

BRE TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED

31 MARCH 2017

Company Registration Number: 03282856
Charity Registration Number in England and Wales: 1092193
Charity Registration Number in Scotland: SCO39320

BRE TRUST

FINANCIAL STATEMENTS

For the year ended - 31 March 2017

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FINANCIAL STATEMENTS

For the year ended - 31 March 2017

Registered office: Bucknalls Lane
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BRE TRUST

TRUSTEES' REPORT

For the year ended 31 March 2017

BRE Trust (the "Trust") is a company limited by guarantee (Company number 03282856) and is registered as a charity in England and Wales (No 1092193) and in Scotland (No SCO39320). It is governed by its memorandum and articles of association.

Objects

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

The Trust's objects are for the public benefit:

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

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

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

Statement of Public Benefit

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

BRE's charitable objects are enshrined within its memorandum and articles and as such the Trustees ensure that the charity's activities are carried out for the public benefit through its strategic priorities. This is done primarily by improving the built environment through research and the generation of knowledge.

Structure and Governance

The Trust was originally formed to provide independent, non-sectoral ownership for the Building Research Establishment (BRE), an Executive Agency of the Department of the Environment, when it was transferred to the private sector in March 1997. It is governed by its Memorandum and Articles of Association which were brought into effect from 1 April 2002 when the Trust obtained charitable status. The governing arrangements of the Trust, which were originally created to ensure the independence of BRE and that its advice and research are objective and free from bias, continue to be achieved. BRE continues to have a strong reputation, both nationally and in the international arena, as an impartial and highly respected consultancy and research organisation.

The Trust is the owner of BRE Group Limited which in turn owns the subsidiary trading companies Building Research Establishment Limited, BRE Global Limited, Ceequal Limited, Constructing Excellence Limited and Constructing Excellence Learning Limited – all of which operate in the UK. BRE America Holdings Inc. and BRE Shenzhen Limited are subsidiary trading companies operating in the USA and China respectively. The commercial activities of the Trust are carried out through these subsidiary companies (see note 11 for further details). The majority taxable profits arising in the UK are gift-aided to the Trust to be used in furtherance of the Charity's objects and for no other purposes.

This ownership structure means that:

- BRE Trust has the flexibilities and freedoms as a charity to promote its objectives for the public good.

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For the year ended 31 March 2017

- BRE Group companies can maintain their independence from sector or political interests. They can act for the benefit of the built environment, the construction industry and its clients, whilst being free to develop as businesses.
- The corporate structure is clear and extensible with responsibilities and risks clearly defined.

Trustees and Officers of the Charity

The governing body of the Trust is its Council of Trustees which comprises of up to 14 Trustees. The Directors of the company are its Trustees for the purposes of charity law and throughout this report are collectively referred to as the "Trustees". The term of office of all Trustees is for three years in the first instance. Trustees who have served three years may be re-appointed for a second period of office. When a vacancy arises or is impending, the Chairman will take soundings from the Council and others on names of possible candidates to fill the vacancy candidates must be of repute and are invited to become a Trustee for their relevant technical knowledge which would be of benefit to the Trust. The candidate is deemed to be appointed if the number of Trustees in support of the candidate exceeds 50% of the votes cast.

The Chairman is appointed by the Council of Trustees for a three year period, with the current Chairman having been appointed in January 2015. The Council of Trustees meets quarterly and directors of subsidiary companies and senior staff are invited to the meetings to report on operational and business performance.

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

The Trustees and Officers serving during the year and up to the date of this report were as follows:

James Wates CBE, FCIQB, FRSA, Chairman	
June Barnes	(appointed 7 September 2016)
John Carter	(resigned 7 September 2016)
Jose Torero Cullen	(appointed 7 September 2016, resigned 20 October 2017)
Michael Dickson CBE, FREng, FIMStructE, FICE, FRSA	
Hugh Ferguson	(resigned 31 August 2016)
Liz Goodwin	(resigned 15 November 2017)
John Hooper	(appointed 7 September 2016)
Sir Ken Knight CBE, QFSM	
Quentin Leiper CBE FREng, FICE	(resigned 7 September 2016)
Peter Lobban OBE	
Martin Wyatt FRSA	(resigned 15 November 2016)
Francesca Berriman	
Ashley Pocock	
Ashley Wheaton	(resigned 31 July 2016)
Nick Jennings CB	
Sam Stacey	(appointed 7 September 2016)
Gary Wingrove	(appointed 7 September 2016)

The role of Trustees is explicitly defined as:

- to manage and administer the activities of the Trust, its assets and investments, in accordance with the relevant Acts and guidance issued by the Charities Commission;
- to give strategic direction to the work of the Trust and group companies;
- to make input into the strategic business plans of the group companies;
- to extend the scope of the Trust's charitable activities for the public good and seek funding;
- to develop research and education objectives for the charity and to prioritise expenditure against such objectives;
- to act as ambassadors for the work and objectives of the Trust and its group companies;

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For the year ended 31 March 2017

- to periodically benchmark the activities and achievements of the BRE Trust and its group of companies; and
- to ensure the excellence of scientific standards within the BRE group of companies.

The Trustees have delegated all other day to day management of the Charity to the Chief Executive of BRE Group Limited, Peter Bonfield and the Chief Financial Officer, Jat Brainch and management of its subsidiary activities to the Board of BRE Group Limited.

Standing Committees

The Trust has four standing committees reporting to it, namely the Research Committee, the Publications Committee, the Audit Committee and the Remuneration Committee. The Research Committee and the Publications Committee are chaired by a Trustee, and the Audit Committee and Remuneration Committee are chaired by a non-executive director of BRE Group Board. Each committee formulates decisions for consideration and approval by the Council of Trustees.

BRE Research Committee

The Research Committee comprises of Liz Goodwin (Chair), Michael Dickson and Ashley Pocock. The Committee meets to agree research projects to be undertaken and review completed research projects and any other ad hoc items related to the effective allocation of funds. In the year to 31 March 2017 the Committee met three times to carry out post-project reviews of selected projects. Two of these meetings were held jointly with the Publications Committee to review overall processes and discuss activities with relevance to both programmes.

BRE Publications Committee

The Publications Committee comprises of Francesca Berriman (Chair), Hugh Ferguson and Ashley Wheaton. The Publications Committee met twice in 2016/17 jointly with the Research Committee to review ongoing work.

Audit Committee

The Audit Committee comprises the BRE Group Board non-executive directors Brigid Sutcliffe (Chair), Ashley Wheaton and Catherine Wall and representatives of the Trustees, June Barnes and Peter Lobban. Attending, by invitation, are the BRE Group Non-Executive Chairman, Chris Earnshaw, Chief Executive, Peter Bonfield, and the Chief Financial Officer, Jat Brainch.

Brigid Sutcliffe (Chair) and Ashley Wheaton were appointed as a non-executive directors on 11 July 2016. The former Chair of the Audit Committee Catherine Wall resigned on 4 July 2016. June Barnes joined as a representative of the Trustees on 1 March 2017.

The Audit Committee met five times during the year to review financial performance and monitor such matters as the Group's external financial reporting, audit activities, risk management and corporate governance. The Committee acts as Audit Committee for both the BRE Trust and the subsidiary companies.

Remuneration Committee

The BRE Group Remuneration Committee is responsible for determining the remuneration and conditions of the executive directors of the subsidiary companies. In determining appropriate levels of remuneration for the executive directors, the Remuneration Committee aims to provide packages that are competitive in the marketplace and will attract and retain high quality executives capable of achieving the subsidiary companies' objectives and ultimately those of the Trust. The Remuneration Committee retains the right to seek external benchmarking as required to ensure these aims are fulfilled.

Membership of the committee consisted of Chris Earnshaw (non-executive Chairman of BRE Group), and Catherine Wall as the non-executive director of BRE until 4 July 2016, with Ashley Wheaton and Brigid Sutcliffe joining on the 11 July 2016.

Risk Management

The Trust and the Group maintain detailed and comprehensive, group-wide systems for managing risk, operational and compliance issues across all activities. Systems are continuously evolving and currently include a code of conduct, compulsory training, mandatory procedures, a detailed high level risk analysis and response strategy, mandatory risk assessments, appropriate insurances and internal audit. The major risks faced by the Trust and the Group are reviewed on an annual basis by the Audit Committee, the BRE Group Board and the Council of Trustees. In addition, the Trust Research and Publication Committees also conduct an annual review of risks as part of their activities. The Trustees advise on improvements to risk procedures, which are incorporated into operations and reported on in the next annual report. The Trustees acknowledge their responsibility for the Group's system of internal control and for monitoring its effectiveness.

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

The Trust has identified that its major risks relate to the loss or damage to its reputation arising from any failure to maintain the highest quality of research and publications. To address this concern, the Trust has established a series of control and review forums, including the Research and Publication Committees, to ensure standards are maintained at the highest level.

The Trust has also identified a risk that has arisen from the need to ensure sufficient reserves are created and maintained to ensure the Trust can continue to operate effectively in future. To manage this risk, the Trust reviews financial performance and future financial performance indicators to ensure sufficient reserves are maintained. The Trust is also broadening the number of partners providing financial support to the Trust.

On 23 June 2016, a referendum in the United Kingdom returned a result in favour of leaving the European Union ("EU"), (commonly referred to as "Brexit"). The longer term political and economic effects of the result are unclear at the date of these financial statements. Article 50 of the Lisbon Treaty, which was triggered on 29 March 2017 by the British Government means that Britain should leave the EU no later than April 2019. BRE Global has actively communicated with customers, staff and other key stakeholders regarding our commitment to protecting our position within the EU. Plans are well advanced with regards to the establishment of a new business within the EU that will protect our ability to serve this market.

Strategy

As a leading independent built environment charity for research, demonstration and education, the BRE Trust is dedicated to improving the built environment for the benefit of society. This is delivered through the BRE Group of companies via the Research and Publications Programmes, and the University Centres of Excellence. The Trust uses profits made by the BRE group of companies to fund new research and education programmes that will help to meet its goals of “building a better world together”.

BRE Group furthers the aims of the Trust by bringing the benefits of applied research – in the form of digital products, standards, testing & certification, training & qualifications – to key sectors in the built environment: product manufacturers; construction contractors and professionals; and developers, owners and operators of property. The Group strategy is to enable these sectors to build a better world by providing them with support and solutions for issues of critical long-term importance, including:

- Life safety and the protection of physical and digital assets
- Knowledge and skills
- Smart homes and buildings
- High performance buildings and infrastructure
- Construction process and productivity
- Health and wellbeing
- Adaptation and resilience to climate change

Objectives

The Group’s short-term objectives are focused on growing and strengthening its core asset and revenue base including its staff talent, digital product portfolio and technical facilities at BRE Garston. Its long-term objectives are to become a truly international organisation, building on the global reach of its certification schemes and on its new businesses in both China and the US; to expand its training and education business in the UK and internationally and to drive greater value from data and analytics flowing from digital platforms in an increasingly Smart built environment.

Achievements

Across the BRE Group of companies, there were a number of significant achievements in the year:

An important milestone was reached when over £1 million was achieved for BREEAM In-Use, with a business growth of 70%. Of this, around £250k was generated by the Refurbishment and Fit-Out (RFO) schemes. Of the more than £750k earned by BREEAM In-Use, a third came from assessments conducted entirely online.

There have been 49 major new infrastructure projects registered with CEEQUAL in its first full year since acquisition, with a construction value of over £5.5bn (20% more than the previous year). We have engaged extensively with the infrastructure community in UK, Sweden, Norway, Hong Kong and the Middle East.

We launched a flood resilient prototype home on the BRE Innovation Park to demonstrate ways of protecting against flood damage and limiting disruption. The aim of this project is to show contractors and householders in a tangible way that resilient repair isn’t as challenging or difficult as they may think it is.

The BRE Academy launched its own e-learning platform – BRE.AC – to offer customers more flexible access to courses. The platform was introduced with 25 digitally-delivered courses. In its first 14 months BRE. AC was accessed in 167 countries, more than 3,200 courses were purchased and 4,670 students signed up.

Constructing Excellence merged with BRE, bringing over 20 years’ experience of bringing together leading clients, contractors, consultants and suppliers in the sector to drive change through collaborative working.

Future Plans

In support of its objectives, BRE’s future plans include:

The establishment of BRE Global Assurance (Ireland) Ltd to protect and enhance the capability of BRE Global to offer certification of products, processes and systems to European and international standards, post-Brexit.

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The launch of BRE digital products into the Chinese marketplace, with a particular focus on our e-learning and SiteSmart propositions.

Leading the standardisation of BIM (Building Information Modelling) Level 2 together with industry partners through the development of product templates and data libraries; and pioneering practical advances towards BIM Level 3 in our industry research partnerships on connectivity and IoT (Internet of Things) through our Centre for Smart Homes & Buildings.

Continuing to seek inward investment into BRE Garston to improve our technical facilities, increase revenues and facilitate collaboration with academic and industry partners.

The increasing internationalisation of our corporate membership offer, led by Constructing Excellence and strengthened by the acquisition of the European Construction Institute.

Summary of Achievements and Performance

The Trustees are pleased to report that the BRE Trust has achieved its principal objectives for the financial year to 31 March 2017, particularly given the continuing well publicised difficulties faced by the construction sector.

The BRE group of companies had a strong financial year, with revenues of £46.7m delivering a net profit of £1.67m, a significant improvement compared to the last year's £0.3m loss. Our digital revenues now account for over 25% of all revenues, and over 40% of our revenues come from outside the UK. This is a clear demonstration that our focus on high margin, geographically diversified activities is working. This has resulted in the strengthening of our balance sheet. Before accounting for the pension deficit, our net assets have increased by £2.9m to £32.4m.

Research

At the end of the final quarter of 2016/17, the managed programme had three active projects remaining from the total nine live projects throughout the year: eight active at the start of the year and one new project approved in the year. The new project received £35k of Trust funding, leveraging a further £20k of funding but also a further £150k of external funding won for aligned research. The total spend on the programme was £225k. A total of six projects were completed and closed in the year.

The active Thematic Programme focused on resilience began in 2015, with five new projects approved by the Research Committee in December 2014 for phase one. These focused on flooding, overheating, wind leading, post-disaster recovery and resilience in Brazil. The total Trust budget for these projects is £322k. Six milestones were delivered during the 2015/16, expending £152k, with one project completed and three stopped early due to external delays and issues. The Research Committee approved a further four projects with a total Trust budget of £350k at the December 2015 meeting, allowing early preparation for these projects to start in April 2016. During the year £215k has been expended on these five projects. These projects continued the work already started on flooding as well as starting new work focused on energy, cyber and standards. A total of £410k of leveraged funding was secured and an additional £450k external funding aligned.

Publications

2016/17 saw continued progress with the delivery of the active programme, with £261k of income expended on completing:

- 16 IHS Press releases, which are a mix of updates existing and new titles
- 22 other free downloadable briefing papers containing detailed technical information
- 45 technical articles published in third party journals
- Verbal presentations at over 15 events
- 3 new or updated training courses

The Publications Committee met in June 2016 to review and approve new projects for 2016/17. Three were approved, requiring £28k of funding. An increasing number of these outputs will embrace new digital formats and also enhance active learning, being distributed via the BRE Academy.

The active dissemination and promotion of new titles continues, using a number of digital platforms, and the total circulation for these exceeds 4 million individuals and the number of visits and downloads continues to grow. The Construction Information Service continues to be the traditional platform for IHS Press publications, with just over 71,000 downloads in the last year. This is a significant drop (535) from the previous year and less than 30% of the total five years ago. Designing Buildingswiki now has 128 BRE articles which have received over 50,000 viewings in the last year, up 300% on last year. This is becoming a very important portal for dissemination of free information to the wider built environment community.

University Centres of Excellence

The Trust awards scholarships and bursaries to PhD students and provides financial support for the Chairs held by the Directors of the Centres that together form the 'BRE-Universities Partnership'. The Trust continued to provide financial support to the original five Chairs at the following BRE Centres and an additional 3 new partners:

- University of Edinburgh (Fire Safety Engineering),
- University of Strathclyde (Energy Utilisation Research),
- University of Bath (Innovative Construction Materials)
- Cardiff University, School of Engineering (Centre for Sustainable Engineering)
- University of Brasilia, School of Architecture (Centre for Sustainable Urbanisation)
- University Loughborough (Civil Engineering)
- UCL (Bartlett)
- Tsinghua University (Built Environment).

In 2016, the Trust and the BRE University Centres held the Annual Review Meeting on 24 November in Birmingham. This provided an opportunity for the final year PhD students to present an overview of their projects and also for all other funded students to provide a poster. The event was attended by over 95 people from the Centres and BRE invited industry guests.

During the year to 31 March 2017 the following two studentships were taken up and new awards made:

- Giulia Cere, Cardiff, October 2016
- Matthew Courtney, Cardiff, October 2016

The following four BRE Trust funded PhD research projects were completed in 2016/17

- Al-Azhar Lalani, Hertfordshire
- Graeme Flett, Strathclyde
- Andrea Giampiccola, Bath
- Carla DaSilva, Bath

At the conclusion of 2016/17 there were 22 active PhD projects within the BRE Trust PhD postgraduate scholarship scheme.

Trust Sponsorships

In addition to the BRE Trust Research Conference, BRE Trust supported:

- Sponsorship of www.Designingbuildings.wiki to actively promote the outputs of the BRE Trust programmes to a wider industry group
- The Worshipful Company of Constructors Royal Charter International Research Award
- The Armourer's and Braziers Cambridge Forum Conference
- European Construction Technology Platform workgroups
- European network of Building Research Institutes Sponsorship

Business Development

The BRE Group showed a strong performance in 2016/17 thanks to a high level of demand for our products and services in the UK and increasingly from our international clients. BRE products are now deployed in 80 countries around the world. In addition to the UK we now have subsidiary businesses operating in China and the USA. Revenues from international clients now total some 40% of the Group total.

BRE remains focussed on innovation, risk and sustainability and to support this, further acquisitions took place in 2016/17 including the important acquisition of the membership organisation, Constructing Excellence. This

has brought new critical staff, enhancing the existing capabilities and offerings of BRE Group, in line with future market needs.

BRE has also set up a new company in China to provide focus and presence to grow products and services in eastern Asia. One year on from signing our agreement at the UK/China Summit with Tsinghua University and partners to conduct research into sustainable development, Peter Bonfield (BRE Group CEO) was appointed as an international expert advisor to the new Institute for China Sustainable Urbanisation. This new Institute recognises the importance to clean the air and water in China, of embracing environmental sustainability in developing cities across the country. China delivered a profit in its first year and has opened access to new and fast-growing markets.

In addition, BRE acquired Building Wise in the USA and added it to our new start up BRE America. This business will build the market share of BRE's environmental assessment product, BREEAM and the aim is to help US based real estate owners to better manage their buildings – not only to be 'greener' but also more valuable, less costly to run and bringing reputational benefits. The first BREEAM USA In-Use certificate was issued for The Oaks Mall in Thousand Oaks, California in 2016, with dozens more large projects in the pipeline. The USA has huge market potential and has delivered great brand awareness that lays the foundations for strong growth.

We continue to focus on productisation, digitisation and internationalisation of our services which allows us to access high margin, recurring revenues and securing payment in advance. With a strong focus on growing our BRE.AC online learning business via direct sales and via distribution partners, as well as our digital construction solutions.

Other Factors Affecting the Group

Personnel Policies

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

Environmental

The BRE Group’s Sustainability Plan, the ‘S Plan’ continues to deliver results, and targets our key impact areas including: Energy, Water, Transport Emissions, Community Engagement, Waste and Ecology issues.



Energy Performance table (BRE Garston)

	% improvement	2016 (kWh)	2010 Baseline (kWh)
Electricity	-16%	5,151,322	6,133,052
Gas	8%	11,694,476	10,812,755
Total	-0.59%	16,845,798	16,945,807

We achieved a slight overall reduction in electricity and gas use at the Watford site.



Water Performance table (BRE Garston)

	% improvement	2016 (m³)	2010 Baseline (m³)
Water	-47%	25,475	47,646

We achieved a significant 47% reduction in water use.



Transport Performance table (BRE Group ~ All sites)

	% improvement	Tonnes/CO2/person (All staff across BRE Group)	
		2016*	2010 Baseline
Staff Commute	-48%	0.95	1.97

*Transport performance is based on the results of the last staff transport survey completed in 2014. A new staff transport survey is due in 2017.

Carbon dioxide emissions from all BRE people commuting to work was 48% less in 2016 than in 2010 as a result of more staff commuting to work on foot, bus, train and bicycle. We have also installed seven new EV car chargers at BRE Watford and are setting up a new group wide car sharing scheme.



Community Engagement Performance summary ~ Schools Programme

	2016	Total to date
Number of students engaged with in 2016	3,802	16,869

The yearly average is 2,100 students since the scheme began. Therefore, if we continue at this pace (3 further years x 2,100 = 6,300) we would be on track to reach and exceed our 2020 target of 19,000 students.



Waste performance table

Waste stream	% improvement on last year	Tonnes		
		2016	2015	2014
Food Waste	5%	32.32	30.68	23.73
Mixed Recycling	-31%	54.20	78.67	96.69
Commercial Waste (Offices)	-52%	34.13	71.25	96.19
Commercial Waste (Labs)	8%	336.87	311.64	306.31
Inert	-3%	121.89	125.96	86.62
Gypsum	68%	48.14	28.72	29.68
Mixed Construction	23%	14.10	11.42	6.90
Wood	-16%	53.16	62.95	60.72
Green Waste	-43%	23.10	40.30	39.89
Cardboard	92%	10.60	5.51	0.00
Batteries	0%	0.50	0.05	0.30
WEEE	-38%	5.00	8.10	7.40
Waste toners	50%	0.30	0.20	0.40
Metals	30%	48.50	37.30	48.40
TOTAL	-4%	782.81	812.75	803.23

We achieved a 4% overall reduction in waste materials in 2016 over the previous year, with 50.8% of waste segregated on site, 1.79% recycled off site, 47.39% sent to energy from waste plant, and just 0.01% sent to landfill.



Transport Performance table (BRE Group ~ All sites)

Mode share figures, based on total number of staff participating in staff transport survey.

	2007		2011		2014	
	actual	%	actual	%	actual	%
On foot	14	4%	21	6 (5%)	39	13 (10%)
Bus	9	2%	10	3 (3%)	15	5 (4%)
Train	9	2%	8	2 (2%)	21	7 (5%)
Bicycle	28	7%	43	13 (11%)	47	16 (12%)
BRE bike pool	-	-	1	0 (0%)	2	1 (1%)
Car, with no passengers	257	65%	214	65 (56%)	211	70 (53%)
Car share	69	18%	-	-	-	-
Car share, with others at BRE	-	-	58	18 (15%)	49	16 (12%)
Car share, with others not at BRE	-	-	22	7 (6%)	12	4 (3%)
Total participating in survey	386	98%¹	377	117 (98%)²	396	132 (100%)

Note: Figures in (XX%) are approximate having being pro-rated from the total answers.

¹ Does not add up to 100% as motorcycle answers removed, as not presented as an option in the 2014 survey.

¹ Does not add up to 100% as motorcycle answers removed, as not presented as an option in the 2014 survey.

Financial Review

The financial statements have been prepared on the basis of the accounting policies set out in note 1 to the financial statements and comply with the current statutory requirements, applicable law and the Statement of Recommended Practice “Accounting and Reporting by Charities” issued in January 2015 (the “SORP”).

The results for the Group show a net income before tax of £1,693k (2016: net expenditure of £314k) for the year on income of £46,747k (2016: £47,830k).

The Group’s results are derived from its use of cutting edge research to develop a range of products, services, standards and qualifications that are used around the world to bring about positive change in the built environment. These activities can be categorised into four broad areas: advisory services, third party assurance, services delivered to government and commercial activities.

Advisory Services

Advisory services on building performance, construction and fire safety for the year ended 31st March 2017 generated income of £19,651k (2016: £18,614k). The Trust provided advisory services covering a complete range of advisory, testing, certification, commissioned research and training services covering all aspects of the built environment. The political and economic environment in 2017 provided a challenging setting but the Trust has continued to raise the standards of the built environment both through the achievements of its people and the acquisition of businesses. The Trust’s multi-disciplinary teams including leading experts working in world-class facilities have provided independent advice across the built environment from fire cladding testing to sustainable construction research and development.

With building safety issues increasing their visibility both for Government bodies and the wider construction sector, the ability of BRE to provide truly independent expert advice and robust research work has provided significant public benefit in 2016/17 and will continue into 2017/18. The Trust believe that all aspects of building safety will continue to be a key focus of BRE’s activity in the future.

Third Party Assurance

During the year the Trust’s independent certification body, BRE Global, continued to provide impartial, third-party certification services to businesses, manufacturers and service providers around the world. These services generated income of £24,363k (2016: £27,895k) in the year. The third party assurance provided in these areas included fire and security, environmental products, building information modelling and management systems. BRE Global is a UKAS accredited certification body which provides listings of certificated products and services including the renowned Red and Green Books.

BRE Third-party certification distinguishes products and services from their competitors, and gives customers confidence about their performance. During 2017 BRE continued to grow BREEAM, the world's leading environmental assessment method used to assess new, existing buildings and community scale development. BRE developed the BREEAM methodology and trained and licenced independent BREEAM Assessors throughout the year. In 2017/18 BRE is continuing to grow BREEAM both in industry use and market recognition with over 2.2 million buildings registered (November 2017) with examples such as the Central Bank of Ireland and EUIPO Building, Alicante.

Services Delivered to Government

Throughout 2017 the BRE Trust continued to commission and support research in the built environment for the public benefit by either leading or participating in both UK Government initiatives (Innovate UK) and EU Research and Innovation programmes (Horizon 2020). These services generated income of £1,452k (2016: £295k). By providing impartial research services in 2017 to these programmes the Trust has been able to generate new knowledge and undertake cutting-edge research into areas as diverse as flood resilience, solar energy development, building materials research and future smart cities. The Trust is continuing to participate in similar governmental programmes and will do so into the future.

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For the year ended 31 March 2017

Commercial Activities

Commercial activities generated income of £1,241k (2016: £1,026k) in the year. The BRE site and Innovation Parks are home to global leading research facilities and have been established to inform sustainable development at a global level and stimulate innovation within the built environment. The parks feature full-scale demonstration buildings that have been developed by industry partners to achieve commercial goals. These buildings display innovative design, materials and technologies which combine to address the development challenges facing regions across the world. The BRE site provides rental space to a number of companies that benefit from synergies with BRE and access to the state of the art research facilities. These companies are continuing to work with BRE and will grow with BRE as the site is developed in the future.

On 14 July 2016 of part of the land at BRE HQ site in Garston was sold resulting in a taxable chargeable gain and a corporation tax charge amounting to £1,057k (2016: £nil).

The net movement in funds in 2016-17 was a reduction of £10.6m. Net income of £0.6m and a land revaluation of £3.2m following the sale of the land were offset by the increase in the accounting estimate of the defined benefit pension scheme liability by £14.4m that arose despite deficit reduction payments made in the year of £2.2m.

Pensions Deficit

The FRS102 pension scheme deficits relating to the defined benefit schemes operated by BRE is incorporated into the balance sheet of Building Research Establishment Limited and of the Group. The deficit increased during the year to £51,768k (2016: £38,288k). The Directors of Building Research Establishment Limited consider that since the Company is able to meet all of its short and medium term liabilities, and the nature of the pension scheme deficit is long term, that this does not impact on Building Research Establishment Limited as a going concern. A deficit reduction payment plan has been agreed with the trustees of the pension scheme. In addition on 14 July 2016, part of the land at BRE HQ site in Garston was sold to a developer for residential homebuilding. The gross sales proceeds were £11.35m and the majority of these have been used to reduce the pension scheme deficit still further after the year end.

Reserves Policy

Reserves are maintained at a level that enables BRE to manage financial risk and short-term income volatility. They allow the group to sustain optimal levels of service delivery over the long term, ensuring that financial commitments can be met as they fall due. Excluding the impact of the pension deficit, the Group has positive reserves which enable it to meet its goals. A review of the reserves policy will be undertaken in the upcoming financial year.

At the year end the Group's total deficit in reserves amounted to £19,382k (2016: deficit £8,784k), which is primarily attributable to the accounting for the pension scheme. All other funds are in surplus. Restricted funds were £13k (2016: £13k) and not available for general purposes of the Group. Free reserves showed a deficit of £19,395k (2016: deficit £8,797k) and are unrestricted, except for those elements that can only be realised by disposing of tangible or intangible fixed assets.

The Group's general fund shows an improved surplus balance of £20,838k (2016: £12,883k). The pension deficit is excluded from the general fund. The Group's pension reserve shows a deficit of £51,768k (2016: £38,288) as a result of the actuarial valuation performed on the scheme's assets and liabilities each year. A deficit reduction payment plan has been agreed with the pension scheme trustees. This commitment is taken into account in all financial planning including the anticipated levels of reserves.

At 31 March 2017 the Group's revaluation reserve balance was £11,535 (2016: £16,158). A transfer amounting to £7,809k was made to the general fund following disposal of part of the land at BRE HQ site in Garston. On 28 February 2017 a valuation of the remaining site was performed which resulted in the revaluation reserve increasing by £3,186k.

Going Concern

BRE is well placed to manage the business risk it faces. This position is supported by its strong reputation both nationally and in the international arena, the continuing productisation and digitisation of its services and a proven ability to secure and retain new customers. The Trustees therefore have a reasonable expectation that the organisation has sufficient resources to continue in operational existence for the foreseeable future and believe that there are no material uncertainties that call into doubt the ability of the Group to continue as a going concern.

Our planning processes, including financial projections, take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We acknowledge the Group's pension fund obligations and have a clear strategy to manage the deficit, which includes a deficit reduction plan which is designed to get the scheme to self sufficiency by 2030.

The Trustees consider the main risks to the Group to be damage to its reputation, an insufficient level of reserves arising in the future and the UK leaving the European Union.

Creditors Payment Policy

The Group operates normal trading terms of payment within 45 days of the date of the invoice when making payments to its creditors.

Disclosure of Information to Auditor

Insofar as each of the Trustees of the group and charity at the date of approval of this report is aware there is no relevant audit information of which the group and company's auditors is unaware. Each trustee has taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the group and company's auditor is aware of that information.

Auditor

KPMG LLP resigned as auditor of the Trust and certain subsidiary companies on 17 March 2017 and Collards resigned as auditor of a subsidiary company on 5 April 2017. Crowe Clark Whitehill LLP were appointed as auditor of the Trust and its subsidiary companies on 31 March 2017. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Crowe Clark Whitehill LLP will therefore continue in office.

Charity Governance Code 2017

In light of the recent updates to the Charity Governance Code the Directors of the Group have commissioned a project with a view to propose and implement improvements to the BRE Group Governance systems, controls and processes as currently set out in the Group Management Handbook, subject to the approval of the project steering group and BRE Group Board.

BRE TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

For the year ended 31 March 2017

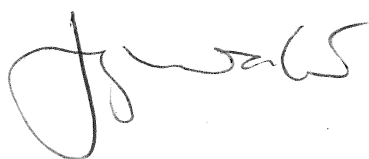
The Trustees (who are also Directors of BRE Trust for the purposes of company law) are responsible for preparing the Trustees' annual report, Strategic report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable Company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable Company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the Charity's constitution. They are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees' Report, under the Charities Act 2011 and Companies Act 2006, was approved by the Council of Trustees' on December 2017, including approving in their capacity as company directors the strategic report contained therein, and is signed as authorised on its behalf by:



James Garwood Michael Wates CBE
Chairman

Company Registration Number: 03282856
Charity Registration Number in England and Wales: 1092193
Charity Registration Number in Scotland: SCO39320

6/12/17

We have audited the financial statements of BRE Trust for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Cash Flow Statement and the related notes set out pages 20 to 44.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's Trustees, as a body, in accordance with section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable 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 Trustees and auditor

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

We have been appointed as auditor under section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic report and the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report and Strategic report have been prepared in accordance with applicable legal requirements.

BRE TRUST

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES AND MEMBERS OF BRE TRUST

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Trustees' annual report.

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

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

No. Hashemi

Naziar Hashemi

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

St Bride's House

10 Salisbury Square

London

EC4Y 8EH

13 December 2017

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BRE TRUST**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE COMPANY INCOME AND EXPENDITURE ACCOUNT)**

For the year ended 31 March 2017

	Note	Restricted Funds 2017 £'000	Unrestricted Funds 2017 £'000	Total Funds 2017 £'000	Total Funds 2016 £'000
Income from:	2				
Charitable activities		-	46,707	46,707	47,830
Interest receivable		-	40	40	-
Total		-	46,747	46,747	47,830
Expenditure on					
Charitable activities	3	-	(45,054)	(45,054)	(48,144)
Net income / (expenditure) before tax		-	1,693	1,693	(314)
Taxation	7		(1,057)	(1,057)	-
Share of associate investment		-	-	-	1
Net income / (expenditure)		-	636	636	(313)
Other recognised (losses)/gains					
Gain on revaluation of fixed assets	9	-	3,186	3,186	3,510
Actuarial (losses)/gains on defined benefit pension scheme		-	(14,420)	(14,420)	2,554
Net movement in funds		-	(10,598)	(10,598)	5,751
Reconciliation of funds					
Total funds/(deficit) brought forward	15	13	(8,797)	(8,784)	(14,535)
Total funds/(deficit) carried forward		13	(19,395)	(19,382)	(8,784)

In 2017 the net movement of funds for the year on restricted funds was £nil (2016: loss of £56k).

The accompanying notes on pages 20 to 44 form an integral part of these financial statements.

BRE TRUST
CONSOLIDATED AND COMPANY BALANCE SHEETS
 For the year ended 31 March 2017

	Note	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Fixed assets					
Intangible assets	8	1,523	1,972	-	-
Tangible assets	9	22,647	29,690	-	-
Investments	10	72	17	5,000	5,000
		<u>24,242</u>	<u>31,679</u>	<u>5,000</u>	<u>5,000</u>
Current assets					
Debtors	12	22,290	14,887	1,239	2,867
Cash		3,453	659	138	89
Creditors: amounts falling due within one year	13	<u>(15,500)</u>	<u>(14,668)</u>	<u>(219)</u>	<u>(633)</u>
Net current assets		<u>10,243</u>	<u>878</u>	<u>1,158</u>	<u>2,323</u>
Total assets less current liabilities		<u>34,485</u>	<u>32,557</u>	<u>6,158</u>	<u>7,323</u>
Provisions for liabilities	14	<u>(2,099)</u>	<u>(3,053)</u>	-	-
Net assets excluding pensions liabilities		<u>32,386</u>	<u>29,504</u>	<u>6,158</u>	<u>7,323</u>
Defined benefit pension scheme liability	18	<u>(51,768)</u>	<u>(38,288)</u>	-	-
Net assets/(liabilities) including pension liabilities		<u>(19,382)</u>	<u>(8,784)</u>	<u>6,158</u>	<u>7,323</u>
Funds of the Group					
Unrestricted funds:					
General fund	15	20,838	12,883	6,145	7,310
Other reserves	15	-	450	-	-
Revaluation reserve	15	11,535	16,158	-	-
Pension reserve	15	(51,768)	(38,288)		
Restricted funds:					
Income fund	15	13	13	13	13
Total funds/(deficit)		<u>(19,382)</u>	<u>(8,784)</u>	<u>6,158</u>	<u>7,323</u>

The accompanying notes on pages 20 to 44 form an integral part of these financial statements.

These financial statements were approved by the Trustees on 6 December 2017


 James Garwood Michael Wates
 Chairman

Company Registration Number: 03282856

Charity Registration Number in England and Wales: 1092193

Charity Registration Number in Scotland: SCO39320

BRE TRUST**CONSOLIDATED CASH FLOW STATEMENT**
For the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Net cash from operating activities	16	(6,041)	(119)
Cash flows from investing activities			
Interest received		40	-
Acquisition of tangible fixed assets	9	(2,133)	(525)
Disposal of freehold land		11,350	-
Acquisition of intangible fixed assets	8	(367)	(1,117)
Acquisition of a subsidiary		(55)	(287)
Net cash generated/(used) by investing activities		<u>8,835</u>	<u>(1,929)</u>
Increase/(decrease) in cash and cash equivalents in the year	17	<u>2,794</u>	<u>(2,048)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>659</u>	<u>2,707</u>
Cash and cash equivalents at the end of the reporting period		<u>3,453</u>	<u>659</u>

The accompanying notes on pages 20 to 44 form an integral part of these financial statements.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

1 Accounting policies

Charity information

BRE Trust is a charity (registered number 1092193) that is incorporated and domiciled in the United Kingdom. The Charity is registered as a company limited by guarantee in England and Wales (registered number 03282856) and in Scotland (registered number SCO39320). The registered office is Bucknalls Lane, Garston, Watford, Hertfordshire, WD25 9XX.

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. BRE Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March each year. With the exception of BRE China the financial statements of subsidiaries are prepared for the same reporting year as the Trust using consistent accounting policies. Even though BRE China has a 31 December reporting date the consolidated accounts includes its results for the 12 months to 31 March 2017. Constructing Excellence Limited's accounts were prepared for the eighteen month period ended 31 March 2017 however the consolidated accounts includes its results for the 12 months to 31 March 2017. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated statement of financial activities from the date of acquisition or up to the date of disposal.

Undertakings, other than subsidiary undertakings, in which the Group has an investment of at least 20% of the shares and over which it exerts significant influence, are treated as associates under the equity accounting method adjusted for provisions and impairment.

Details of the principal subsidiary and associated undertakings are shown in note 11. Transactions or balances between BRE Trust Group entities that have been eliminated on consolidation are not reported.

Going concern

BRE is well placed to manage the business risk it faces. This position is supported by its strong reputation both nationally and in the international arena, the continuing productisation and digitisation of its services and a proven ability to secure and retain new customers. The Trustees therefore have a reasonable expectation that the organisation has sufficient resources to continue in operational existence for the foreseeable future and believe that there are no material uncertainties that call into doubt the ability of BRE to continue as a going concern.

Our planning processes, including financial projections, take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We acknowledge the Group's pension fund obligations and have a clear strategy to manage the deficit, which includes a deficit reduction plan which is designed to get the scheme to self sufficiency by 2030, subject to continued discussion and agreement with the pension scheme trustee board.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant areas of estimate and judgement include provisions, assumptions used to value the defined benefit pension scheme and the remaining useful life of assets. Related accounting policies for these items are noted below.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

1 Accounting policies (continued)

The principle accounting policies adopted, judgements and key sources of estimation uncertainty in the presentation of the financial statements are as follows:

Income

Income is recognised when the Group has entitlement to the funds, any performance conditions attached to the item of income has been met, and where it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants is recognised when the Group has entitlement to the funds, any performance conditions attached to the grants have been met and where it is probable that the income will be received and the amount can be measured reliably.

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.

Funds

All funds of the Charity and the Group are unrestricted funds, with the exception of WRAP funding which is restricted. Unrestricted funds are available for the Trustees to apply to research activities that are in accordance with the objects of the Trust. Restricted funds are used for research governed by any conditions accepted at the time the funds are received currently this is to reduce the environmental impact of the UK house building industry.

Expenditure

All expenditure is accounted for on an accruals basis. Overheads and other costs not directly attributable to particular functional activity categories are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year on a basis consistent with use of the resources. The irrecoverable element of VAT is included with the item of expense to which it relates.

Support costs are allocated to the different categories of activities. This is based on a judgement of the percentage the specific activity represents in relation to the total non-support expenditure. Support costs include processing and administration, human resources, information technology and facilities costs.

Governance costs are included within support costs and include strategic planning costs for the Trust's future development, external audit and all costs of complying with constitutional and statutory requirements, such as costs of Board and Committee meetings and for preparing statutory financial statements and satisfying public accountability.

Leased assets

Operating leases and the payments made under them are charged to the statement of financial activities on a straight line basis over the lease term.

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 creation of new software products and tools are capitalised under intangibles.

Taxation

BRE Trust is a registered charity and as such is entitled to certain tax exemptions on income and profit from investments and surpluses on trading activities carried out in the furtherance of the Charity's primary objectives if these profits and surpluses are applied solely for charitable purposes.

The Trust's UK subsidiary companies give all their taxable profits to the Charity, normally resulting in no liability to corporation tax. Tax is payable by overseas subsidiaries in accordance with local regulations.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

1 Accounting policies (continued)

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 5 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 to the general fund over the period negative goodwill will benefit the Group.

Expenditure incurred in the development or purchase of software and the purchase of licence agreements is capitalised and written off over the useful economic life of the asset and will not exceed 20 years.

Tangible fixed assets and depreciation

Tangible fixed assets above £1,000 and all computers are capitalised and stated at cost or valuation less depreciation. Annual impairment reviews are performed. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life on a straight line basis, as shown below:

Leasehold Improvements	8 years
Freehold buildings	5-20 years
Plant and machinery	3-10 years
Fixtures and fittings	7 years
Motor vehicles	3-10 years

No depreciation is provided on freehold land.

Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after making provision for contingencies and anticipated future losses on contracts and deducting amounts received as payments on account. Payments on account are shown in creditors due in less than one year.

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.

Cash

Cash balances are part of the Group's working capital and are kept on current account or short term deposit.

Basic financial instruments

Debtors

Debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financial transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Creditors

Creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

1 Accounting policies (continued)

a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Investments in subsidiaries, jointly controlled entities and associates

Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

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 Statement of Financial Activities.

The statement of financial activities, assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising from the translation of opening balances and long term loans are taken to the Statement of Financial Activities.

Post – retirement benefits

Building Research Establishment Limited operated defined benefit pension schemes providing benefits based on final pensionable pay. The BRE Pension Scheme was closed to future accrual at 28 February 2007 and the LPC scheme at 31 March 2009. The two schemes were merged together during 2016 forming the BRE and LPC Pension Scheme. The assets of the scheme are held separately from those of the Trust and the trading subsidiaries.

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 liabilities shown for this FRS102 valuation represent an update of the latest Triennial Actuarial Valuation for the BRE section as at 1 October 2014 and the LPC section as at 1 July 2013 with allowance made for interest on the Scheme liabilities, benefits that have been paid out of the Scheme and changes in market conditions as suggested by the agreed assumptions. In addition, allowance has been made for benefit increases over the year compared to the assumed increases at the start of the period.

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.

Building Research Establishment Limited also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Trust and its subsidiaries 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.

Employee benefits paid on redundancy or termination include accrued amounts where BRE Trust is demonstrably committed to make these payments but they had not yet been made at 31 March 2017. All accrued amounts are fully funded and expected to be settled within 12 months of the balance sheet date.

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

2 Income

	2017 £'000	2016 £'000
Commercial activities	1,241	1,026
Advisory services on building performance, construction and fire safety	19,651	18,614
Provision of third party assurance services	24,363	27,895
Services delivered to government	1,452	295
	<u>46,707</u>	<u>47,830</u>

The total income for the year of the Charity dealt with in the financial statements was £1,035k (2016: £662k).

3 Expenditure**Charitable activities**

	Commercial Activities 2017 £'000	Advisory Services 2017 £'000	Third Party Assurance 2017 £'000	Services to Government 2017 £'000	Total 2017 £'000
Activities undertaken directly	1,753	22,283	12,274	2,052	38,362
Grant funding of activities	-	1,200	-	-	1,200
Support costs	243	3,260	1,704	285	5,492
	<u>1,996</u>	<u>26,743</u>	<u>13,978</u>	<u>2,337</u>	<u>45,054</u>

Analysis of support costs

	Commercial Activities 2017 £'000	Advisory Services 2017 £'000	Third Party Assurance 2017 £'000	Services to Government 2017 £'000	Total 2017 £'000
Legal and professional	63	839	438	73	1,413
IT	22	304	159	27	512
HR	12	156	82	14	264
Marketing	19	252	132	22	425
Facilities	126	1,691	884	148	2,849
Other	1	18	9	1	29
	<u>243</u>	<u>3,260</u>	<u>1,704</u>	<u>285</u>	<u>5,492</u>

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2017

3 Expenditure (continued)

Included within Support costs are the following governance costs

	2017 £'000	2016 £'000
<i>Auditor's remuneration:</i>		
Audit of Group and subsidiary financial statements	80	60
Amounts receivable by auditor and associates in respect of:		
Services relating to taxation	6	12
Other services	-	19

The expenditure for the year of the Charity dealt with in the financial statements was £1,200k (2016: £1,658k).

4 Staff costs and numbers

	2017 £'000	2016 £'000
Group staff costs during the period amounted to:		
Wages and salaries	23,823	22,901
Social security costs	2,530	2,358
Other pension costs	2,557	2,606
	<u>28,910</u>	<u>27,865</u>

During the year the Group also made contributions of £2,242k (2016: £2,193k) to the closed BRE and LPC defined benefit Pension Scheme.

During the year redundancy and terminations payments totalling £337k (2016: £239k) were made in agreement with the employees, who were provided with independent legal advice, to compensate them for loss of employment arising from their employment with the Group ceasing.

The executive team consisting of 11 individuals were paid a total of £1,204k (2016: 7 individuals were paid £1,127k).

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

	2017 Number	2016 Number
Research staff	587	571
Support staff	56	59
	<u>643</u>	<u>630</u>

The comparative numbers for 2016 have been restated from average full time equivalent employees to average number of employees.

The number of regular employees whose pay and taxable benefits exceeded £60,000 fell within the following bands:

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2017

4 Staff costs and numbers (continued)

	2017 Number	2016 Number
Salary band		
£60,000 - £69,999	23	25
£70,000 - £79,999	12	11
£80,000 - £89,999	6	9
£90,000 - £99,999	7	3
£100,000 - £109,999	3	2
£120,000 - £129,999	-	2
£130,000 - £139,999	3	1
£140,000 - £149,999	-	1
£150,000 - £159,999	-	1
£160,000 - £169,999	1	-
£180,000 - £189,999	1	-
£190,000 - £199,999	-	1
£240,000 - £249,999	1	-

The total employer contributions in the year for provision of money purchase pension benefits for higher paid employees were £232k (2016: £550k). The number of higher paid employees (i.e. greater than £60k) to whom pension benefits are accruing under money purchase schemes was 55 (2016: 53).

BRE introduced a salary sacrifice scheme in 2014 whereby staff could exchange a proportion of salary in favour of an identical increase in company pension contributions. The 2017 and 2016 comparative figures report these amounts within pension costs.

5 Trustees' remuneration and expenses

Mr Martin Wyatt received payments for consultancy services of £3,174 during 2017 (2016: £5,000). No other Trustee earned any remuneration in either 2017 or 2016. Out of pocket expenses incurred by four (2016: 2) Trustees in the furtherance of their duties are reimbursed at cost and totalled £1,050 (2016: £1,456). The whole of this amount related to travel and expenses.

6 Other finance costs

	2017 £'000	2016 £'000
Expected return on pension scheme assets	2,381	2,318
Interest on pension scheme liabilities	(3,682)	(3,700)
	<u>(1,301)</u>	<u>(1,382)</u>

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2017

7 Taxation

BRE Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable Company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The tax charge for the period is lower than the standard rate of corporation tax in the UK 20%. The differences are explained below.

	2017 £'000	2016 £'000
<i>Current tax</i>		
UK corporation tax on profit for the year	(1,030)	-
Adjustment in respect of previous year	(27)	-
	<hr/>	<hr/>
	(1,057)	-
<i>Tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	1,693	(314)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 20% (2016:20%)	339	(63)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	156	13
Depreciation in excess of/(less than) capital allowances	(6)	103
Group relief surrendered	-	(305)
Other timing differences	(273)	106
Capital gain	651	-
Gift aid	(200)	(120)
Consolidation adjustments	363	266
Adjustment in respect of prior periods	27	-
	<hr/>	<hr/>
Total tax charge /(credit)	1,057	-
	<hr/>	<hr/>

BRE TRUSTNOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017**8 Intangible fixed assets**

Group	Software	Goodwill	Other Intangibles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2016	3,021	1,361	497	4,879
Additions	367	-	-	367
At 31 March 2017	<u>3,388</u>	<u>1,361</u>	<u>497</u>	<u>5,246</u>
Amortisation				
At 1 April 2016	1,505	1,361	41	2,907
Charge for the year	717	-	99	816
At 31 March 2017	<u>2,222</u>	<u>1,361</u>	<u>140</u>	<u>3,723</u>
Net book value				
At 31 March 2017	<u>1,166</u>	<u>-</u>	<u>357</u>	<u>1,523</u>
At 31 March 2016	<u>1,516</u>	<u>-</u>	<u>456</u>	<u>1,972</u>

Contained in the total for software are the following assets all with a remaining amortisation period of 3 years:

	£'000
Agresso ERP system	505
BRE Academy Digital platform	198
LIMs platform	273

BRE TRUSTNOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017**9 Tangible fixed assets**

Group	Freehold Land and Buildings £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 April 2016	34,363	6,351	649	53	41,416
Additions	927	1,054	152	-	2,133
Disposals	(11,576)	-	-	-	(11,576)
Revaluation	3,186	-	-	-	3,186
At 31 March 2017	<u>26,900</u>	<u>7,405</u>	<u>801</u>	<u>53</u>	<u>35,159</u>
Depreciation					
At 1 April 2016	6,465	4,800	415	46	11,726
Charge for year	435	513	59	5	1,012
Eliminated on disposals	(226)	-	-	-	(226)
At 31 March 2017	<u>6,674</u>	<u>5,313</u>	<u>474</u>	<u>51</u>	<u>12,512</u>
Net Book Value					
At 31 March 2017	<u>20,226</u>	<u>2,092</u>	<u>327</u>	<u>2</u>	<u>22,647</u>
At 31 March 2016	<u>27,898</u>	<u>1,551</u>	<u>234</u>	<u>7</u>	<u>29,690</u>

Freehold land is not depreciated. As at 31 March 2017, freehold land was held at the revalued amount of £17.6 million. The comparable cost (and net book value) at that date determined under the historical cost accounting rules would have been £4.9 million. A full valuation was performed on 28 February 2017 by Daniel Hunter (MRICS) of Strutt & Parker. The valuation was prepared in accordance with the RICS Valuation Professional Standards, January 2014 ("the Red Book").

On 14 July 2016, part of the land at the BRE HQ site in Garston was sold to a developer for residential homebuilding. The gross sales proceeds were £11.35m, of which £3.0m had been received by 31 March 2017 with the balance received in July 2017.

No tangible fixed assets are owned by the Trust.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

10 Fixed asset investments

Group	Total
	£'000
Cost	
At 1 April 2016	276
Share of associates profit	55
At 31 March 2017	<u>331</u>
Impairment	
At 1 April 2016	259
At 31 March 2017	<u>259</u>
Net Book Value	
At 31 March 2017	<u>72</u>
At 1 April 2016	<u>17</u>

The Group's investment represents its 25% holding in Fire Investigations UK LLP which is held through BRE Global. Building Research Establishment Limited has an associate interest in National Centre of Excellence in Housing – as one of two members in this company limited by guarantee. It has no impact on the profit and loss or balance sheet.

The total of the Group's net movement in funds from interests in associated undertakings was £55k profit (2016: £1k profit)

Charity	Interest in subsidiary undertakings £'000
Net Book Value	
At 1 April 2016 and 31 March 2017	<u>5,000</u>

BRE TRUSTNOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017**10 Fixed asset investments (continued)****The trading results of the operating subsidiaries of the Group are:**

	Building Research Establishment Limited 2017 £'000	BRE Global Limited 2017 £'000	Constructing Excellence Limited # 2017 £'000	Ceequal Limited 2017 £'000	BRE China 2017 £'000	BRE USA 2017 £'000
Summary profit and loss account						
Turnover	19,570	30,144	539	687	1,015	530
Operating costs	(27,667)	(25,031)	(155)	(272)	(807)	(1,078)
Other operating income	7,119	-	-	-	-	-
Operating profit/(loss)	(978)	5,113	384	415	208	(548)
Interest receivable	-	-	-	-	40	-
Interest payable	(33)	-	-	-	-	-
Other finance costs	(1,301)	-	-	-	-	-
Net result	(2,312)	5,113	384	415	248	(548)
Gift aid	-	(1,000)	-	-	-	-
Taxation	(62)	(817)	(103)	(83)	8	-
Retained in the subsidiary	(2,374)	3,296	281	332	256	(548)
Assets and liabilities of the subsidiary						
Fixed assets	23,937	639	-	-	2	711
Current assets	18,547	12,171	254	847	894	58
Creditors falling due within one year	(16,070)	(7,444)	(154)	(362)	(564)	(668)
Net assets/(liabilities)	26,414	5,366	100	485	332	101
Provision for liabilities	(2,099)	-	-	-	-	(668)
Pension scheme liabilities	(51,768)	-	-	-	-	-
Deferred grant	(400)	-	-	-	-	-
Total funds	(27,853)	5,366	100	485	332	(567)

The results of Constructing Excellence in Learning Limited are included with those of Constructing Excellence Limited.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2017

11 Subsidiary and associate undertakings

The undertakings in which the Group's interest at 31 March 2017 was more than 20% were as follows:

	Interest in ordinary share capital	Activity
Trading Companies:		
BRE Group Limited (02704081)	100%	Management of subsidiary company operations
Building Research Establishment Limited (03319324) ^{###}	100%	Advisory services and information on building performance, construction and fire safety
BRE Global Limited (08961297) ^{##}	100%	Testing and certification of materials and products, and certification of personnel, Buildings, process, systems and supply chains
Building Research Establishment Shenzhen Limited (91440300358776938Y)*	100%	Sustainability and training
Ceequal Limited (04568928) ⁺	100%	Methodologies for sustainable infrastructure projects
BRE America Holdings Inc (5984258)*	100%	Holding company
BRE America LLC (201607410163)*	100%	Assessment of developments under BREEAM process
Buildingwise LLC (200716410151)	100%	Assessment of developments under LEED and BREEAM process
Constructing Excellence Limited (04641522)*	100%	Co-ordination of member led performance improvement network
Constructing Excellence in Learning Limited (05179194)*	100%	Holding company
Fire Investigations UK LLP (OC364611) ⁺	25%	Fire investigation consultancy
Non-Trading Companies:		
BRE Certification Limited (03548352) ⁺	100%	
BRE Ventures Limited (03319327)* #	100%	
FBE Management Limited (03538600) ^{##}	100%	
BRE International Limited (01915620)* #	100%	
BRE Canada Inc (81924 6000)*	100%	
BRE Projects Limited (01907386)*	100%	
BRE Waste and Environmental Body Limited (03439987)*#	100%	
Code for Sustainable Buildings Limited (02886916)*#	100%	
E-Statepro Limited (04303305)*#	100%	
Construction Audit Limited (02537317)* #	100%	
EFSG Limited (02971676)#	100%	
The Loss Prevention Certification Board Limited (01907862)* #	100%	
Building Performance Group Limited (01573939)*#	100%	
BRE Clean Technologies Limited (02704080)*#	100%	
The International Sustainability Alliance Limited (07369623)	100%	

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

11 Subsidiary and associate undertakings (continued)

* Held through Building Research Establishment Limited

Dormant company

Held through BRE Group Limited

+ Held through BRE Global Limited

All of the subsidiaries and associates are registered in England and Wales with the exception of BRE America Holdings Inc, BRE America LLC and Buildwise LLC which are registered in the United States, BRE Canada which is registered in Canada and BRE China which is registered in China.

12 Debtors

	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
	Group	Charity	Group	Charity
Trade debtors	17,970	-	9,705	-
Amounts recoverable on contracts	2,783	-	3,251	-
Amounts due from group undertakings	-	1,239	-	2,867
Other debtors	645	-	1,300	-
Prepayments	892	-	631	-
	<u>22,290</u>	<u>1,239</u>	<u>14,887</u>	<u>2,867</u>

The loans to Group undertakings have been made to the Trust's subsidiary undertakings in accordance with the charitable objectives of the Trust. They are secured on the assets of that company with interest charged at 0.25% (2016: 0.25%) above base rate.

13 Creditors : amounts falling due within one year

	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
	Group	Charity	Group	Charity
Deferred income	8,081	-	9,418	-
Trade creditors	1,468	73	1,166	16
Social security and other taxes	1,804	-	2,154	-
Corporation tax	1,065	-	-	-
Other creditors	733	-	556	-
Accruals	2,349	146	1,374	617
	<u>15,500</u>	<u>219</u>	<u>14,668</u>	<u>633</u>

Deferred income movement:

	2017	2017
	£'000	£'000
	Group	Charity
Balance at 1 April 2016	9,418	-
Amount released in the year	(9,418)	-
Amount deferred in the year	8,081	-
Balance at 31 March 2017	<u>8,081</u>	<u>-</u>

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2017

13 Creditors : amounts falling due within one year (continued)

Deferred income arises where services have been invoiced but the performance conditions in relation to part of the amount invoiced have not yet been met.

14 Provision for liabilities

Future amounts payable relating to:	Directors' Retirement Lump Sums £'000	End of Service Payments £'000	Litigation £'000	Total £'000
Group:				
At 1 April 2016	339	1,339	1,375	3,053
Utilised in the year	(214)	(609)	(747)	(1,570)
Charge to the Statement of Financial Activities	-	510	106	616
At 31 March 2017	125	1,240	734	2,099

The future amounts payable relating to end of service payments 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 litigation provision is made in respect of possible future litigation including all legal fees, prosecution costs and any other costs imposed or arising on contracts.

The timing of the cash outlays in respect of these provisions is uncertain but should not exceed £980k in the next financial year.

15 Reserves

Group	General Fund Unrestricted £'000	Pension Reserve Unrestricted £'000	Revaluation Reserve Unrestricted £'000	Other Reserve Unrestricted £'000	Total Unrestricted Funds £'000	Income Fund Restricted £'000
At 1 April 2015	13,235	(41,653)	12,914	900	(14,604)	69
Net loss for the year	(257)	-	-	-	(257)	(56)
Transfer	450	-	-	(450)	-	-
Actuarial loss recognised in defined benefit pension	(811)	3,365	-	-	2,554	-
Revaluation of land	-	-	3,244	-	3,244	-
Increase in valuation of intangibles	266	-	-	-	266	-
At 31 March 2016	12,883	(38,288)	16,158	450	(8,797)	13

BRE TRUSTNOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017**15 Reserves (continued)**

Group	General Fund Unrestricted £'000	Pension Reserve Unrestricted £'000	Revaluation Reserve Unrestricted £'000	Other Reserve Unrestricted £'000	Total Unrestricted Funds £'000	Income Fund Restricted £'000
At 1 April 2016	12,883	(38,288)	16,158	450	(8,797)	13
Net income for the year	636	-	-	-	636	-
Transfer	450	-	-	(450)	-	-
Transfer on disposal of land	7,809	-	(7,809)	-	-	-
Revaluation of land	-	-	3,186	-	3,186	-
Actuarial loss recognised in defined benefit pension	(940)	(13,480)	-	-	(14,420)	-
At 31 March 2017	<u>20,838</u>	<u>(51,768)</u>	<u>11,535</u>	<u>-</u>	<u>(19,395)</u>	<u>13</u>

The negative goodwill that arose at the time of the acquisition of the business in 1997 is contained in the other reserve and is being transferred to the general fund over its useful economic life of 20 years. The cumulative amount of negative goodwill transferred to the general fund amounts to £12,833k (2016: £12,383k).

The general fund is the amount of “free reserves” after allowing for all designated funds. The revaluation reserve is the value of unrestricted funds represented by the freehold land and buildings owned and used by the Group and its subsidiaries on an ongoing basis.

Charity	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
At 1 April 2016	7,310	13	7,323
Net deficit for the year	(1,165)	-	(1,165)
At 31 March 2017	<u>6,145</u>	<u>13</u>	<u>6,158</u>

The net deficit for the year of the Charity dealt with in the financial statements was £165k (2016: £996k loss).

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

BRE TRUSTNOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017**15 Reserves (continued)**

Analysis of Group net assets between funds	Restricted Funds	General Fund	Pension Reserve	Revaluation Reserve	Total
	2017 £'000	2017 £'000	2017 £'000	2017 £'000	2017 £'000
Intangible	-	1,523	-	-	1,523
Tangible	-	11,112	-	11,535	22,647
Investments	-	72	-	-	72
Net current assets	13	10,230	-	-	10,243
Provisions	-	(2,099)	-	-	(2,099)
Pension scheme liability	-	-	(51,768)	-	(51,768)
	<u>13</u>	<u>20,838</u>	<u>(51,768)</u>	<u>11,535</u>	<u>(19,382)</u>

Analysis of Group net assets between funds	Restricted Funds	General Fund	Pension Reserve	Revaluation Reserve	Other Reserve	Total
	2016 £'000	2016 £'000	2016 £'000	2016 £'000	2016 £'000	2016 £'000
Intangible	-	2,239	-	-	-	2,239
Tangible	-	13,082	-	16,158	450	29,690
Investments	-	17	-	-	-	17
Net current assets	13	598	-	-	-	611
Provisions	-	(3,053)	-	-	-	(3,053)
Pension scheme liability	-	-	(38,288)	-	-	(38,288)
	<u>13</u>	<u>12,883</u>	<u>(38,288)</u>	<u>16,158</u>	<u>450</u>	<u>(8,784)</u>

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

16 Cash flows from operating activities

	2017 £'000	2016 £'000
Net income/(expenditure)	636	(313)
<i>Adjustments for:</i>		
Interest receivable	(40)	-
Depreciation, amortisation and impairment	1,828	1,476
Taxation	1,057	-
Share of associate profit		(1)
Pension other finance costs	1,301	1,382
Pension deficit funding contributions	(2,242)	(2,193)
Unrealised exchange losses	(9)	-
Movement in working capital:		
Increase in debtors	(7,403)	(2,170)
(Decrease)/increase in creditors	(220)	459
(Decrease)/increase in provisions	(954)	1,241
Taxation paid	5	-
Net cash from operating activities	(6,041)	(119)

17 Analysis of change in net funds

	At 1 April 2016 £'000	Cash flow £'000	At 31 March 2017 £'000
Cash at bank	659	2,794	3,453
Cash and cash equivalents	659	2,794	3,453

18 Pensions

The Group operated two funded defined benefit pension schemes, one for the employees who transferred from LPC (the LPC scheme) and one for other employees of the Trust and its subsidiaries who commenced employment before 31 December 2001 (the BRE Scheme). Both defined benefit schemes are funded and closed to future accrual.

During the year ended 31 March 2016 the two schemes were merged together to form one scheme – the BRE and LPC Pension Scheme. The LPC Pension Scheme transferred in £19,591k of assets and £34,538k of liabilities at the transfer date.

The Group 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 have also been offered membership of this scheme on the same terms. The Group contributes up to 5% of salary so long as the members do the same. However, members can contribute a higher amount if they wish to do so. The pension cost for the

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

18 Pensions (continued)

year represents contributions payable by the Group to the scheme and amounted to £2,242k (2016: £1,993k) and scheme related expenses. All the pension costs relate to unrestricted funds and have been allocated between activities based on the level of income for the year.

Contributions to the stakeholder scheme amounting to £163k (2016: £3k) were payable at 31 March 2017 and are included in creditors.

The assets of the defined benefit schemes are held separately from those of the Group, being invested with Ruffer, Barings and BNY Mellon. The assets of the stakeholder scheme are invested with Scottish Widows.

Management charges of £243k (2016: £173k) were incurred in respect of the defined benefit scheme. Contributions to this scheme amounting to £191k (2016: £181k) were payable at 31 March 2017 and are included in creditors. Monthly contributions to the schemes are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

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

The major assumptions used by the actuary were:

	Combined Scheme	Separate BRE and LPC Schemes	Separate BRE and LPC Schemes
	2017 %pa	2016 %pa	2015 %pa
Rate of increase in salaries	2.10	1.80	1.80
Discount rate for calculation of benefits	2.60	3.50	3.30
Inflation (RPI)	3.10	2.80	2.90
Inflation (CPI)	2.10	1.80	1.90

In valuing the liabilities of the pension fund at 31 March 2017, 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:

The BRE and LPC Pension Scheme

- Current pensioner aged 65: 22.2 years (male) and 24.2 (female)
- Future retiree (aged 45) upon reaching 65: 23.9 years (male) and 26.2 (female)

The assumptions used by the actuary are the Group'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.

The asset valuations of the scheme at that date amounted to £73,070k (2016: £68,659k) for the combined BRE and LPC scheme. These amounts were sufficient to cover 64% (2016: 63%) of the benefits that had accrued to members.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

18 Pensions (continued)

The fair value of the scheme's 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 scheme's liabilities, which are derived from cash flow projections over long years and thus inherently uncertain, were:

	2017 £'000	2016 £'000
Present value of funded defined benefit obligations	(124,838)	(106,947)
Fair value of assets	73,070	68,659
Net deficit	(51,768)	(38,288)
Movements in present value of defined benefit obligation	2017 £'000	2016 £'000
At 1 April	106,947	112,533
Interest on obligation	3,683	3,665
Actuarial loss/(gain)	17,721	(6,524)
Benefits paid	(3,513)	(2,727)
At 31 March	124,838	106,947
Movements in fair value of assets	2017 £'000	2016 £'000
At 1 April	68,659	70,880
Expected return on assets	2,381	2,318
Actuarial gain/(loss)	3,301	(3,970)
Contributions by employer	2,242	2,193
Benefits paid	(3,513)	(2,727)
Expenses	-	(35)
At 31 March	73,070	68,659
Amounts recognised in the Consolidated Statement of Financial Activities	2017 £'000	2016 £'000
Interest on defined benefit obligations	(3,682)	(3,700)
Expected return on assets	2,381	2,318
Resources expended (included in other finance costs)	(1,301)	(1,382)

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

18 Pensions (continued)

	2017 £'000	2016 £'000
Actual return less expected return on assets	3,301	(3,970)
Experience gain/(loss) on liabilities	734	(596)
Change in assumptions underlying the present value of the liabilities	(18,455)	7,120
	<hr/>	<hr/>
Actuarial loss	(14,420)	2,554
	<hr/>	<hr/>

Assets

The major assets and the return on those assets were as follows:

	Expected Return from 31 March 2017 %	Value as % of Total assets 31 March 2017 %	Expected Return from 31 March 2016 %	Value as % of Total assets 31 March 2016 %
Diversified Growth Fund	2.6	99	3.5	99
Cash/Other	2.6	1	3.5	1
		<hr/>		<hr/>
Total assets		100		100

The actual return on the Scheme's assets over the year to the review date was 8.4%.

Summary of Prior Year Amounts

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

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Present value of scheme liabilities	(124,838)	(106,947)	(112,533)	(95,696)	(97,101)
Fair value of scheme assets	73,070	68,659	70,880	65,471	67,412
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deficit	(51,768)	(38,288)	(41,653)	(30,225)	(29,689)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Experience gain/(loss)	734	(596)	636	1,293	(784)
On scheme liabilities change in assumptions	(18,455)	7,120	(15,673)	1,788	(12,543)
Experience gain/(loss) on scheme assets	3,301	(3,970)	2,745	(5,696)	3,254

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

18 Pensions (continued)

In relation to the FRS102 disclosure no deferred tax has been provided on the net deficit of the scheme as no tax liabilities or benefits are expected to arise for the foreseeable future.

The Group expects to contribute approximately £2,350k to the defined benefit scheme in the next financial year.

19 Financial instruments

	2017 £'000	2017 £'000	2016 £'000	2016 £'000
	Group	Charity	Group	Charity
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Cash	3,453	138	659	89
Trade debtors	17,970	-	9,705	-
Accrued income	2,783	-	3,251	-
Other debtors	645	1,239	1,300	2,867
<i>Financial liabilities measure at amortised cost</i>				
Trade creditors	1,468	73	1,166	16
Other creditors	733	-	556	-
Accruals	2,349	146	1,374	617

20 Financial commitments

At 31 March 2017 the Group had future minimum lease payments under non-cancellable operating lease arrangements as follows:

During the year £278k was recognised as an expense in the Statement of Financial Activities in respect of operating leases (2016: £187k)

Plant and machinery expiring:	2017 £'000	2016 £'000
Not later than one year	90	146
Later than one year and not later than five years	50	141
Later than five years	-	-
	<u>140</u>	<u>287</u>
Land and Buildings expiring:	2017 £'000	2016 £'000
Not later than one year	104	121
Later than one year but not later than five years	336	440
Later than five years	-	-
	<u>440</u>	<u>561</u>

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

21 Capital commitments

The following commitments for capital expenditure existed at 31 March 2017 for which no provision has been made:

	2017 £'000	2016 £'000
Contracted	329	324

22 Contingent liabilities

There were no contingent liabilities at 31 March 2017 or 31 March 2016 other than those disclosed in note 14.

23 Related party transactions

Trustees and directors

Due to the nature of the Trust's operations and the composition of the Trustees (holding other executive and non-executive roles) from time to time transactions will take place with organisations in which a member of the Trustees may have an interest. All transactions involving organisations in which a member of the Trustees may have an interest are conducted at arms length and in accordance with the Trust's financial regulations and normal sales or procurement procedures. Trustees are required to complete a declaration of interest each year.

During the year the Group made sales totalling £9k (2016: £27k) to Wates Construction a company of which James Wates, the Trustee Chairman, is a director. At the year end the amount owed to the Group in relation to these sales was £nil (2016: £7k).

James Wates is also a director of Argent LLP. During the year, the year membership of SMARTWaste generated income of £5,000 (2016: £4,100). The balance outstanding at 31 March 2017 was £nil (2016: £nil).

June Barnes, a trustee, is a non-executive director and shareholder of Urban and Civic Plc. During the year, work undertaken on sustainability issues at their Alconbury and Waterbeach sites generated income of £65,827 (2016: £16,318). The balance outstanding at 31 March 2017 was £nil (2016: 16,318).

During the year the Group used the services of Ant Consultancy at a cost of £24,458 (2016: £nil). Alexander Trafford, the son of Niall Trafford the Chief Operating Officer of BRE is a director of Ant Consultancy. The amount outstanding at 31 March 2017 was £nil (2016: £nil).

Gavin Dunn, Director of BRE's Business Performance Group, is a member of the Building Regulations Advisory Committee, a formally appointed advisory body to the Department of Communities and Local Government (DCLG). During the year, work undertaken for the DCLG generated income of £967,338 (2016: £123,560). The amount outstanding at 31 March 2017 was £49,572 (2016: £34,666).

Gavin Dunn is also Vice President of The Chartered Association of Building Engineers. During the year, the sale of a BRE Gold Sponsorship of Beinspired generated income of £3,000 (2016: £nil). The balance outstanding at 31 March 2017 was £nil (2016: £nil).

Group companies

- Building Research Limited paid £33,000 interest on its intercompany loans with the Trust
- The Trust paid £629,118 to Building Research Establishment Limited for work performed on research projects being undertaken by the Trust.
- The Trust paid £27,939 to BRE Global Limited for work performed on research projects being undertaken by the Trust.

At 31 March 2017 there were intercompany balances amounting to £1,239k (2016: £2,867) outstanding between the Trust and its subsidiaries.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

24 Acquisitions

On 9 May 2016, the Group acquired 100% of the equity of Buildingwise Inc. for a cash consideration of £55k. This transaction has been accounted for by the acquisition method of accounting.

The assets and liabilities acquired at the date of acquisition were

	£'000
Intangible assets (customer relationships)	1,089
Debtors	78
Cash at bank	6
Creditors less than one year	(140)
Creditors more than one year	(978)
	<hr/>
	55

On 8 August 2016, the Group acquired 100% of the equity of Constructing Excellence Limited for no cash consideration. The company is a platform for improvement in the construction industry. This transaction has been accounted for by the acquisition method of accounting.

The assets and liabilities of Constructing Excellence Limited acquired at the date of acquisition were

	£'000
Debtors	199
Cash at bank	15
Creditors less than one year	(388)
	<hr/>
	(174)

The revenue and profit before tax amounts that has been included in the consolidated statement of financial activities are £527k and £382k respectively.

On 8 August 2016, the Group acquired 100% of the equity of Constructing Excellence Learning Limited for no cash consideration. The company provides approved training and qualifications in the construction industry and is regulated by Ofqual. This transaction has been accounted for by the acquisition method of accounting.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

24 Acquisitions (continued)

The assets and liabilities of Constructing Excellence Learning Limited acquired at the date of acquisition were

	£'000
Tangible assets	3
Debtors	8
Creditors less than one year	(18)
	<hr/>
	(7)
	<hr/>

The revenue and profit before tax amounts that has been included in the consolidated statement of financial activities are £13k and £2k respectively.

25 Post balance sheet events

In April 2017 the Group established a fire testing and certification facility in Ireland called BRE Global Assurance (Ireland) Limited as a response to the result of the Brexit referendum and in order to protect income related to testing and certification currently delivered by the fire and security elements of BRE Global.

On 30 June 2017 BRE Global Limited disposed of its entire investment in Fire Investigations UK LLP.

