

BUILDING RESEARCH ESTABLISHMENT LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR

1 APRIL 2015 - 31 MARCH 2016

Company Registration Number: 03319324

BUILDING RESEARCH ESTABLISHMENT LIMITED

FINANCIAL STATEMENTS

For the year 1 April 2015 - 31 March 2016

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 2015 - 31 March 2016

INDEX	PAGE
Chief Executive's statement	1 - 2
Report of the Directors	3
Strategic Report	4
Statement of directors' responsibilities in respect of the Directors' Report, Strategic Report and the financial statements	5
Independent auditor's report to the members of Building Research Establishment Limited	6
Principal accounting policies	7 - 10
Profit and loss account	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14 - 27

BUILDING RESEARCH ESTABLISHMENT LIMITED

CHIEF EXECUTIVE'S STATEMENT

For the year 1 April 2015 - 31 March 2016

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 outturn for its 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.

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 total CO2 emissions.
- 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

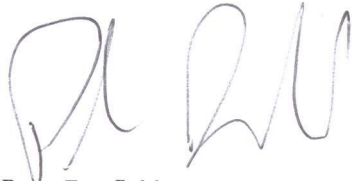
CHIEF EXECUTIVE'S STATEMENT
For the year 1 April 2015 - 31 March 2016

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

30 January 2017

BUILDING RESEARCH ESTABLISHMENT LIMITED

REPORT OF THE DIRECTORS

For the year 1 April 2015 - 31 March 2016

The Directors have pleasure in presenting their report for the year ended 31 March 2016.

Board of Directors

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

Peter Bonfield
Russell Heusch (Resigned 4 July 2016)
Guy Hammersley
Niall Trafford
David Penn (Resigned 26 February 2016)
Jatinder Brainch (Appointed 15 June 2016)

Proposed Dividends

The Directors do not propose the payment of a dividend (2015: £nil).

Political and charitable donations

The company made no political donations (2015: £nil) during the year, but made charitable donations of £nil (2015: £6k).

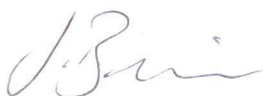
Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's 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



Jatinder Brainch
Director

Bucknalls Lane
Garston
Watford
Hertfordshire
WD25 9XX

Company Registration Number: 03319324

30 January 2017

BUILDING RESEARCH ESTABLISHMENT LIMITED

STRATEGIC REPORT

For the year 1 April 2015 - 31 March 2016

The Directors have pleasure in presenting their strategic report for the year ended 31 March 2016.

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 operating profit achieved by the company is £217k (2015: £1,239k). 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.

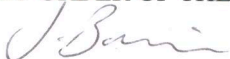
This is achieved through open meetings, newsletters and consultations with employee representatives. Employment policies aim to provide equal opportunities, irrespective of sex, race, religion or marital status. Applications by disabled persons are given full and fair consideration and, wherever practicable, 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 2015/16 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



Jatinder Brainch
Director

Bucknalls Lane
Garston
Watford
Hertfordshire
WD25 9XX

Company Registration Number: 03319324

30 January 2017

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 2015- 31 March 2016

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless 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 accounting 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;
- 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 adequate 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 the 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.

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 2016 set out on pages 7 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 2016 and of its loss 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 matters prescribed by the Companies Act 2006

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

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



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

58 Clarendon Road
Watford
WD17 1DE
United Kingdom

Date: 30 January 2017

BUILDING RESEARCH ESTABLISHMENT LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year 1 April 2015 - 31 March 2016

BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK (FRS 102) and the Companies Act 2006. The presentation currency of these financial statements is sterling. The principal accounting policies are set out below. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemption available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation

As the consolidated financial statements of BRE Trust include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS102.26 Share Based Payments; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE

In preparing the accounts the directors have considered whether in applying the accounting policies required by FRS 102 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement due at the transition date. The initial liability was £199k.

In addition, the policy for accounting for Goodwill amortisation was changed to having a maximum of 5 years useful economic life in accordance with FRS 102. The reduction in the intangible asset value at the date of transition was £383k. Goodwill amortisation of £64k previously charged to the profit and loss account for the year ended 31 March 2015 was removed.

In addition, the net finance cost was changed to be derived by applying the discount rate to the net scheme liabilities with no separate consideration given to the yield on scheme assets in determining the finance cost. This increased the actuarial gain offset by an increase in the net finance cost charge to the statement of financial activities by £1,913k

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.

GOING CONCERN

The directors have considered the factors that impact the company's future development, performance, cash flows and financial position along with the company's current liquidity in forming their opinion on the going concern basis. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

BUILDING RESEARCH ESTABLISHMENT LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year 1 April 2015 - 31 March 2016

INTANGIBLE ASSETS

In accordance with FRS 102 purchased goodwill is capitalised and amortised on a straight line basis over its useful economic life, which is determined on a case by case basis, but generally 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 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.

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.

EXPENDITURE

Resources expended are accounted for when incurred. Costs and overhead are directly allocated to activities for generating funds.

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.

BUILDING RESEARCH ESTABLISHMENT LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year 1 April 2015 - 31 March 2016

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.

BASIC FINANCIAL INSTRUMENTS

Trade and other debtors

Trade and other 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 of instrument for a similar debt instrument.

Trade and other creditors

Trade and other 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 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 of instrument for a similar debt instrument.

Investments in subsidiaries, jointly controlled entities and associates

These are separate financial statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

TAXATION

Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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 2015 - 31 March 2016

POST-RETIREMENT BENEFITS

Building Research Establishment Limited operates a 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 the year 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 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.

DEFERRED CAPITAL GRANTS

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

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

For the year 1 April 2015 to 31 March 2016

	Note	2016 £'000	2015 £'000
Turnover	1	20,655	21,312
Staff costs	3	(16,361)	(16,147)
Depreciation of tangible assets	10	(959)	(1,042)
Amortisation of intangible assets	9	(476)	(491)
Operating expenses		(11,522)	(11,459)
Other operating income	5	8,880	9,066
		<hr/>	<hr/>
Operating profit	2	217	1,239
Loss on disposal of assets		-	-
Interest receivable		-	124
Interest payable	6	(33)	(37)
Other finance costs	7	(1,382)	(1,314)
		<hr/>	<hr/>
(Loss) / Profit on ordinary activities before taxation		(1,198)	12
Tax Credit	8	305	149
		<hr/>	<hr/>
(Loss)/Profit for the financial year		(893)	161
Other comprehensive income:			
Remeasurement of net defined benefit liability		2,554	(12,292)
Revaluation of tangible fixed assets		3,244	3,119
		<hr/>	<hr/>
Total other comprehensive income/(loss)		5,798	(9,173)
		<hr/>	<hr/>
Total comprehensive income/(loss) for the financial year		4,905	(9,012)
		<hr/>	<hr/>

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

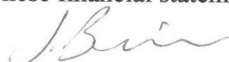
The accompanying accounting policies and notes on pages 8 to 27 form an integral part of these financial statements.

BUILDING RESEARCH ESTABLISHMENT LIMITED**BALANCE SHEET**

For the year 1 April 2015 to 31 March 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	9	1,516	875
Tangible assets	10	29,690	26,770
		<hr/>	<hr/>
		31,206	27,645
Current assets			
Debtors	12	8,277	8,096
Cash		-	2,509
		<hr/>	<hr/>
Creditors: amounts falling due within one year	13	(11,956)	(11,073)
		<hr/>	<hr/>
Net current liabilities		(3,679)	(468)
		<hr/>	<hr/>
Total assets less current liabilities		27,527	27,177
Creditors: amounts falling due after more than one year	14	-	(2,400)
Provisions for liabilities	15	(3,053)	(1,812)
Deferred capital grant	16	(431)	(462)
		<hr/>	<hr/>
Net assets excluding pension liabilities		24,043	22,503
Pension scheme liabilities	19	(38,288)	(41,653)
		<hr/>	<hr/>
Net liabilities including pension liabilities		(14,245)	(19,150)
		<hr/>	<hr/>
Capital and reserves			
Share capital	17	-	-
Share premium	18	5,000	5,000
Profit and loss account	18	(35,853)	(37,964)
Revaluation reserve	18	16,158	12,914
Other reserves	18	450	900
		<hr/>	<hr/>
Shareholder's deficit	18	(14,245)	(19,150)
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 30 January 2017

Jatinder Brainch
Director

Company Registration Number: 03319324

The accompanying accounting policies and notes on pages 8 to 27 form an integral part of these financial statements.

BUILDING RESEARCH ESTABLISHMENT LIMITED
STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Profit and Loss account	Revaluation Reserve	Other Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2014 (as stated)	-	5,000	(25,765)	9,795	1,350	(9,620)
FRS 102 Holiday pay adjustment	-	-	(199)	-	-	(199)
FRS 102 Goodwill adjustment	-	-	(319)	-	-	(319)
Retained profit for the year	-	-	161	-	-	161
Actuarial loss recognised in the pension scheme	-	-	(12,292)	-	-	(12,292)
Revaluation of land	-	-	-	3,119	-	3,119
Transfer (negative goodwill)	-	-	450	-	(450)	-
At 31 March 2015	-	5,000	(37,964)	12,914	900	(19,150)
	Share Capital	Share Premium	Profit and Loss account	Revaluation Reserve	Other Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2015 (restated)	-	5,000	(37,964)	12,914	900	(19,150)
Retained profit for the year	-	-	(893)	-	-	(893)
Remeasurement of net defined benefit liability	-	-	2,554	-	-	2,554
Revaluation of land	-	-	-	3,244	-	3,244
Transfer (negative goodwill)	-	-	450	-	(450)	-
At 31 March 2015	-	5,000	(35,853)	16,158	450	(14,245)

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2015 to 31 March 2016

1 TURNOVER

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

2 OPERATING PROFIT

The operating profit is stated after charging:	2016 £'000	2015 £'000
Restructuring costs	174	647
Depreciation of tangible fixed assets	959	1,042
Amortisation of intangible assets	517	491
Operating lease rentals	72	86
Research and Development expenditure	1,551	1,376
<i>Auditor's remuneration:</i>		
Audit of group and subsidiary financial statements	70	55
Amounts receivable by auditor and associates in respect of:		
Services relating to taxation	12	11
Other services	19	6

3 STAFF COSTS

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

	2016 £'000	2015 £'000
Wages and salaries	13,280	13,222
Social security costs	1,408	1,391
Other pension costs	1,673	1,534
	<hr/>	<hr/>
	16,361	16,147
	<hr/>	<hr/>

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

	2016 Number	2015 Number
Research staff	275	277
Administration staff	56	60
	<hr/>	<hr/>
	331	337
	<hr/>	<hr/>

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

For the year 1 April 2015 to 31 March 2016

4 DIRECTORS' REMUNERATION

	2016 £'000	2015 £'000
Directors' emoluments	990	1,060
Company contributions to defined contribution pension schemes	187	198
	<hr/>	<hr/>
	1,177	1,258
	<hr/>	<hr/>

During the period seven executive directors participated in the defined contribution pension scheme. The aggregate of emoluments of the highest paid director was £198k (2015: £243k) and Company pension contributions of £50k (2015: £48k) were made to a defined contribution scheme on his behalf.

5 OTHER OPERATING INCOME

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

6 INTEREST PAYABLE

	2016 £'000	2015 £'000
Interest payable to group undertakings	33	37
	<hr/>	<hr/>

7 OTHER FINANCE COSTS

	2016 £'000	2015 £'000
Expected return on pension scheme assets	2,318	2,938
Interest on pension liabilities	(3,700)	(4,252)
	<hr/>	<hr/>
	(1,382)	(1,314)
	<hr/>	<hr/>

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2015 to 31 March 2016

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

	2016 £'000	2015 £'000
<i>Tax reconciliation</i>		
(Loss) / profit on ordinary activities before tax	(1,198)	1,925
Tax using the UK corporation tax rate of 20% (2015:21%)	(240)	404
<i>Effects of:</i>		
Expenses not deductible for tax purposes	8	24
Depreciation in excess of capital allowances	103	26
Other timing differences	129	(536)
Deferred capital grant	-	(38)
Income adjustment on investments	-	43
Inter-company loan waiver	-	46
Group relief surrendered	(305)	31
Group relief consideration	-	(149)
Total tax credit	(305)	(149)

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 (2015: £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 Budget on 8 July 2015 announced changes in the main UK corporation tax rate. The rate (currently 20%) will reduce to 19% from 1 April 2017 and to 18% from 1 April 2020.

The reduction in tax rates was included in the 2015-2016 Finance Act which was substantively enacted for the purposes of IFRS and UK GAAP on 26 October 2015.

The Budget on 16 March 2016 announced further changes in the main UK corporation tax rate. The effective rate of 18% from 1 April 2020 was to be further reduced to 17%.

This further reduction in tax rates was included in the 2016 Finance Act which was substantively enacted for the purposes of IFRS and UK GAAP on 6 September 2016.

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

For the year 1 April 2015 to 31 March 2016

9 INTANGIBLE FIXED ASSETS

Group	Software	Goodwill	Total
Cost	£'000	£'000	£'000
At 1 April 2015	1,904	1,361	3,265
Additions	1,117	-	1,117
At 31 March 2016	3,021	1,361	4,382
Amortisation			
At 1 April 2015 (pre FRS 102 adjustment)	1,029	1,042	2,071
FRS 102 Adjustment	-	319	319
Charge for year	476	-	476
Impairment	-	-	-
At 31 March 2016	1,505	1,361	2,866
Net book value			
At 31 March 2016	1,516	-	1,516
At 1 April 2015 (as adjusted)	875	-	875

Under FRS 102 the policy for goodwill amortisation has changed such that goodwill is amortised over 5 years. The figures as at 1 April 2015 has been restated to calculate the value of goodwill that would have been present at that date under FRS 102.

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

For the year 1 April 2015 to 31 March 2016

10 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 April 2015	31,007	5,849	628	53	37,537
Additions	2	502	21	-	525
Disposals	-	-	-	-	-
Revaluations	3,354	-	-	-	3,354
At 31 March 2016	34,363	6,351	649	53	41,416
Depreciation					
At 1 April 2015	6,021	4,355	349	42	10,767
Charge for year	444	445	66	4	959
Eliminated on disposal	-	-	-	-	-
At 31 March 2016	6,465	4,800	415	46	11,726
Net Book Value					
At 31 March 2016	27,898	1,551	234	7	29,690
At 1 April 2015	24,986	1,494	279	11	26,770

Freehold land is not depreciated. As at 31 March 2016, freehold land is held at the revalued amount of £24,717k. 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 on 13 March 2015 by David Eden (MRICS) of Strutt & Parker. The valuation was prepared in accordance with the RICS Valuation Professional Standards, January 2014 ("The Red Book").

The directors have assessed the valuation since then and have adjusted known valuations as a result of post year end disposals (see note 24).

All tangible fixed assets are used in the commercial trading organisations.

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2015 to 31 March 2016

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 2016	<u>242</u>	<u>774</u>	<u>1,016</u>
Impairment			
At the beginning of the year	242	774	1,016
At 31 March 2016	<u>242</u>	<u>774</u>	<u>1,016</u>
Net Book Value			
At 31 March 2016	-	-	-
At 1 April 2015	-	-	-

12 DEBTORS

	2016 £'000	2015 £'000
Trade debtors	3,482	4,188
Amounts recoverable on contracts	2,456	3,158
Amounts due from group undertakings	-	273
Other debtors	1,821	253
Prepayments	518	224
	<u>8,277</u>	<u>8,096</u>

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

For the year 1 April 2015 to 31 March 2016

13 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Bank overdraft	425	-
Payments received in advance from external clients	3,559	2,894
Trade creditors	772	1,033
Amounts due to group undertakings	3,893	3,980
Social security and other taxes	2,116	1,965
Other creditors	437	262
Accruals	754	939
	<u>11,956</u>	<u>11,073</u>

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £'000	2014 £'000
Amounts due to group undertakings	-	2,400

15 PROVISIONS FOR LIABILITIES

Future amounts payable relating to:	Directors' Retirement Lump Sums £'000	Restructuring £'000	Litigation £'000	Total £'000
At 1 April 2015	339	1,413	60	1,812
Unwinding of discount	-	38	-	38
Utilised in the year	-	(112)	-	(112)
Charge to the profit and loss account	-	-	1,315	1,315
	<u>339</u>	<u>1,339</u>	<u>1,375</u>	<u>3,053</u>

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 and other losses on contracts.

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

For the year 1 April 2015 to 31 March 2016

16 DEFERRED GRANT

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

17 SHARE CAPITAL

	2016 £	2015 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted:		
Issued and fully paid 7 ordinary shares of £1 each	7	7

18 MOVEMENTS ON RESERVES AND SHAREHOLDERS' FUNDS

	Profit and Loss Account £'000	Revaluation Reserve £'000	Share Premium £'000	Other Reserve £'000	Shareholders' Funds £'000
At 1 April 2015 under previous GAAP	(37,446)	12,914	5,000	900	(18,632)
FRS 102 adjustment – accrued holiday	(199)	-	-	-	(199)
FRS 102 adjustment - goodwill amortisation	(319)	-	-	-	(319)
At 1 April 2015 (restated)	(37,964)	12,914	5,000	900	(19,150)
Retained profit for the year	(893)	-	-	-	(893)
Transfer (negative goodwill)	450	-	-	(450)	-
Revaluation	-	3,244	-	-	3,244
Actuarial loss recognised in the pension scheme	2,554	-	-	-	2,554
At 31 March 2016	(35,853)	16,158	5,000	450	(14,245)

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 generally in the same period non-monetary assets are recovered. The £450k transfer represents the realisation to the general fund the value of negative goodwill prior to 1998 which was initially retained in the separate reserves and which is being transferred over 20 years.

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2015 to 31 March 2016

19 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 these 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 year represents contributions payable by the group to the scheme and amounted to £1,993k (2015: £1,935k) and scheme related expenses.

Contributions to the stakeholder scheme amounting to £3k (2015: £3k) 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 £173k (2015:£229k) were incurred in respect of the defined benefit scheme. Contributions to these schemes amounting to £181k (2015: £177k) were payable at 31 March 2016 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
	2016 %pa	2015 %pa	2014 %pa
Rate of increase in salaries	1.80	1.80	2.20
Discount rate for calculation of benefits	3.50	3.30	4.50
Inflation (RPI)	2.80	2.80	3.20

In valuing the liabilities of the pension fund at 31 March 2016, 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:

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2015 to 31 March 2016

19 PENSIONS – continued

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 schemes at that date amounted to £106,947k (2015: £70,880k) for the combined BRE and LPC scheme. These amounts were sufficient to cover 64% (2015: 63%) of the benefits that had accrued to members.

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:

	2016 £'000	2015 £'000
Present value of funded defined benefit obligations	(106,947)	(112,533)
Fair value of assets	68,659	70,880
Net deficit	(38,288)	(41,653)

Movements in present value of defined benefit obligation

	2016 £'000	2015 £'000
At 1 April	112,533	95,696
Interest on obligation	3,665	4,252
Actuarial loss/(gain)	(6,524)	15,037
Benefits paid	(2,727)	(2,452)
At 31 March	106,947	112,533

Movements in fair value of assets

	2016 £'000	2015 £'000
At 1 April	70,880	65,471
Expected return on assets	2,318	2,938
Actuarial gain/(loss)	(3,970)	2,745
Contributions by employer	2,193	2,178
Benefits paid	(2,727)	(2,452)
Expenses	(35)	-
At 31 March	68,659	70,880

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2015 to 31 March 2016

19 PENSIONS – continued**Amounts recognised in the profit and loss account**

	2016 £'000	2015 £'000
Interest on defined benefit obligations	(3,700)	(4,252)
Expected return on assets	2,318	2,938
	<hr/>	<hr/>
Resources expended (included in other finance costs)	(1,382)	(1,314)
	<hr/>	<hr/>
	2016 £'000	2015 £'000
Actual return less expected return on assets	(3,970)	2,745
Experience gain/(loss) on liabilities	(596)	636
Change in assumptions underlying the present value of the liabilities	7,120	(15,673)
	<hr/>	<hr/>
Actuarial loss	(2,554)	(12,292)
	<hr/>	<hr/>

Assets

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

	Expected return from 31 March 2016 %	Value as % of Total assets 31 March 2016 %	Expected return from 31 March 2015 %	Value as % of Total assets 31 March 2015 %
Diversified Growth Fund	3.5	99	3.3	99
Cash/Other	3.5	1	3.3	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	3.3	100	3.3	100

The actual return on the Scheme's assets over the year to the review date was (1.7)%.

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2015 to 31 March 2016

19 PENSIONS – continued

Summary of Prior Year Amounts

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

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Present value of scheme liabilities	(106,947)	(112,533)	(95,696)	(97,101)	(81,679)
Fair value of scheme assets	68,659	70,880	65,471	67,412	60,762
Deficit	(38,288)	(41,653)	(30,225)	(29,689)	(20,917)
Experience (loss)/gain	(596)	636	1,293	(784)	(1,484)
On scheme liabilities change in assumptions	7,120	(15,673)	1,788	(12,543)	(1,910)
Experience (loss)/gain on scheme assets	(3,970)	2,745	(5,696)	3,254	(1,190)

In relation to the FRS 102 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 £2,184k to the defined benefit scheme in the next financial year.

20 FINANCIAL COMMITMENTS

Non-cancellable operating lease rentals are payable as follows:

	2016 £'000	2015 £'000
Plant and machinery expiring:		
Within one year	1	-
Between two and five years	153	250
	154	250
Land and Buildings expiring:		
Within one year	7	-
Between two and five years	213	307
	220	307

During the year £187k was recognised as an expense in the profit and loss account in respect of operating leases (2015:183k)

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2015 to 31 March 2016

21 CAPITAL COMMITMENTS

The following commitments for capital expenditure existed as at 31 March 2016

	2016 £'000	2015 £'000
Contracted	324	326

22 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

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

23 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2016 or 31 March 2015, other than those disclosed in note 15.

24 POST BALANCE SHEET EVENTS

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 of £11.35m are due in full to the BRE and LPC Pension Scheme who hold a charge over the land.

On 2 July 2016, Tri-Air Developments Limited went in to voluntary liquidation.

BUILDING RESEARCH ESTABLISHMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year 1 April 2015 to 31 March 2016

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%
BRE China	100%
Non-trading companies	
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, and BRE China which is registered in China.

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.

	2016 £'000	2015 £'000
Aggregate sales	-	24
Aggregate debtors owed	323	323

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	2015 £'000
Aggregate sales	27	82
Aggregate debtors owed	7	8

The company has taken advantage of the exemptions available under FRS102 that transactions with wholly owned subsidiaries do not need to be disclosed