

BUILDING RESEARCH ESTABLISHMENT LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR

1 APRIL 2014 - 31 MARCH 2015

Company Registration Number: 03319324

BUILDING RESEARCH ESTABLISHMENT LIMITED

FINANCIAL STATEMENTS

For the year 1 April 2014 - 31 March 2015

Registered office: Bucknalls Lane
 Garston
 Watford
 Hertfordshire
 WD25 9XX

Bankers: Barclays Bank PLC
 1 Churchill Place
 London
 E14 5HP

Solicitors: Sherrards
 45 Grosvenor Road
 St Albans
 Hertfordshire
 AL1 3AW

Auditors: KPMG LLP
 58 Clarendon Road
 Watford
 Hertfordshire
 WD17 1DE

BUILDING RESEARCH ESTABLISHMENT LIMITED

FINANCIAL STATEMENTS

For the year 1 April 2014 - 31 March 2015

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BUILDING RESEARCH ESTABLISHMENT LIMITED

CHIEF EXECUTIVE'S STATEMENT

For the year 1 April 2014 - 31 March 2015

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

Chief Executive's Report

BRE has achieved a good profit outturn for its main core business. Trading conditions have remained challenging, but we have continued to expand our presence internationally through networking and applied research work.

The amount of work within the public sector has continued to decrease and where existing contracts have been renewed they have been at lower values - as predicted and expected in our strategic plan. Private sector applied research work has grown and this, along with an increase in our product-based business, has compensated for the reduction in public sector funding- again in line with our strategic plan. A smaller public purse will continue to be the norm, so continued growth in other areas of our business are essential to our future success.

We achieved a higher profit figure than last year.

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

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

We remain vigilant and proactive in taking the early actions required to support and protect our business. Operationally, we have continued to improve our performance to deliver measurable efficiency improvements across our business. We continue to adopt a more collaborative working approach across the BRE group of companies and this has enabled us to deliver a more effective and holistic customer focussed range of services to our client – both nationally and internationally.

Market Background

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

- Climate change and its mitigation– buildings account for almost 50% of CO2.
- Adaptation to climate change & severe weather outcomes.
- Rapid population growth and urbanisation and resource utilization.
- Austerity: less Government funding & public spending, slow economic growth.
- Global corporates are realising that sustainability is a business imperative.
- The ageing demographic and future healthcare delivery.
- Advanced technology development and integration.
- Globalisation: the products and services we develop have to be delivered globally and adapted locally.

Demand for our skills in the above areas continues to grow and our business continues to reflect these drivers for change in the research it conducts, the services it offers and the products and tools it develops.

BUILDING RESEARCH ESTABLISHMENT LIMITED

CHIEF EXECUTIVE'S STATEMENT

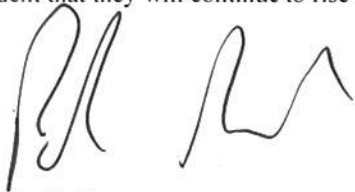
For the year 1 April 2014 - 31 March 2015

Development of the Business

BRE has continued to be successful in developing the range of products and services it offers to both government and private sectors and remains focussed on innovation, risk and sustainability. We have continued to grow our work with FTSE 100 companies and major corporate companies as well as extending our reach to international growth economies. During the year we have invested in new facilities and in improving our IT infrastructure. We will continue to invest in our facilities and people to aid the business to grow.

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

BRE continues to be a truly 'people business' which relies on the dedication, skill and integrity of its staff, many of whom are recognised nationally and internationally as experts in their field, to drive it forward. We are confident that they will continue to rise to the many challenges and opportunities that lie ahead.



Peter Bonfield
Chief Executive

01 September 2015

BUILDING RESEARCH ESTABLISHMENT LIMITED

REPORT OF THE DIRECTORS

For the year 1 April 2014 - 31 March 2015

The Directors have pleasure in presenting their report for the year ended 31 March 2015.

Board of Directors

Directors who held office during the year until the date of signing these accounts are set out below:

Chief Executive	Peter Bonfield
	Russell Heusch
	Guy Hammersley
	Niall Trafford
	David Penn

Proposed Dividends

The Directors do not propose the payment of a dividend (2014: £nil).

Political and charitable donations

The company made no political donations (2014: £nil) during the year, but made charitable donations of £6k (2014: £45k).

Disclosure of information to auditors

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

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.



BY ORDER OF THE BOARD
Niall Trafford
Director

Bucknalls Lane
Garston
Watford
Hertfordshire
WD25 9XX

Company Registration Number: 03319324

01 September 2015

BUILDING RESEARCH ESTABLISHMENT LIMITED

STRATEGIC REPORT

For the year 1 April 2014 - 31 March 2015

The Directors have pleasure in presenting their strategic report for the year ended 31 March 2015.

Principal activity

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

Review of the business

The profit achieved by the company before gift aid and taxation is £1,925k (2014: £615k). The Directors consider the profit achieved on ordinary activities to be satisfactory. Further information on the review of business is given within the Chief Executive's Statement.

Risks

The risk management process in BRE seeks to enable the early identification, evaluation and effective management of the key risks facing the business at operational level and to operate internal controls, which adequately mitigate these risks. The company regularly assesses its risk management activities to ensure good practice in all areas. BRE is ISO 9001 accredited.

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

Personnel policies

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

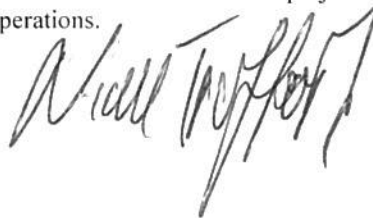
This is achieved through open meetings, newsletters and consultations with employee representatives. Employment policies aim to provide equal opportunities, irrespective of sex, race, religion or marital status. Applications by disabled persons are given full and fair consideration and, wherever practicable, provision is made for their special needs. The same criteria apply to disabled persons for training, career development and promotion as to any other employee. If any employee becomes disabled, every effort is made to ensure their continued employment by providing adequate facilities, offering an alternative job or providing retraining where necessary.

Environmental

As much of BRE's core business is directly connected with helping others to improve their environmental performance and the environment around them, it is essential for BRE to practice what it preaches and thus ensure that its operations and activities are being managed in a way which is both energy and resource-efficient. To this end the BRE Group's sustainability strategy – known as the 'S Plan' sets out a programme of continuous improvement across eight key areas of sustainability: carbon dioxide (CO₂) emissions; resource efficiency; supply chain engagement; transport; community engagement; ecology; water; and information systems.

During 2014/15 BRE's S Plan Team continued to drive forward projects which have contributed to reducing the overall impact of the BRE Group's operations.

BY ORDER OF THE BOARD
Niall Trafford
Director



Bucknalls Lane
Garston
Watford
Hertfordshire
WD25 9XX

Company Registration Number: 03319324

01 September 2015

BUILDING RESEARCH ESTABLISHMENT LIMITED

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT, STRATEGIC REPORT AND THE FINANCIAL STATEMENTS

For the year 1 April 2014- 31 March 2015

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

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

Under company law the Directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

58 Clarendon Road
Watford
Hertfordshire
WD17 1DE
United Kingdom

Independent auditor's report to the members of Building Research Establishment Limited

We have audited the financial statements of Building Research Establishment Limited for the year ended 31 March 2015, set out on pages 8 to 32. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of the company's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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



Mark Matthewman (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

10.9.15

BUILDING RESEARCH ESTABLISHMENT LIMITED

PRINCIPAL ACCOUNTING POLICIES For the year 1 April 2014 - 31 March 2015

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost and going concern conventions. The directors have reviewed future plans in light of the negative net assets caused by the movement in market to market valuation of the long term pension deficit and confirm that going concern continues to be an appropriate convention. The principal accounting policies are set out below and have remained unchanged from the previous year.

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

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

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

BASIS OF CONSOLIDATION

BRE, as a wholly owned subsidiary of BRE Group Limited and the ultimate parent undertaking and controlling party being BRE Trust, is exempt by virtue of s400 of the Companies Act 2006 from preparing consolidated financial statements. Consequently, these financial statements only present information about the company.

INTANGIBLE ASSETS

In accordance with FRS 10 'Goodwill and Intangible Assets' purchased goodwill is capitalised and amortised over its useful economic life, which is determined on a case by case basis, but does not exceed 20 years.

As a matter of accounting policy, purchased negative goodwill first accounted for in periods ended 31 March 1998, the date of implementation of FRS 10, was eliminated from the financial statements by immediate write off to a separate reserve. This goodwill is retained in a separate reserve and transferred to the profit and loss reserve as it is realised over a maximum period of 20 years.

Negative goodwill arising on business combinations since 1 April 1998 is included in intangible assets and released to the Statement of Financial Activities over the period in which the fair values of the non-monetary assets purchased on the same acquisitions are recovered whether through depreciation or sale. Any negative goodwill in excess of the values of the non-monetary assets is written back in the profit and loss account over the period negative goodwill will benefit the group.

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

TURNOVER

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

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover reflecting the proportion of work completed to date on the project.

BUILDING RESEARCH ESTABLISHMENT LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year 1 April 2014 - 31 March 2015

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

No depreciation is provided on freehold land or agricultural land.

LONG TERM CONTRACTS

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

LEASED ASSETS

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

PROVISIONS

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Within provisions is an amount for enhanced redundancy benefits where employees over 50 years of age can, under TUPE rules, translate part of their redundancy entitlement into an annual compensation payment a provision is made for the future amounts payable over the estimated life expectancy of the ex-employees.

TAXATION

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised without discounting, in respect of all timing differences between treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 'Deferred Tax'.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any exchange differences are dealt with through the profit and loss account.

RESEARCH AND DEVELOPMENT

All research expenditure is charged to the statement of financial activities in the period in which it is incurred. The development costs incurred in the creation of new software products and tools are capitalised under intangibles.

BUILDING RESEARCH ESTABLISHMENT LIMITED

PRINCIPAL ACCOUNTING POLICIES For the year 1 April 2014 - 31 March 2015

POST-RETIREMENT BENEFITS

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

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension costs charged against net income are the contributions payable to the scheme in respect of the accounting period.

DEFERRED CAPITAL GRANTS

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

INVESTMENTS

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

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

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

For the year 1 April 2014 to 31 March 2015

	Note	2015 £'000	2014 £'000
Turnover	1	21,312	21,230
Staff costs	3	(16,147)	(26,644)
Depreciation of tangible assets	10	(1,042)	(962)
Amortisation of intangible assets	9	(491)	(351)
Operating expenses		(11,459)	(11,350)
Other operating income	5	9,066	18,733
		<hr/>	<hr/>
Operating profit	2	1,239	656
Loss on disposal of assets		-	(4)
Interest receivable		124	41
Interest payable	6	(37)	(36)
Other finance income/(costs)	7	599	(42)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,925	615
Tax Credit	8	149	-
		<hr/>	<hr/>
Profit for the financial year		2,074	615
		<hr/>	<hr/>

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

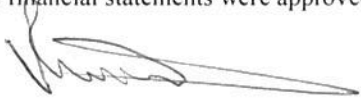
The accompanying accounting policies and notes on pages 14 to 32 form an integral part of these financial statements.

BUILDING RESEARCH ESTABLISHMENT LIMITED**BALANCE SHEET**

For the year 1 April 2014 to 31 March 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	9	1,194	1,343
Tangible assets	10	26,771	24,137
Investments	11	-	-
		<hr/>	<hr/>
		27,965	25,480
Current assets			
Investments	12	-	2,208
Stock		-	133
Debtors	13	8,095	7,512
Cash		2,509	3,380
Creditors: amounts falling due within one year	14	(10,874)	(13,192)
		<hr/>	<hr/>
Net current (liabilities)/assets		(270)	41
		<hr/>	<hr/>
Total assets less current liabilities		27,695	25,521
Creditors: amounts falling due after more than one year	15	(2,400)	(2,400)
Provisions for liabilities	16	(1,812)	(1,870)
Deferred capital grant	17	(462)	(646)
		<hr/>	<hr/>
Net assets excluding pension liabilities		23,021	20,605
Pension scheme liabilities	20	(41,653)	(30,225)
		<hr/>	<hr/>
Net liabilities including pension liabilities		(18,632)	(9,620)
		<hr/>	<hr/>
Capital and reserves			
Share capital	18	-	-
Share premium	19	5,000	5,000
Profit and loss account	19	(37,446)	(25,765)
Revaluation reserve	19	12,914	9,795
Other reserves	19	900	1,350
		<hr/>	<hr/>
Shareholder's deficit	19	(18,632)	(9,620)
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 01 September 2015


Russell Heusch
Director

Company Registration Number: 03319324

The accompanying accounting policies and notes on pages 14 to 32 form an integral part of these financial statements.

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

For the year 1 April 2014 to 31 March 2015

Statement of total recognised gains and losses	2015 £'000	2014 £'000
Profit for financial year	2,074	615
Actuarial loss recognised in the pension scheme	(14,205)	(2,615)
Unrealised revaluation of assets	3,119	-
	_____	_____
Total recognised losses relating to the financial year	(9,012)	(2,000)
	_____	_____
Reconciliation of movements in total reserves	2015 £'000	2014 £'000
Profit for financial year	2,074	615
Actuarial loss recognised in the pension scheme	(14,205)	(2,615)
Unrealised revaluation of assets	3,119	-
	_____	_____
Net reduction to total reserves	(9,012)	(2,000)
Opening reserves	(9,620)	(7,620)
	_____	_____
Closing reserves	(18,632)	(9,620)
	_____	_____

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2014 to 31 March 2015

1 TURNOVER

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

Turnover and operating expenses exclude recharges of £Nil (2014: £1,745k) where the company has undertaken to negotiate and contract with third parties on behalf of clients and to subsequently recharge the clients at cost. This figure includes the payment of grants administered on behalf of other bodies.

2 OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2015 £'000	2014 £'000
Restructuring costs	647	440
Depreciation of tangible fixed assets	1,042	962
Amortisation of intangible assets	491	351
Profit on sale of investments	-	-
Operating lease rentals	86	168
Research and Development expenditure	1,376	1,090
<i>Auditor's remuneration:</i>		
Audit of group and subsidiary financial statements	55	52
Amounts receivable by auditor and associates in respect of:		
Services relating to taxation	11	38
Other services	6	6

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2014 to 31 March 2015

3 STAFF COSTS

Staff costs, including directors' remuneration, during the period amounted to:

	2015 £'000	2014 £'000
Wages and salaries	13,222	22,049
Social security costs	1,391	2,317
Other pension costs	1,534	2,278
	<u>16,147</u>	<u>26,644</u>

The 2014 figures include the cost of staff seconded to other group companies and a management charge for these costs was included within other operating income on the profit and loss account. For 2015 staff costs have been attributed directly to the group companies to which they have been deployed during the year and thus the 2015 figures above represent only the cost of staff deployed to BRE and no management arises. The staff costs in 2014 would have been £14,930 if calculated on the same basis.

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

	2015 Number	2014 Number
Research staff	277	530
Administration staff	60	56
	<u>337</u>	<u>586</u>

The staff numbers for 2014 include 280 research staff seconded to other group companies.

4 DIRECTORS' REMUNERATION

	2015 £'000	2014 £'000
Directors' emoluments	1,060	1,066
Company contributions to defined contribution pension schemes	198	163
	<u>1,258</u>	<u>1,229</u>

During the period four executive directors participated in the defined contribution pension scheme. The aggregate of emoluments of the highest paid director was £243k (2014: £252k) and Company pension contributions of £53k (2014: £48k) were made to a defined contribution scheme on his behalf. BRE introduced

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2014 to 31 March 2015

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 2015 and 2014 comparative figures report these amounts within pension costs.

5 OTHER OPERATING INCOME

Other operating income relates to costs recharged to other BRE Trust subsidiary undertakings. Charges reported for 2015 are significantly lower than those in 2014 because staff costs have been directly attributed to those companies and removed from the management charge (see note 3).

6 INTEREST PAYABLE

	2015 £'000	2014 £'000
Interest payable to group undertakings	37	36
	<hr/>	<hr/>
	37	36
	<hr/>	<hr/>

7 OTHER FINANCE INCOME / (COSTS)

	2015 £'000	2014 £'000
Expected return on pension scheme assets	4,851	4,175
Interest on pension liabilities	(4,252)	(4,217)
	<hr/>	<hr/>
	599	(42)
	<hr/>	<hr/>

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2014 to 31 March 2015

8 TAXATION

It is company policy that taxable profits made by the company are donated to BRE Trust under "Gift Aid" arrangements, or group relieved to other Group companies. The Directors consider this arrangement will remain in place for the foreseeable future.

The current tax charge for the period is lower (2014: lower) than the standard rate of corporation tax in the UK 21% (2014: 23%). The differences are explained below.

	2015 £'000	2014 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,925	615
Current tax at 21% (2014: 23%)	404	141
<i>Effects of:</i>		
Expenses not deductible for tax purposes	24	47
Depreciation in excess of capital allowances	26	186
Other timing differences	(536)	(470)
R&D relief	-	(75)
Deferred capital grant	(38)	(44)
Overseas income	-	(3)
Income adjustment on investments	43	142
Inter-company loan waiver	46	-
Group relief surrendered	31	1
Group relief consideration	(149)	-
Losses in year carried forward	-	75
Total current tax charge	(149)	-

For 2015 BRE applied an R&D tax credit of £137k under s104A CTA 2009 which is included under turnover.

A deferred tax asset of £93k, arising from losses in previous year, has been carried forward to offset tax arising on future trading profits.

The company also has an unrecognised deferred tax asset of £193k (2014: £193k) in respect of tax losses of a former business (Building Performance Group Limited) which is available for offset against future profits. However the Directors have considered it prudent not to recognise a deferred tax asset in respect of these losses in the accounts. The deferred tax asset would be recovered if there were suitable taxable profits in future periods.

The reduction in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) was substantively enacted on 2 July. A further reduction to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

BUILDING RESEARCH ESTABLISHMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year 1 April 2014 to 31 March 2015**9 INTANGIBLE FIXED ASSETS**

	Software	Goodwill	Total
	£'000	£'000	£'000
Cost			
At 1 April 2014	1,562	1,292	2,854
Additions	342		342
At 31 March 2015	1,904	1,292	3,196
Amortisation			
At 1 April 2014	602	909	1,511
Charge for year	427	64	491
At 31 March 2015	1,029	973	2,002
Net book value			
At 31 March 2015	875	319	1,194
At 1 April 2014	960	383	1,343

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

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2014 to 31 March 2015

10 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Plant and Machinery	Fixtures and Fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2014	27,888	6,373	588	70	34,919
Additions	-	497	55	5	557
Disposals	-	(1,021)	(16)	(20)	(1,057)
Revaluations	3,119	-	-	-	3,119
At 31 March 2015	31,007	5,849	627	55	37,538
Depreciation					
At 1 April 2014	5,419	5,007	298	58	10,782
Charge for year	602	369	67	4	1,042
Eliminated on disposal	-	(1,021)	(16)	(20)	(1,057)
At 31 March 2015	6,021	4,355	349	42	10,767
Net Book Value					
At 31 March 2015	24,986	1,494	278	13	26,771
At 1 April 2014	22,469	1,366	290	12	24,137

The policy of not depreciating freehold land has been retained. As at 31 March 2015, freehold land is held at the revalued amount of £21,377k. The comparable cost (and net book value) at that date determined under the historical cost accounting rules would have been £8,450k. A full valuation was performed in 2015 by David Eden (MRICS) of Strutt & Parker.

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

For the year 1 April 2014 to 31 March 2015

11 FIXED ASSET INVESTMENTS

	Interests in associated undertakings (including joint ventures)	Capital Contribution	Total
	£'000	£'000	£'000
Cost			
At the beginning of the year	242	774	1,016
	_____	_____	_____
At 31 March 2015	242	774	1,016
	_____	_____	_____
Impairment			
At the beginning of the year	242	774	1,016
	_____	_____	_____
At 31 March 2015	242	774	1,016
	_____	_____	_____
Net Book Value			
At 31 March 2015	-	-	-
	_____	_____	_____
At 1 April 2014	-	-	-
	_____	_____	_____

12 CURRENT ASSET INVESTMENTS

	Total
	£'000
Market Value at 1 April 2014	2,208
Net interest	96
Disposals	(2,304)

Market value at 31 March 2015	-

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

For the year 1 April 2014 to 31 March 2015

13 DEBTORS

	2015 £'000	2014 £'000
Trade debtors	4,187	3,027
Amounts recoverable on contracts external to group	2,513	2,473
Amounts recoverable on contracts internal to group	645	729
Amounts due from group undertakings	273	565
Other debtors	253	506
Prepayments	224	212
	<hr/>	<hr/>
	8,095	7,512
	<hr/>	<hr/>

14 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Payments received in advance from external clients	2,878	3,691
Payments received in advance from internal clients	16	23
Trade creditors	1,033	1,286
Amounts due to group undertakings	3,980	4,724
Social security and other taxes	1,965	1,554
Other creditors	262	374
Accruals	740	1,540
	<hr/>	<hr/>
	10,874	13,192
	<hr/>	<hr/>

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £'000	2014 £'000
Amounts due to group undertakings	2,400	2,400
	<hr/>	<hr/>

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year 1 April 2014 to 31 March 2015

16 PROVISIONS FOR LIABILITIES

	Directors Retirement Lump sums £'000	Litigation £'000	Restructuring £'000	Total £'000
Balance brought forward	354	60	1,456	1,870
Unwinding of discount	-	-	59	59
Utilised in the period	-	-	(113)	(113)
Transferred to the profit and loss account	(15)	-	11	(4)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance carried forward	339	60	1,413	1,812
	<hr/>	<hr/>	<hr/>	<hr/>

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

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

17 DEFERRED GRANT

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

18 SHARE CAPITAL

	2015 £	2014 £
Authorised: 1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted: Issued and fully paid 7 ordinary shares of £1 each	7	7
	<hr/>	<hr/>

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2014 to 31 March 2015

19 MOVEMENTS ON RESERVES AND SHAREHOLDERS' FUNDS

	Profit and Loss Account £'000	Revaluation Reserve £'000	Share Premium £'000	Other Reserve £'000	Shareholders' Funds £'000
At 1 April 2014	(25,765)	9,795	5,000	1,350	(9,620)
Retained profit for the year	2,074	-	-	-	2,074
Transfer (negative goodwill)	450	-	-	(450)	-
Revaluation	-	3,119	-	-	3,119
Actuarial loss recognised in the pension scheme	(14,205)	-	-	-	(14,205)
At 31 March 2015	(37,446)	12,914	5,000	900	(18,632)

	2015 £'000	2014 £'000
General fund excluding pension liability	4,207	4,460
Pension fund	(41,653)	(30,225)
	(37,446)	(25,765)

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

As stated in the accounting policy on intangible assets, negative goodwill is transferred to the profit and loss account reserve over its useful economic life.

The cumulative amount of negative goodwill acquired prior to 1998 written off to the general fund amounts to £11,933k (2014: £11,483k).

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2014 to 31 March 2015

20 PENSIONS

The group operates 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.

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 year represents contributions payable by the group to the scheme and amounted to £1,935k (2014: £1,839k) and scheme related expenses.

Contributions to the stakeholder scheme amounting to £3k (2014: £157k) were payable at 31 March 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 £229k (2014:£373k) were incurred in respect of the two defined benefit schemes. Contributions to these schemes amounting to £177k (2014: £179k) were payable at 31 March 2015 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 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:

	BRE and LPC Schemes 2015 %pa	BRE and LPC Schemes 2014 %pa	BRE and LPC Schemes 2013 %pa
Rate of increase in salaries	1.80	2.20	2.20
Discount rate for calculation of benefits	3.30	4.50	4.40
Inflation (RPI)	2.80	3.20	3.10

In valuing the liabilities of the pension fund at 31 March 2015, mortality assumptions have been made as indicated below.

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

BRE and LPC Schemes

- Current pensioner aged 65: 22.4 years (male) and 26.4 (female)
- Future retiree (aged 45) upon reaching 65: 24.1 years (male) and 26.4 (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.

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2014 to 31 March 2015

20 PENSIONS – continued

The asset valuations of the schemes at that date amounted to £50,328k (2014: £46,438k) for the BRE scheme and £20,552k (2014: £19,033k) for the LPC scheme. These amounts were sufficient to cover 64% (2014: 68%) and 68% (2014: 69%) respectively, of the benefits that had accrued to members.

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

	2015 £'000	2014 £'000
Present value of funded defined benefit obligations	(78,071)	(68,079)
Fair value of assets	50,328	46,438
Net deficit	<u>(27,743)</u>	<u>(21,641)</u>

Movements in present value of defined benefit obligation

	2015 £'000	2014 £'000
At 1 April	68,079	67,477
Interest on obligation	3,024	2,934
Actuarial loss/(gain)	8,746	(738)
Benefits paid	(1,778)	(1,594)
At 31 March	<u>78,071</u>	<u>68,079</u>

Movements in fair value of assets

	2015 £'000	2014 £'000
At 1 April	46,438	47,742
Expected return on assets	3,444	2,926
Actuarial gain/(loss)	624	(4,193)
Contributions by employer	1,600	1,557
Benefits paid	(1,778)	(1,594)
At 31 March	<u>50,328</u>	<u>46,438</u>

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2014 to 31 March 2015

20 PENSIONS – continued (BRE Scheme)

Amounts recognised in the profit and loss account

	2015 £'000	2014 £'000
Interest on defined benefit obligations	3,024	2,934
Expected return on assets	(3,444)	(2,926)
	<hr/>	<hr/>
Resources expended (included in other finance costs)	(420)	8
	<hr/>	<hr/>

Amounts recognised in the statement of total recognised gains and losses

	2015 £'000	2014 £'000
Actual return less expected return on assets	624	(4,193)
Experience gain/(loss) on liabilities	589	(149)
Change in assumptions underlying the present value of the liabilities	(9,335)	887
	<hr/>	<hr/>
Actuarial loss	(8,122)	(3,455)
	<hr/>	<hr/>

Assets

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

	2015		2014	
	Expected return from 31 March 2015 %	Value as % of Total assets 31 March 2015 %	Expected return from 31 March 2014 %	Value as % of Total assets 31 March 2014 %
Diversified Growth Fund	3.3	99	7.5	99
Cash/Other	3.3	1	0.5	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	3.3	100	7.5	100

Then actual return on the Scheme's assets over the year to the review date was 8.2%

BUILDING RESEARCH ESTABLISHMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**For the year 1 April 2014 to 31 March 2015

20 PENSIONS – continued (BRE Scheme)**Summary of Prior Year Amounts**

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

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of scheme liabilities	(78,071)	(68,079)	(67,477)	(57,862)	(53,135)
Fair value of scheme assets	50,328	46,438	47,742	42,869	40,429
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deficit	(27,743)	(21,641)	(19,735)	(14,993)	(12,706)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Experience gain/(loss) On scheme liabilities	589	(149)	(411)	(1,233)	183
change in assumptions	(9,335)	887	(7,853)	(1,899)	3,656
Experience gain/(loss) on scheme assets	624	(4,193)	2,215	(773)	(1,361)

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

The group expects to contribute approximately £1,637 to its BRE defined benefit scheme in the next financial year.

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

For the year 1 April 2014 to 31 March 2015

20 PENSIONS – continued**LPC Pension Scheme**

	2015 £'000	2014 £'000
Present value of funded defined benefit obligations	(34,462)	(27,617)
Fair value of assets	20,552	19,033
Net deficit	(13,910)	(8,584)

Movements in present value of defined benefit obligation

	2015 £'000	2014 £'000
At 1 April	27,617	29,624
Interest on obligation	1,228	1,283
Actuarial loss/(gain)	6,291	(2,343)
Benefits paid	(674)	(947)
At 31 March	34,462	27,617

Movements in fair value of assets

	2015 £'000	2014 £'000
At 1 April	19,033	19,670
Expected return on assets	1,407	1,249
Actuarial gain/(loss)	208	(1,503)
Contributions by employer	578	564
Benefits paid	(674)	(947)
At 31 March	20,552	19,033

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2014 to 31 March 2015

20 PENSIONS – continued (LPC Scheme)

Amounts recognised in the profit and loss account

	2015 £'000	2014 £'000
Interest on defined benefit obligations	1,228	1,283
Expected return on assets	(1,407)	(1,249)
	<hr/>	<hr/>
Other finance costs	(179)	34
	<hr/>	<hr/>

Amounts recognised in the statement of total recognised gains and losses

	2015 £'000	2014 £'000
Actual return less expected return on scheme assets	208	(1,503)
Experience gain on the scheme liabilities	47	1,442
Change in assumptions underlying the present value of the liabilities	(6,338)	901
	<hr/>	<hr/>
Actuarial (loss)/gain	(6,083)	840
	<hr/>	<hr/>

Assets

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

	2015		2014	
	Expected return from 31 March 2015 %	Value as % of Total assets 31 March 2015 %	Expected return from 31 March 2014 %	Value as % of Total assets 31 March 2014 %
Diversified Growth Fund	3.3	99	7.5	99
Cash	3.3	1	0.5	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	3.3	100	7.5	100

BUILDING RESEARCH ESTABLISHMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**For the year 1 April 2014 to 31 March 2015

20 PENSIONS – continued (LPC Scheme)**Summary of Prior Year Amounts**

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

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of scheme liabilities	(34,462)	(27,617)	(29,624)	(23,817)	(22,926)
Fair value of scheme assets	20,552	19,033	19,670	17,893	17,316
Deficit	<u>(13,910)</u>	<u>(8,584)</u>	<u>(9,954)</u>	<u>(5,924)</u>	<u>(5,610)</u>
Experience gain/(loss) On scheme liabilities	47	1,442	(373)	(251)	(141)
change in assumptions	(6,338)	901	(4,690)	(11)	566
Experience gain/(loss) on scheme assets	208	(1,503)	1,039	(417)	(150)

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

The group expects to contribute approximately £594k to its LPC defined benefit scheme in the next financial year.

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2014 to 31 March 2015

21 FINANCIAL COMMITMENTS

At 31 March 2015 BRE had annual commitments under operating lease arrangements as follows:

	2015 £'000	2014 £'000
Plant and machinery expiring:		
Within one year	-	12
Between two and five years	88	85
	<hr/>	<hr/>
	88	97
	<hr/>	<hr/>
Land and Buildings expiring:	2015 £'000	2014 £'000
Within one year	18	42
Between two and five years	63	69
	<hr/>	<hr/>
	81	111
	<hr/>	<hr/>

22 CAPITAL COMMITMENTS

The following commitments for capital expenditure existed as at 31 March 2015

	2015 £'000	2014 £'000
Contracted	326	185
	<hr/>	<hr/>

23 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

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

24 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2015 or 31 March 2014, other than those disclosed in note 16.

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year 1 April 2014 to 31 March 2015

25 SUBSIDIARY AND ASSOCIATE UNDERTAKINGS

On 31 March 2015 the subsidiary and associate undertakings were as follows:

	Interest in Ordinary Shares
Tri-Air Developments Limited	34.85%
Non-trading companies	
Atypical Business Services Limited (in liquidation)	100%
BRE Canada Inc	100%
BRE (Cardington) Limited	100%
BRE Waste & Environmental Body Limited	100%
BRE International Limited	100%
BRE Projects Limited	100%
Building Performance Group Limited	100%
Construction Audit Group Limited	100%
Building Performance Services Limited	100%
E-State Pro Limited	100%
EFSG Limited	100%
The Loss Prevention Certification Board Limited	100%
Innovation Den Limited	100%

The company is a member of the following companies (none of which it controls):

Companies limited by guarantee

National Centre for Excellence in Housing (non trading)

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

26 RELATED PARTY TRANSACTIONS

During the year the group had the following transactions and balances with Tri-Air Limited a company related by virtue of common directors.

	2015 £'000	2014 £'000
Aggregate sales	24	116
Aggregate debtors owed	323	308

This debt has been fully provided for.

During the year the group had the following transactions and balances with Wates Construction, a company related by virtue of Trustee Chairman.

	2015 £'000	2014 £'000
Aggregate sales	82	-
Aggregate debtors owed	8	-