 50% of CO2.
- Adaption to climate change & severe weather outcomes.
- Rapid population growth and urbanisation and resource utilization.

## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

### **CHAIRMAN'S STATEMENT**

For the year 1 April 2011 - 31 March 2012

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- Austerity: less Government funding & public spending, slow economic growth.
- Global corporates are realizing that sustainability is a business imperative.
- The ageing demographic and future healthcare delivery.
- Advanced technology development and integration.
- Globalisation: the products and services we develop have to be delivered globally and adapted locally.

Demand for our skills in the above areas continues to grow and our business continues to reflect these drivers for change. The new BRE Trust Future Cities thematic research programme will facilitate the creation of services, products and tools that enable consistent positive outcomes for our clients and customers at a global level with local adaptation ie standards, specifications, models, training and certification. This is what our business will be built on.

#### **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 continued to grow our work with FTSE 100 companies and major corporate companies as well as extending our reach to international growth economies.

In the coming year we anticipate remaining profitable with good cash flow, although the business environment we operate in remains difficult. However, the market demand for our expertise services will remain strong and we are well placed to take advantage of the business opportunities that arise.

BRE continues to be 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.

A key focus for us will be the adoption of a more collaborative working approach across the BRE group of companies which will enable us to deliver a more effective and holistic customer focussed range of services to our clients. 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  
Chief executive

Martin J Wyatt  
Peter Bonfield  
Russell Heusch



Martin J Wyatt  
Chairman

19 July 2012

## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

### **REPORT OF THE DIRECTORS**

For the year 1 April 2011 - 31 March 2012

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The Directors have pleasure in presenting their report for the year ended 31 March 2012. 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 £2,762k (2011: £1,186k). 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. BRE is ISO 9001 accredited.

The principal 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 (2011: 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. To this end the BRE Group's sustainability strategy – known as the 'S Plan' set out a four-year programme of continuous improvement (2008-2012) across eight key areas of sustainability: carbon dioxide (CO<sub>2</sub>) emissions; resource efficiency; supply chain engagement; transport; community engagement; ecology; water; and information systems.

During 2011/12 BRE's S Plan Team continued to drive forward projects which have contributed to reducing the overall impact of the BRE Group's operations. These include:

- Reduced total non-hazardous waste arisings by 8% and diverted 99.8% of non-hazardous waste from landfill (a further 10% increase on the previous year)
- Delivered average year on year electricity savings of 5% per annum to the end of 2011/12 (2007/08 base year), and is 7% above the target set. Reduced year on year gas consumption by 3% per annum on

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### REPORT OF THE DIRECTORS

For the year 1 April 2011 - 31 March 2012

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average, and 8% above the target set. Weather compensated savings were 12% above target for 2011/12.

- Installed a roof-mounted 30 kWp solar photovoltaic system (128 panels). This PV array is expected to provide annual CO2 savings of 15,200 kg, and generate a total income over 25 years of over £220,000
- Installation of 20 FSC certified bat and bird nesting boxes on the Garston site
- In June 2011 the BRE Group was awarded first place in the *larger firm with low environmental impact category* of the Sunday Times Best Green Companies Listing. It also achieved 11<sup>th</sup> place in the overall rating that acknowledges organisations with a pioneering approach to improving their environmental performance
- BRE Group achieved twenty-fifth place overall in the carbon reduction commitment (CRC) performance table. This ranks over 2000 UK companies involved in the CRC scheme who are required to actively demonstrate their ability to manage their carbon emissions
- BRE Charity Committee £17k of match funding supporting 14 separate charities in 2011 including Herts Air Ambulance, Heartwood Forest, MacMillan Cancer Support, Wateraid, and DEC East Africa Crisis Appeal

Total number of S Plan milestones:	133
On plan / Ahead of Plan / Complete	88
Behind plan / Not met	23
On hold / Rejected	22

BRE's Sustainability Report 2011 will be published in the summer of 2012

#### Political and charitable donations

The company made no political donations (2011: £nil) during the year and charitable donations of £10k during the year (2011: £6k).

#### 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

Peter Bonfield  
Director

Bucknalls Lane  
Garston  
Watford  
WD25 9XX

Company Registration Number: 3319324

19 July 2012

## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

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

For the year 1 April 2011 - 31 March 2012

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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 are sufficient to show and explain the company's transactions and 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**

58 Clarendon Road

Watford

WD17 1DE

United Kingdom

## **Independent auditor's 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 2012, set out on pages 8 to 33. 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 and express an opinion on 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/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of the company's profit 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 auditor's 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 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.



21/7/12

**M Matthewman (Senior Statutory Auditor)**

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

Chartered Accountants

## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

For the year 1 April 2011 - 31 March 2012

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#### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost and going concern conventions. 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 are wholly owned subsidiaries 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 develop and purchase software and purchase licence agreements is capitalised and written off over the useful economic life of the asset 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 2011 - 31 March 2012

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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	5-20 years
IT equipment (Plant + Machinery)	3 years
Telecommunications equipment (Plant + Machinery)	10 years
Other plant and machinery (Plant + Machinery)	7 years
Fixtures and fittings	7 years
Commercial vehicles and cars (Motor Vehicles)	3-6 years
Fork lift trucks (Motor Vehicles)	10 years

No depreciation is provided on freehold land or agricultural land.

#### **LONG TERM CONTRACTS**

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

#### **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 2011 - 31 March 2012

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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.

#### **DEFERRED CAPITAL GRANTS**

Capital grants are amortized through the profit and loss account in line with the depreciation of the asset to which the grant relates.

#### **INVESTMENTS**

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

Investments classified as current assets are carried in the balance sheet at market value. All changes in market value of the investments are recognised in the profit and loss account.

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

For the year 1 April 2011 to 31 March 2012

	Note	Before Gift Aid 2012 £'000	Gift Aid 2012 £'000	2012 2011 £'000	2011 £'000
Turnover	1	26,505	-	26,505	24,647
Staff costs	3	(26,282)	-	(26,282)	(26,364)
Depreciation of tangible assets	10	(1,007)	-	(1,007)	(1,112)
Amortisation of intangible assets	9	(157)	-	(157)	(105)
Operating expenses		(10,619)	-	(10,619)	(9,203)
Other operating income	5	14,726	-	14,726	14,262
<b>Operating profit</b>	2	3,166	-	3,166	2,125
Profit/(loss) on disposal of fixed assets in continuing operations		-	-	-	18
Interest receivable		96	-	96	21
Interest payable	6	(32)	-	(32)	(28)
Other finance cost	7	(468)	-	(468)	(950)
Payment of Gift Aid to BRE Trust		-	(759)	(759)	(621)
<b>Profit on ordinary activities before taxation</b>		2,762		2,003	565
Tax on profit from ordinary activities	8	(5)		(5)	-
<b>Profit for the financial year</b>		2,757		1,998	565

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**

For the year 1 April 2011 to 31 March 2012

	Note	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Intangible assets	9	832	575
Tangible assets	10	24,546	25,251
Investments	11	969	802
		<hr/>	<hr/>
		26,347	26,628
<b>Current assets</b>			
Investments	12	4,045	-
Debtors	13	8,972	6,834
Cash		4,063	8,238
<b>Creditors: amounts falling due within one year</b>	14	<b>(15,774)</b>	<b>(13,883)</b>
		<hr/>	<hr/>
<b>Net current assets</b>		<b>1,306</b>	<b>1,189</b>
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>27,653</b>	<b>27,817</b>
Creditors: amounts falling due after more than one year	15	(2,400)	(2,400)
Provision for liabilities	16	(1,732)	(1,726)
Deferred capital grant	17	(1,017)	(1,202)
		<hr/>	<hr/>
<b>Net assets excluding pension liabilities</b>		<b>22,504</b>	<b>22,489</b>
Pension scheme liabilities	20	(20,917)	(18,316)
		<hr/>	<hr/>
<b>Net assets including pension liabilities</b>		<b>1,587</b>	<b>4,173</b>
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Share capital	18	-	-
Share premium	19	5,000	5,000
Profit and loss account	19	(15,346)	(13,210)
Revaluation reserve	19	9,684	9,684
Other reserves	19	2,249	2,699
		<hr/>	<hr/>
<b>Shareholder's funds</b>	19	<b>1,587</b>	<b>4,173</b>
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 19 July 2012

Russell Heusch  
Director

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

**BUILDING RESEARCH ESTABLISHMENT LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES AND  
RECONCILIATION OF MOVEMENTS IN TOTAL RESERVES**

For the year 1 April 2011 to 31 March 2012

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<b>Statement of total recognised gains and losses</b>	2012 £'000	2011 £'000
Profit for financial year	1,998	565
Actuarial loss recognised in the pension scheme	(4,584)	2,753
	_____	_____
<b>Total recognised gains and losses relating to the financial year</b>	<b>(2,586)</b>	<b>3,318</b>
	_____	_____
<b>Reconciliation of movements in total reserves</b>	2012 £'000	2011 £'000
Profit for financial year	1,998	565
Actuarial (loss)/profit recognised in the pension scheme	(4,584)	2,753
	_____	_____
<b>Net addition to total reserves</b>	<b>(2,586)</b>	<b>3,318</b>
Opening reserves	4,173	855
	_____	_____
<b>Closing reserves</b>	<b>1,587</b>	<b>4,173</b>
	_____	_____

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

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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 £7,129k (2011: £35,314k) where the company has undertaken to negotiate and contract with third parties on behalf of clients and to subsequently recharge the clients at cost. This figure includes the payment of grants administered on behalf other bodies. The largest of which is a scheme operated on behalf of the Big Lottery.

During the year the Big Lottery made additional funds of £1,908k available and grant payments of £1,763k were made on their behalf run through a dedicated bank account administered by BRE on their behalf. The balance held in this account for grant distributions was £1,446k at the beginning of the year and closed at £1,591k. This bank account is not included in the BRE balance sheet.

#### 2 OPERATING PROFIT

	2012 £'000	2011 £'000
The operating profit is stated after charging:		
Restructuring costs	378	433
Depreciation of tangible fixed assets	1,007	1,112
Amortisation of intangible assets	157	105
Operating lease rentals	291	491
Research and Development expenditure	421	669
<i>Auditors' remuneration:</i>		
Audit of these financial statements	48	60
Amounts receivable by auditors and their associates in respect of:		
Services relating to taxation	9	10
Other services	34	11

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

#### 3 STAFF COSTS

	2012 £'000	2011 £'000
Staff costs, including directors' remuneration, during the period amounted to:		
Wages and salaries	22,654	22,463
Social security costs	2,402	2,339
Other pension costs	1,226	1,562
	<u>26,282</u>	<u>26,364</u>

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

	2012 Number	2011 Number
Research staff	539	548
Administration staff	50	51
	<u>589</u>	<u>599</u>

#### 4 DIRECTORS' REMUNERATION

	2012 £'000	2011 £'000
Directors' emoluments	597	630
Company contributions to defined contribution pension schemes	37	35
	<u>634</u>	<u>665</u>

During the period two executive directors participated in the defined contribution pension scheme. The aggregate of emoluments of the highest paid director was £238k (2011: £238k), and Company pension contributions of £ 22k (2011: £nil) were made to a defined contribution scheme on his behalf.

## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

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

For the year 1 April 2011 - 31 March 2012

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#### **5 OTHER OPERATING INCOME**

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

#### **6 INTEREST PAYABLE**

	2012 £'000	2011 £'000
Interest payable to group undertakings	32	25
Interest payable on leases	-	3
	<hr/>	<hr/>
	32	28
	<hr/>	<hr/>

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

	2012 £'000	2011 £'000
Expected return on pension scheme assets	3,882	3,505
Interest on pension liabilities	(4,350)	(4,455)
	<hr/>	<hr/>
	(468)	(950)
	<hr/>	<hr/>

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

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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:

	2012	2011
	£'000	£'000
UK Corporation tax		
Current tax on income for the period at 26% (2011: 28%)	5	-
	<hr/>	<hr/>

The current tax charge for the period is lower (2011: lower) than the standard rate of corporation tax in the UK, 26% (2011: 28%). The differences are explained below.

	2012	2011
	£'000	£'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2003	563
	<hr/>	<hr/>
Current tax at 26% (2011: 28%)	521	158
<i>Effects of:</i>		
Expenses not deductible for tax purposes	24	28
Depreciation in excess of capital allowances	153	144
Other timing differences	(612)	(222)
R&D relief	(33)	(56)
Deferred capital grant	(48)	(52)
Brought forward losses utilised		
	<hr/>	<hr/>
Total current tax charge	5	-
	<hr/>	<hr/>

The company has an unrecognised deferred tax asset of £209k (2011: £209k) 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.

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK Corporation Tax to 26% with effect from 1 April 2011. The effect of the rate reduction creates a reduction in the deferred tax asset, which has been included in the figures above.

The Chancellor announced on 21 March 2012 changes to further reduce the main rate of UK Corporation Tax to 24% from 1 April 2012 and to 22% by 1 April 2014 but these changes were not substantively enacted at the balance sheet date and therefore are not included in the figures above.

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

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#### 9 INTANGIBLE FIXED ASSETS

	Software	Goodwill	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 April 2011	-	1,292	1,292
Transfer from tangibles	278	-	278
Additions	199	-	199
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2012</b>	<b>477</b>	<b>1,292</b>	<b>1,769</b>
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 April 2011	-	717	717
Transfer from tangibles	63	-	63
Charge for year	93	64	157
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2012</b>	<b>156</b>	<b>781</b>	<b>937</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 31 March 2012</b>	<b>321</b>	<b>511</b>	<b>832</b>
	<hr/>	<hr/>	<hr/>
At 1 April 2011	-	575	575
	<hr/>	<hr/>	<hr/>

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

During the year software was reclassified, previously reported under tangible assets, as intangible.

**BUILDING RESEARCH ESTABLISHMENT LIMITED**

## NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

**10 TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>					
At 1 April 2011	27,385	7,377	378	75	35,215
Transfer to Intangibles	-	(278)	-	-	(278)
Additions	128	323	66	-	517
Disposals	-	(468)	(11)	-	(479)
<b>At 31 March 2012</b>	<b>27,513</b>	<b>6,954</b>	<b>433</b>	<b>75</b>	<b>34,975</b>
<b>Depreciation</b>					
At 1 April 2011	3,656	6,064	193	51	9,964
Transfer to Intangibles	-	(63)	-	-	(63)
Charge for period	583	382	38	4	1,007
Eliminated on disposal	-	(468)	(11)	-	(479)
<b>At 31 March 2012</b>	<b>4,239</b>	<b>5,915</b>	<b>220</b>	<b>55</b>	<b>10,429</b>
<b>Net Book Value</b>					
<b>At 31 March 2012</b>	<b>23,274</b>	<b>1,039</b>	<b>213</b>	<b>20</b>	<b>24,546</b>
At 1 April 2011	23,729	1,313	185	24	25,251

The policy of not depreciating freehold land has been retained. As at 31 March 2012, 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.

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

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#### 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	142	660	802
Additions	17	150	167
Transfer	83	(83)	-
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2012</b>	242	727	969
	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>			
<b>At 31 March 2012</b>	<b>242</b>	<b>727</b>	<b>969</b>
	<hr/>	<hr/>	<hr/>
At 1 April 2011	142	660	802
	<hr/>	<hr/>	<hr/>

#### 12 CURRENT ASSET INVESTMENTS

	Total
	£'000
<b>Market Value at 1 April 2011</b>	-
Additions	4,000
Net interest re-invested	45
	<hr/>
<b>Market value at 31 March 2012</b>	<b>4,045</b>
	<hr/>

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

#### 13 DEBTORS

	2012 £'000	2011 £'000
Trade debtors	5,013	3,917
Amounts recoverable on contracts external to group	2,684	1,980
Amounts recoverable on contracts internal to group	822	766
Other debtors	16	18
Amounts due from group undertakings	286	-
Prepayments	151	153
	<hr/>	<hr/>
	8,972	6,834
	<hr/>	<hr/>

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.

#### 14 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Payments received in advance from external clients	3,588	3,132
Payments received in advance from internal clients	11	11
Trade creditors	1,220	1,508
Amounts due to group undertakings	6,987	5,779
Social security and other taxes	1,790	1,841
Other creditors	357	429
Accruals	1,821	1,183
	<hr/>	<hr/>
	15,774	13,883
	<hr/>	<hr/>

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

	2012 £'000	2011 £'000
Amounts due to group undertakings	2,400	2,400
	<hr/>	<hr/>

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

#### 16 PROVISIONS FOR LIABILITIES

	Directors Retirement Lump sums £'000	Litigation £'000	Restructuring £'000	Total £'000
Balance brought forward	363	60	1,303	1,726
Unwinding of discount	-	-	51	51
Utilised in the period	-	-	(147)	(147)
Transferred to the Profit and Loss Account	2	-	100	102
	_____	_____	_____	_____
Balance carried forward	365	60	1,307	1,732
	_____	_____	_____	_____

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

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

#### 17 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.

#### 18 SHARE CAPITAL

	2012 £	2011 £
Authorised: 1,000 ordinary shares of £1 each	1,000	1,000
	_____	_____
Allotted: Issued and fully paid 7 ordinary shares of £1 each	7	7
	_____	_____

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

#### 19 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 2011	(13,210)	9,684	5,000	2,699	4,173
Retained profit for the year	1,998	-	-	-	1,998
Transfer	450	-	-	(450)	-
Actuarial loss recognised in the pension scheme	(4,584)	-	-	-	(4,584)
At 31 March 2012	(15,346)	9,684	5,000	2,249	1,587

	2012 £'000	2011 £'000
General fund excluding pension liability	5,571	5,377
Pension fund	(20,917)	(22,355)
	(15,346)	(16,978)

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 £10,583k (2011: £10,133k).

## **BUILDING RESEARCH ESTABLISHMENT LIMITED**

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

For the year 1 April 2011 - 31 March 2012

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#### **20 PENSIONS**

BRE established a defined contribution stakeholder scheme for employees who commenced employment after 1 January 2002. Members of the LPC and BRE defined benefit pension schemes (which are now closed to future accrual) have also been offered membership of this scheme on the same terms. The pension cost for the year represents contributions payable by the company to the scheme and amounted to £789k (2011: £791k).

Contributions to the scheme amounting to £66k (2011: £65k) were payable at 31 March 2012 and are included in creditors.

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

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

Management charges of £393k (2011:£361k) were incurred in respect of the two schemes. Contributions to these schemes amounting to £158k (2011: £143k) were payable at 31 March 2012 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 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 2012 was £495k paid in monthly instalments.

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 2012 was £1,956k equated to £113k monthly and one additional contribution.

Under the 'recovery plan' agreed with the Trustees (and now submitted to the Regulator) this deficit is partially secured by a direct charge over the Garston site in favour of the BRE pension fund trustees.

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

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#### 20 PENSIONS – continued

The balance of the deficit is to be paid off in monthly instalments of £115k. 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 and LPC Schemes 2012 %pa	BRE and LPC Schemes 2011 %pa	BRE and LPC Schemes 2010 %pa
Rate of increase in salaries	2.20	2.50	2.50
Discount rate for calculation of benefits	5.20	5.80	5.80
Inflation (RPI)	3.10	3.30	3.40

In valuing the liabilities of the pension fund at 31 March 2012, mortality assumptions have been made as indicated below.

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 and LPC Schemes*

- Current pensioner aged 65: 21.8 years (male), 24.5 years (female)
- Future retiree upon reaching 65: 24.2 years (male), 26.9 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 2011 - 31 March 2012

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#### 20 PENSIONS – continued

The asset valuations of the schemes at that date amounted to £42,869k (2011: £40,429k) for the BRE scheme and £17,893k (2011: £17,316k) for the LPC scheme. These amounts were sufficient to cover 74% (2011: 76%) and 75 % (2011: 76%) 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

	2012 £000	2011 £000
Present value of funded defined benefit obligations	(57,862)	(53,135)
Fair value of assets	42,869	40,429
	<hr/>	<hr/>
Net deficit	(14,993)	(12,706)
	<hr/>	<hr/>

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

	2012 £000	2011 £000
At 1 April	53,135	54,609
Interest on obligation	3,040	3,145
Actuarial losses / (gains)	3,132	(3,839)
Benefits paid	(1,445)	(780)
	<hr/>	<hr/>
At 31 March	57,862	53,135
	<hr/>	<hr/>

#### Movements in fair value of assets

	2012 £000	2011 £000
At 1 April	40,429	38,751
Expected return on plan assets	2,702	2,529
Actuarial loss	(773)	(1,361)
Contributions by employer	1,956	1,290
Benefits paid	(1,445)	(780)
	<hr/>	<hr/>
At 31 March	42,869	40,429
	<hr/>	<hr/>

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

For the year 1 April 2011 - 31 March 2012

**20 PENSIONS – continued (BRE Scheme)****Amounts recognised in the profit and loss account**

	2012 £000	2011 £000
Interest on defined benefit obligations	3,040	3,145
Expected return on assets	(2,702)	(2,529)
	<hr/>	<hr/>
Other finance costs	338	616
	<hr/>	<hr/>

**Amounts recognised in the statement of total recognised gains and losses**

	2012 £'000	2011 £'000
Actual return less expected return on assets	(773)	(1,361)
Experience (loss) / gain on liabilities	(1,233)	183
Change in assumptions underlying the present value of the liabilities	(1,899)	3,656
	<hr/>	<hr/>
Actuarial (loss) /gain	(3,905)	2,478
	<hr/>	<hr/>

**Fair Value**

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

	2012			2011		
	Fair value £'000	Expected return from 31 March 2012 %	Value as % of Total assets %	Fair value £'000	Expected return from 31 March 2011 %	Value as % of Total assets %
Equities	15,450	7.5	36	28,450	7.7	70
Bonds	19,000	3.1	44	9,290	4.4	23
Cash	5,804	0.5	14	1,581	0.5	4
Other (Incl hedge funds)	2,615	7.0	6	1,108	7.0	3
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	42,869	4.6	100	40,429	6.6	100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Actual return on assets	1,929			1,168		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

#### 20 PENSIONS – continued (BRE Scheme)

##### Summary of Prior Year Amounts

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

##### Balance sheet

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Present value of scheme liabilities	(57,862)	(53,135)	(54,609)	(40,038)	(44,333)
Fair value of scheme assets	42,869	40,429	38,751	29,659	35,427
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deficit	(14,993)	(12,706)	(15,858)	(10,379)	(8,906)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

##### History of experience gains and losses

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Experience loss / (gain) on scheme liabilities	1,233	(183)	(2,034)	(529)	364
As a percentage of scheme liabilities	2.3%	(0.3%)	(3.7%)	(1.3%)	0.8%
Experience (loss) / gain on scheme assets	(773)	(1,361)	7,006	(8,716)	(2,170)
As a percentage of scheme assets	(1.9%)	(3.4%)	18.1%	(29.4%)	(6.1%)
Total actuarial (loss) / gain recognised in statement of financial activities	(3,905)	2,478	(5,865)	(2,575)	1,636
As percentage of scheme liabilities	6.7%	(4.7%)	10.7%	6.4%	(3.7%)

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 £1,396k to its BRE defined benefit scheme in the next financial year.

**BUILDING RESEARCH ESTABLISHMENT LIMITED**

## NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

**20 PENSIONS – continued****LPC Pension Scheme**

	2012 £000	2011 £000
Present value of funded defined benefit obligations	(23,817)	(22,926)
Fair value of assets	17,893	17,316
	<hr/>	<hr/>
Net deficit	(5,924)	(5,610)
	<hr/>	<hr/>

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

	2012 £000	2011 £000
At 1 April	22,926	22,580
Interest on obligation	1,310	1,310
Actuarial loss / (gain)	262	(425)
Benefits paid	(681)	(539)
	<hr/>	<hr/>
At 31 March	23,817	22,926
	<hr/>	<hr/>

**Movements in fair value of assets**

	2012 £000	2011 £000
At 1 April	17,316	16,083
Expected return on assets	1,180	976
Actuarial loss	(417)	(150)
Contributions by employer	495	946
Benefits paid	(681)	(539)
	<hr/>	<hr/>
At 31 March	17,893	17,316
	<hr/>	<hr/>

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

	2012 £000	2011 £000
Interest on defined benefit obligations	1,310	1,310
Expected return on assets	(1,180)	(976)
	<hr/>	<hr/>
Other finance costs	130	334
	<hr/>	<hr/>

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

For the year 1 April 2011 - 31 March 2012

**20 PENSIONS – continued (LPC Scheme)****Amounts recognised in the statement of total recognised gains and losses**

	2012 £'000	2011 £'000
Actual return less expected return on scheme assets	(417)	(150)
Experience loss on the scheme liabilities	(251)	(141)
Change in assumptions underlying the present value of the liabilities	(11)	566
	<hr/>	<hr/>
Actuarial (loss) / gain recognised in the statement of total recognised gains and losses	(679)	275
	<hr/>	<hr/>

**Fair Value**

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

	2012			2011		
	Fair value	Expected return from 31 March 2012	Value as % of Total assets	Fair value	Expected return from 31 March 2011	Value as % of Total assets
	£'000	%	%	£'000	%	%
Equities	6,214	6.4	35	12,235	7.7	71
Bonds	2,464	4.6	14	4,856	5.0	28
Gilts	6,178	3.1	34	-	-	-
Cash	1,859	0.5	10	225	0.5	1
Other	1,178	5.1	7	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	17,893	4.3	100	17,316	6.85	100
	<hr/>			<hr/>		
Actual return on plan assets	763			826		
	<hr/>			<hr/>		

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

#### 20 PENSIONS – continued (LPC Scheme)

##### Summary of Prior Year Amounts

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

##### Balance sheet

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Present value of scheme liabilities	(23,817)	(22,926)	(22,580)	(16,455)	(16,294)
Fair value of scheme assets	17,893	17,316	16,083	12,613	15,281
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deficit	(5,924)	(5,610)	(6,497)	(3,842)	(1,013)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

##### Experience gains and losses

	2012	2011	2010	2009	2008
	%/£000	%/£000	%/£000	%/£000	%/£000
Experience loss / (gain) on scheme liabilities	251	141	136	(155)	162
As a percentage of scheme liabilities	1%	1%	1%	(1%)	1%
Experience (loss) / gain on scheme assets	(417)	(150)	2,750	(3,711)	(1,012)
As a percentage of scheme assets	(2.3%)	(1%)	17.1%	(29.4%)	(6.6%)
Total (loss) / gain recognised in statement of financial activities	(679)	275	(2,690)	(2,814)	2,197
As percentage of scheme liabilities	2.9%	(1.2%)	11.9%	17.1%	(13.5%)

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 £511k to its LPC defined benefit scheme in the next financial year.

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

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#### 21 FINANCIAL COMMITMENTS

At 31 March 2012 BRE had annual commitments under operating lease arrangements as follows:

	2012 £'000	2011 £'000
Plant and machinery expiring:		
Within one year	8	145
Between two and five years	125	84
	<u>133</u>	<u>229</u>
Land and Buildings expiring:	2012 £'000	2011 £'000
Within one year	13	13
Between two and five years	16	-
	<u>29</u>	<u>13</u>

#### 22 CAPITAL COMMITMENTS

The following commitments for capital expenditure existed as at 31 March 2012

	2012 £'000	2011 £'000
Contracted	52	206

#### 23 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.

#### 24 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2012 or 31 March 2011, other than that disclosed in note 16.

## BUILDING RESEARCH ESTABLISHMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2011 - 31 March 2012

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#### 25 SUBSIDIARY AND ASSOCIATE UNDERTAKINGS

On 31 March 2012 the subsidiary and associate undertakings were as follows:

	Interest in Ordinary Shares
Tri-Air Developments Limited	34.85%
BRE Canada	100%
<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**

National Centre for Excellence in Housing (non trading)

All of the entities were registered in England and Wales with the exception of BRE Canada which is registered in Canada.

#### 26 RELATED PARTY TRANSACTIONS

Tri-Air is considered to be a related party by virtue of common directors.

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

	2012 £'000	2011 £'000
Aggregate sales	117	120

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

	2012 £'000	2011 £'000
Aggregate debtors owed	318	177

This debt is fully provided for.