

BRE TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED

31 MARCH 2021

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

BRE TRUST

FINANCIAL STATEMENTS For the year ended - 31 March 2021

INDEX	PAGE
Trustees' and strategic report	3 - 18
Statement of trustees' responsibilities	19
Independent auditor's report to the trustees and members of BRE Trust	20 - 22
Consolidated statement of financial activities (incorporating the company income and expenditure account)	23
Consolidated and company balance sheets	24
Consolidated cash flow statement	25
Notes to the financial statements	26 - 49

BRE TRUST

FINANCIAL STATEMENTS

For the year ended - 31 March 2021

Registered office:	Bucknalls Lane Garston Watford Hertfordshire WD25 9XX
Bankers:	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors:	Bates Wells 10 Queen Street London EC4R 1BE
Independent Auditors:	Crowe U.K. LLP Fourth Floor St James House St James Square Cheltenham GL50 3PR

BRE TRUST

TRUSTEES' ANNUAL REPORT For the year ended 31 March 2021

BRE Trustees report

The Council of Trustees has pleasure in presenting its report together with the Audited Financial Statements for the year ended 31 March 2021.

Objects and activities

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

The Trust's objects are for the public benefit:

- to undertake, commission and support research in areas of science, engineering, information technology, management and economics associated with the built environment, including its processes and artefacts;
- to advance knowledge, innovation, and communication, and to promote education and excellence, in all such matters, and to collect, collate and publish useful information, ideas, and data relating thereto; and
- to undertake, commission, facilitate and support such other activities and services as are beneficial to the built environment and charitable in law in accordance with law of England and Wales provided that it will not include any purpose which is not charitable in accordance with s.7 of the Charities and Trustee Investment (Scotland) Act 2005.

The Trustees confirm that they have referred to the general guidance on public benefit issued by the Charity Commission when reviewing on an annual basis the Trust's aims and objectives and in ensuring that activities are defined in the Strategy document for 2017-21 and its approved annual business plan.

The Charity continues to create and share new data and information which advance the knowledge and skills of professionals in the built environment. In the last year the partners network from public, private and academic organisations has extended to 35, aligning individual resources and activities to form collaborative delivery clusters, which have more effort and more impact. This has also extended outreach through wider engagement, particularly with the teaching organisations and charities who are already demonstrating successful societal value. This has increased both pace and scale of application of the new knowledge created through the Trust programmes. The audience for the collective communications of these partners is over 250,000 and nearly 50,000 individuals have engaged directly with the activities that the Trust has commissioned or supported with its partners. More details of the progress against specific KPIs is included in the Achievements and Performance section of this report and can also be found in the quarterly progress reports published on the charity website www.bretrust.org.uk.

Structure, governance and management

BRE Trust (the "Trust") is a company limited by guarantee (Company number 03282856) and is registered as a charity in England and Wales (No 1092193) and in Scotland (No SCO39320). The Trust was established to provide independent, non-sectorial ownership of the Building Research Establishment, an Executive Agency of the Department of the Environment, when it was transferred to the private sector in March 1997. The Trust is governed by its most recent Articles of Association which were approved by a meeting of members on 6th March 2019. In addition, the Trust provides independent ownership of BRE Group Limited ('BRE Group') which in turn is the owner of businesses resulting from the privatisation of the Building Research Establishment. The Trust protects the independence of BRE Group to ensure that its advice and research remain objective and free from bias. BRE Group continues to have a strong reputation, both nationally and in the international arena, as an impartial and respected consultancy, science and research organisation.

BRE Group Limited is the holding company for Building Research Establishment Limited, BRE Global Limited which are established in England and Wales and BRE Global Assurance (Ireland) Limited, a company established and resident in the Republic of Ireland. These subsidiaries in turn are owners of other trading companies in the UK and the People's Republic of China.

This ownership structure means that:

- BRE Trust has the flexibility, freedom and separation from its investments to promote and carry out its charitable objectives for the public good; and
- BRE Group and its subsidiary companies can maintain independence from each other to meet regulatory requirements.

BRE TRUST

TRUSTEES' ANNUAL REPORT For the year ended 31 March 2021

Trustees and Officers of the Charity

The governing body of the Trust is its Council of Trustees which comprises at least five and no more than ten Trustees at any one point in time. The Directors of the company are its Trustees for the purposes of charity law and throughout this report are collectively referred to as the "Trustees".

The term of office for a Trustee is three years and Trustees may serve for three terms. New Trustees are familiarised with the workings of the Trust, its policies, procedures and governance through an induction programme consisting of visits to the head office, meetings with key personnel and officers of BRE Group together with more formal training including ongoing training and support.

Sir James Wates stepped down as Chair on 24 March 2021 and Philip Wilbraham was appointed as the new chair of the Trust on the same day. The selection process was managed by the BRE Trust Nominations Committee and the appointment of Philip Wilbraham was confirmed at the meeting of the Trustees on the 24 March 2021.

The Trustees and Officers serving during the year and up to the time of signing these accounts were as follows:

Trustees	Appointed	Resigned
Philip Wilbraham. Chairman	7 June 2018 appointed as Chair 24 March 2021	
Sir James Wates CBE	6 May 2010	2 June 2021
June Barnes	7 September 2016	29 July 2020
Sarah Beale	18 January 2019	
Francesca Berriman MBE	1 August 2015	2 June 2021
Paul Hetherington	3 June 2019	
Ashley Hook	18 March 2020	
Prof. Vicky Pope	3 June 2019	
Jonathan Rickard	3 June 2019	

Company Secretary

Richard Tanner	(resigned 31 May 2020)
Waterstone Company Secretaries Ltd	(appointed 1 July 2020)

Board Tenure, Gender Diversity and Meetings

As at 31 March 2021 the tenure and diversity of the Trust board was as follows:

	Tenure		Gender Diversity
< 1 Year	0%	Female	37.5%
1-3 Years	75%	Male	62.5%
3-6 Years	12.5%		
6-9 Years	0%		
9-12 Years	12.5%		

The Board met 4 times in 2020-2021, 29 July 2020, 7 Oct 2020, 9 December 2020, 24 March 2021.

Executive Staff

The Trustees have delegated certain operational management of the Trust's affairs to an executive team led by Dr Deborah Pullen MBE the Executive Officer of the BRE Trust. Together with a support team the Executive Officer oversees the day-to-day management of the Trust and has responsibility for meeting aspects of the operations of the Trust and for the delivery of its programmes. Waterstone Company Secretaries Ltd provide legal and governance support to the Trustees and Executive Officer Deborah Pullen (who resigned with effect from 31 March 2021). BRE Group continues to provide support to the Trust to assist in the day to day management of the activities with support provided by an Executive Director and other senior staff members.

BRE TRUST

TRUSTEES' ANNUAL REPORT For the year ended 31 March 2021

Governance Framework

The Trust has adopted the Charity Governance Code for Larger Charities as the basis for its governance. The Code sets the principles and recommended good governance for charities. The Trust measures itself against the seven principles and the recommendations and guidance they provide to ensure the continuous improvement and highest standards of governance.

The Trust conducts an annual governance review against the Charity Governance Code for Larger Charities with the intention of continuously improving its performance against the code. Following this year's annual review on 6 May 2020 a detailed review of current policies and processes was carried out and further follow up actions delegated to the Audit and Risk Committee to oversee. This included a review of the code of Conduct, Gifts and Hospitality, Expenses, Conflicts of Interest, Anti-bribery and Corruption and Speaking-up policies. The committee also looked at Anti-slavery and Human Trafficking Statement and Financial Controls procedures.

The performance reviews of the Trustees were held between the Chair and individual trustees in October 2020.

The Board of Directors of BRE Group is made up as follows:

Director	Position	Appointed	Resigned
Piers White	NED (Chair)	1 November 2019; appointed as Chair 26 November 2019	
Gillian Charlesworth	CEO	21 May 2019	
Andrew Herbert	CFO	9 August 2019	
Darran Messem	NED	8 July 2019	
Ashley Wheaton	NED	11 July 2016	
Malathy Sivapunniyan	NED	5 October 2020	
Brigid Sutcliffe	NED	11 July 2016	9 January 2021

Director appointments to the BRE Group Board are made by both the Trustees and BRE Group, the majority of the Directors at any one time being those appointed by the Trust.

Standing Committees

The BRE Trust Council delegates some of its work to committees and the committees report to the Council their discussion, actions and recommendations. There are four committees at the time of signing of this report:

- Audit and Risk Committee
- Programmes Committee
- Strategic Funding Committee
- Nominations Committee

BRE Trust Audit & Risk Committee:

The Trust's Audit and Risk Committee, terms of reference of which were revised in July 2020, supports the Trust Board's responsibility for oversight of risk management, the control environment, policy review and the integrity of financial statements and reporting. It seeks assurance from the BRE Group Board on the sound management of its investments. The committee membership consisted of Sarah Beale (Chair) and Jonathan Rickard and includes at request attendance from members of the Group Board.

The Committee commissioned the following specific activities in the last year:

- Annual Audit oversight and review of accounts and annual report 2019/20
- Oversight of Review of Code of Governance and subsequent actions
- Review and update policies
- Review and update Strategic Risk Register— updated register produced

The Committee met 4 times: 15 July 2020, 3 September 2020, 25 November 2020, 17 March 2021.

BRE TRUST

TRUSTEES' ANNUAL REPORT For the year ended 31 March 2021

BRE Trust Programmes Committee:

Francesca Berriman MBE (Chair) (resigned 2 June 2021) Paul Hetherington (Joined November 2020) (Chair from 2 June 2021), Ashley Hook (Joined November 2020)

The Committee approves the funding for research and education projects, provides direction and governance for future activities of commissioned work and ensures its dissemination is effective and wide reaching. The key activities are the review of progress with the programmes, review of the operations processes, review of the relevant risks and communications and promotions of the programme.

The Committee met: 15 May 2020, 18 November 2020, 3 March 2021.

BRE Trust Strategic Funding Committee:

Vicky Pope (Chair), Paul Hetherington, Sir James Wates (resigned 2 June 2021).

The Committee met: 3rd April 2020, 18 June 2020.

This Committee was set up in 2019 to provide specific focus on the need for the BRE Trust to attract additional funds to support its operations and programmes. In the last year the following activities have been carried out:

- define BRE Trust strategy for future financial stability
- develop future purpose priorities
- input to joint Group and Trust Strategy work

BRE Trust Nominations Committee:

Sir James Wates (Chair) (resigned 2 June 2021), Francesca Berriman (resigned 2 June 2021), Ashley Hook, Philip Wilbraham (appointed 24 March 2021)

The Committee met: 5 October 2020, 29 January 2021

Previously this committee had met when required to manage the appointments of new trustees, with members co-opted onto the committee by the Council Chair from the existing trustee pool. In the last year a more formal update of the terms of reference of the Committee was completed and the following activities also completed in preparation for the appointment of a new Chair of Trustees.

- Review of roles and responsibilities – Trustees & Chair of Trustees
- Selection of new Chair of Trustees, completed

BRE Group Committees

Remuneration and Nominations Committee

The BRE Group Remuneration and Nominations Committee is responsible for determining the remuneration and conditions of the executive directors of the Group. In determining appropriate levels of remuneration for the executive directors, the Remuneration Committee aims to provide packages that are competitive in the marketplace and will attract and retain high quality executives capable of achieving the BRE Group's objectives and ultimately those of the Trust. Executive pay is externally benchmarked using Korn Ferry Hay PayNet data. Our remuneration approach is to aim to pay market salaries whilst considering the total cash compensation for executive roles which balance affordability with attracting and retaining the right talent that we need.

Membership consisted of BRE Group Directors; Darran Messem (Chair), Ashley Wheaton (appointed July 2020) and Piers White. The Committee met three times and meetings were observed by Trustee June Barnes (resigned July 2020), Philip Wilbraham and Ashley Hook (appointed July 2020), representing BRE Trust.

Risk and Audit Committee

The Risk and Audit Committee is responsible for oversight of both the external audit work as well as looking at the internal financial controls, internal controls and risk management system across the Group. The committee was renamed BRE Group Risk and Audit committee in July 2020 to reflect the importance the Board places on risk management. Brigid Sutcliffe (Chair) resigned during the year. Malathy Sivapunniyan was appointed to the committee in October 2020 and was appointed Chair in January 2021. The other committee member is Darran Messem. The committee met 4 times during the year.

Introduction

As a leading independent built environment charity for research, demonstration and education, the BRE Trust is dedicated to improving the built environment for the benefit of society. BRE Group supports the work of BRE Trust by bringing the benefits of applied research – in the form of digital products, standards, testing and certification, training and qualifications – to key sectors in the built environment.

BRE Group provides services across a wide range of sectors within the built environment. The work spans safety, security and sustainability, and includes benchmarking schemes around sustainability; testing, certification and verification of construction products and systems; physical security testing and accreditation; health, safety and waste monitoring; advisory services and training. The Group strategy is to enable these sectors to build a better world by providing them with support and solutions for issues of critical long-term importance, including:

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

Objectives

BRE's objective is to be a world leading innovation, science and data hub for the built environment. To achieve this, we will build on the global reach of our benchmarking and certification schemes and training offerings drive greater value from data and analytics flowing from digital platforms in an increasingly smart built environment.

Achievements and performance

2020 was a year unlike any other. The BRE Trust and Group, like the rest of the world, had to adapt our operations and support colleagues to work differently to respond to the Covid-19 pandemic and subsequent lockdowns. It also had an impact on many of our clients and partners, as well as the construction sector more broadly. During the first half of the year the number of construction projects commencing decreased year on year in the UK by 46%. The introduction of site operating procedures agreed across industry bodies helped to facilitate the reopening of sites, although this still created delays in activity. Our safety-critical and laboratory-based services were able to continue from our main site at Garston, as well as safe access for our tenants, by requesting that only those colleagues who could not work from home attended the site. The majority of BRE colleagues adapted rapidly to remote working, with our information technology systems supporting this shift, enabling business continuity in an unprecedented set of circumstances.

Despite operating in a time of global uncertainty, we are optimistic about the opportunities ahead of us. The major challenges the built environment faces potentially offer opportunities for BRE's science-based solutions. We are well-placed to provide the solutions that markets, governments and wider society seeks for decarbonisation, assurance on building safety and security and enhanced building performance and innovation.

Our role centres on 'building science and solutions' – research and scientific expertise applied through a range of products and services, relevant to the needs of our stakeholders. As a responsible business we champion standards and best practice, based on scientific evidence, and that is the basis of our commercial offering.

Decarbonisation and the wider responsible business agenda - Environmental, Social and Governance (ESG) - are increasingly central to all sectors within which we operate. Building safety is and will continue to be an issue of increasing public concern post the tragic Grenfell Tower fire. Regulatory and policy change will need to adapt, and assurance mechanisms will be expected to keep pace with innovation in the construction market, as it comes to terms with building more, better quality and safer homes, non-domestic buildings and infrastructure.

At the start of the year we projected that the pandemic would lead to a fall in income of between 20% and 30%. Through a focus on managing the work that we do and the hard work of our colleagues our income this year was £52,292k (2020 (restated): £53,936k) a fall of just 3.0%. We have also managed our costs carefully during the pandemic, reducing staffing levels, managing staff costs, which included some staff taking voluntary salary reductions, making use of the Coronavirus Job Retention Scheme, more commonly called the furlough scheme, reducing site and travel costs so that expenditure fell to £49,704k (2020: £50,547k). These measures have resulted in net income in the year of £2,205k (2020 (restated): £3,383k).

BRE Trust Achievements and performance

The BRE Trust uses its reserves and any income received both through gift aid donated by BRE Group and from other external resources to fund new research and education programmes.

The BRE Trust programme is based on three key themes of wellbeing, sustainability and resilience. The focus in 2020-21 has been in increasing the dissemination of outputs from funded research, forming new partnerships and connections to use the information to increase social value and impact. In the last year new partnerships have been formed with the Social Values Portal, UN-Habitat and GFOX, bringing our total number of partners to 35, all extending our outreach of information and potential to increase social value.

In the last year 9 research projects and 4 PhD studentships have been completed covering a range of topics including energy resilience, novel and sustainable materials, improved fire detection systems and health and housing. This also included 13 funded publications and events, and over 50 other associated publications, articles and presentations disseminating the outputs of funded research to a wide academic and industry audience by the Trust's delivery partners.

BRE Trust Funded Publications/Outputs:

- 100 Years of Council Housing
- Conventions for U-value calculations (BR443 2019)
- BRE Biophilic Office – Phase 1 results
- The Cost of Poor Housing in Ireland
- The Performance of Multi Sensors in Fire and False Alarm Tests
- BRE Dementia Home Virtual Visit Video
- An Interpretation of the SDG's for use at an Infrastructure Project Level
- Developing an LCA calculator for the humanitarian shelter sector
- The Cost of Poor Camp Design on Refugee Health
- Health and Housing – Learning from COVID-19
- BRE Trust Impacts Mapped Against the UNSDGs
- Diversity in Leadership 27th October 2020
- Independent Living 8th December 2020, in partnership with the UK DIT in Helsinki

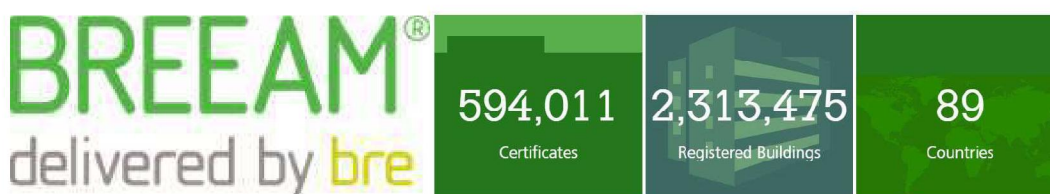
BRE Trust largely achieves its objectives by commissioning work with other delivery organisations and thus the need to be able to track and quantify this work is important. An initial report was completed in February 2021 to map the impacts that the programme has created against the UN Sustainable Development Goals, an external framework which many organisations, particularly in the charities sector, are now using to assess their activities. A summary of this review can be found at www.bretrust.org.uk.

BRE Trust did not undertake any fundraising activity requiring disclosure under S162A of the charities Act 2011.

BRE Group achievements in the year and future opportunities:

BRE Group's flagship scheme BREEAM, the world's leading sustainable building benchmarking service, celebrated its thirtieth anniversary in 2020 and achieved revenue of £11.5m in the year. BREEAM is a key focus for BRE Group given the increasing interest in the performance monitoring of buildings, particularly from investors looking for robust ways to strengthen the value of their portfolios. BREEAM in use (Version 6), a performance-based service, was launched in May 2020 and so far over 6,000 assets have been certified in more than 30 countries.

BREEAM sits within our Building Performance Services division which includes associated services related to construction and built environment performance benchmarking schemes including CEEQUAL (infrastructure), Home Quality Mark (Homes), Strategic Advisory (consultancy), the Housing and Energy teams (e.g. SAP, SBEM, English Housing survey) and SmartSite (health, safety and waste monitoring software). Despite the challenges faced as a result of the Covid-19 pandemic, the net contribution of this division remained strong during the year.



The BRE Academy provides a range of training courses covering areas related to fire safety, BREEAM, CEEQUAL, resilience and Building Information Modelling (BIM). In spite of the need to rapidly enable all training to be accessed online at the beginning of the first lockdown in Spring 2020, the BRE Academy exceeded all its targets, demonstrating an increasing demand for fire safety training and strong interest in BREEAM, both in the UK and internationally. We anticipate this trend will continue, with the focus on building safety being applied by the UK government with the introduction of new construction products and building safety regulators through the Building Safety Bill which is currently moving through parliament.

The Strategic Advisory team continued to deliver on plan through the delivery of projects such as the Home of 2030 project (see below), circularity (CIRCUIT) and sustainability (Homes England).

The Strategic Advisory Team at BRE was the programme lead for Government's Home of 2030 Competition. The competition aimed to tackle two of the country's grand challenges; helping our country adapt to an ageing society, while fighting climate change and pursuing net zero commitments. The competition placed BRE at the heart of the conversation on these topics between three Government departments (MHCLG, BEIS and DHSC), it also attracted significant Ministerial engagement. The judging panel was led by Peter Freeman, the newly appointed chair of Homes England. Homes England are now looking for development partners to build some of the winning designs.

The Housing and Energy team had a positive year with profitability ahead of plan on income of £4.3m. Core activity with the Department for Business, Energy and Industrial Strategy (BEIS) and Ministry of Housing, Communities & Local Government (MHCLG) remains strong with the delivery of the multi-year English Housing Survey and Standard Assessment Procedure (SAP) programmes. The Housing and Health team secured a significant amount of work delivering modelling for local authorities indicating residential dwellings areas most closely linked with ill health, work that will continue throughout the coming year. In challenging circumstances given in-person contact was restricted, we were also able to deliver the English Housing Survey and Fuel Poverty statistics to MHCLG and BEIS early, having implemented improvements even during this very challenging year.

Fire and security testing and certification continue to be key sectors for the Group. The fire and construction product testing business produced income of £15m for the Group. Testing covers a wide range of areas from physical security including doors, windows and fences, to fire safety which includes cladding systems and fire doors for example, through to air quality, acoustics and the safety of electrical appliances for which testing is mandatory.

Given increased levels of interest in and concern regarding health and wellbeing, there is a growing need to measure and improve indoor environmental quality (IEQ) for the benefit of occupants and other stakeholders. The BRE Environment team is regularly engaged in investigations of poor IEQ in settings such as offices, schools, hospitals and residential dwellings, as well as in testing and verification of materials, innovations, products and systems which are intended to improve indoor environments. This work is conducted using a range of test rigs, environmental chambers and spaces in which mock-ups can be constructed and used for physical testing.

Work has also continued across wind, large structures and environment testing. Local Authorities started to introduce requirements for wind and microclimate assessments for all new developments as part of their local planning policy opening significant opportunities for BRE Group.

International Activities

The performance of BRE China, a subsidiary of BRE Group, continues to improve although like most businesses was impacted by the Covid-19 pandemic. This subsidiary provides a range of services within the built environment to businesses based in China and the wider Asian market including Hong Kong. The focus is around training in BREEAM and BIM as well as providing support to BREEAM customers in the region. Revenue remained constant at £503k compared to the previous year of £506k which is a positive result given the impact of the pandemic. Interest in sustainable buildings, green finance and health and wellbeing is growing in China and there is a real opportunity to build on the business secured to date.

BRE Global Assurance (Ireland) Limited, another subsidiary of BRE Group, received regulatory approval as a Notified Body by the European Commission on 4 October 2019 and with that a mandate to carry out conformity assessments in accordance with the EU Directive. This has enabled BRE Group to continue with certification work within the EU post the UK's exit on 31 December 2020. A strong team has been assembled in Ireland and started to undertake certification work at the beginning of 2020. Opportunities are being developed in Ireland and across Europe and BRE Group is in a strong position to grow this business.

Employee engagement and development

Our people are integral to the success of the Group, and we are proud of the passion and wide-ranging expertise and skills of our colleagues across the business. This year, we have invested in a number of people programmes that will help us create an environment in which our people can continue to thrive. During the year a great deal of focus was on both managing the Covid-19 pandemic whilst also continuing with the strategic plans for the restructure of the Group.

A new approach and system for Performance and Development reviews has been implemented which will improve the way our managers support their teams to align goals and objectives, recognise achievements and support the ongoing development of knowledge and skills.

As a result of an extensive engagement exercise with colleagues from across the business, a job family framework has been implemented which has enabled us to plot clearer career paths and routes to progression for individuals, as well as develop a more consistent approach to pay and reward.

We have also changed our approach to understanding the engagement of our colleagues, moving away from an annual employee survey to a quarterly pulse survey to support a more immediate and dynamic feedback mechanism. We measure three important aspects of engagement: how connected our colleagues feel to the business, how enabled they feel to perform and the extent to which their physical, interpersonal, and emotional wellbeing at work energises them. Our baseline survey this year showed that we had an overall engagement score of 77% which is a good start, but with room to continue to improve next year.

BRE TRUST

STRATEGIC REPORT

For the year ended 31 March 2021

We continue to focus on creating an inclusive environment where we can attract, retain and motivate the very best people. This year we took steps to improve our family friendly policy by aligning shared parental leave pay to the equivalent of our enhanced maternity pay, removing one of the barriers to enabling more flexibility in sharing childcare arrangements.

In the light of the Covid-19 pandemic we have also had to rapidly adapt to remote working whilst understanding what this will mean for the future of the workplace and how we enable colleagues to continue to work flexibly once the crisis is over.

BRE Sustainability Plan

Our current Sustainability Strategy **S Plan** was established in 2008 to demonstrate BRE's commitment to sustainability across 7 key areas, primarily environmental, and focusing on the BRE Garston site. It covers Energy, Water, Waste, Transport, Ecology, Procurement and Supply Chain and Communications and Engagement. As part of the plan, BRE pledged that by 2020 it would halve its environmental impact compared with the 2010 level. Supporting the UK Green Building Council Climate Pledge initiative, the BRE S Plan 2020 set a number of targets to deliver real and measurable improvements in our business and reduce our major impacts on the environment.

In addition, a group of S Plan Champions was formed, drawn from across the business and dedicated to identifying and implementing projects and engaging employees in all aspects of the S Plan. This group reviews progress against sustainability targets and projects and meets on a quarterly basis, along with the Health, Safety and Environment Compliance Manager and the Head of Estates & HSE. BRE is also certified as complying with ISO14001, which includes requirements for reporting on energy, waste and water.

SECR reporting

This is the second year that BRE Trust has been required to report under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Reporting) Regulations 2018 ("the 2018 Regulations") which require us to disclose our annual energy use and greenhouse gas emissions. However, we have always carefully monitored our energy use as part of our ISO14001 accreditation and wherever possible reduced our use of energy and in particular tried to minimise our greenhouse gas emissions.

As part of the work on complying with the 2018 Regulations we commissioned an independent report from a building services consultancy company FocusFM, to analyse the energy data from our UK activities for the period 1 April 2020 to 31 March 2021 as well as comparing to the previous period. Details of this data and the methodology used to calculate the emissions are set out below.

Emissions generated for the burning of natural gas on site are considered Scope 1 (direct combustion), while emissions generated off-site from the provision of grid electricity are considered Scope 2 (Indirect energy from generating electricity) and Scope 3 (Transmission and Distribution losses associated with delivering electricity through the grid). Reporting of Emissions resulting from the use of grid electricity and natural gas were calculated using the UK Government GHG Conversion Factors for Company Reporting last updated June 2020.

In addition to the energy used in the buildings across our estate we also use energy for transport fuel both in company owned vehicles, which are included in Scope 1 and in hired vehicles or private employee-owned vehicles (Scope 3 indirect emissions). Fuel consumption data was calculated from a combination of employee expenses claims for fuel purchased and for miles travelled.

BRE TRUST

STRATEGIC REPORT

For the year ended 31 March 2021

		2021	2021	2020	2020
Emissions Scope	Source	MWh	tCO ₂	MWh	tCO ₂
Scope 1	Natural Gas and business travel (company cars)	3,190	587	3,948	726
Scope 2	Electricity	2,393	606	3,957	1,011
Scope 3	Business travel and electricity transmission and distribution losses	157	84	736	258
Total scope 1&2		5,584	1,193	7,905	1,738
Total scope 1,2 &3		5,740	1,277	8,641	1,996

Intensity ratios can be used in order to compare overall emissions data with an appropriate business metric to allow a measure of comparison with other similar businesses. In the case of BRE given that most of the energy is used in the buildings occupied by the organisation we have selected an energy intensity ratio of kWh/m².

BRE currently occupies 48 buildings with a total floor area of 29,907m². Using the total energy consumption of the buildings used by BRE the Energy Intensity Ratio (EIR) for scope 1&2 activities is 186.7kWh/m² (2020: 264.3kWh/m²) and including all three areas, scopes 1,2 & 3 the EIR is 191.9kWh/m² (2020: 288.9 kWh/m²) which is a 33.6% fall in the EIR.

Using the total Scopes 1,2 and 3 emissions figures we can also calculate the Emissions Intensity Ratio (EmIR) for 2021 reporting year of 42.7kgCO₂/m² (2020: 66.7kgCO₂/m²) a fall of 36% in the Emissions Intensity Ratio driven by a combination of factors which include a reduction in on site energy use with buildings been unoccupied during the pandemic and reduced travel activity due to lockdown as well as some planned changes to energy consumption.

Over the past year we have installed LED lighting in 7 buildings on our site at Garston and replaced inefficient gas boilers in three of our buildings to reduce the electricity and gas usage. The effect of these measures will be tracked by reviewing the monthly electricity and gas consumption figures for each building over time and opportunities for further energy efficiency measures will be identified and implemented where appropriate.

Financial Review

The financial statements have been prepared on the basis of the accounting policies set out in note 1 to the financial statements and comply with the current statutory requirements, applicable law and the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in January 2019 (the "SORP").

The consolidated results for the BRE Trust show a net income before tax of £2,588k (2020 (restated): £3,389 k) for the year on income of £52,292k (2020 (restated): £53,936k). Maintaining the net income level with 2020 is partly as a result of the government grant relating to Covid, along with the income from tax credits and the recent actions to reduce indirect costs and the reductions in employee costs over the last two years where the average staffing levels went from 595 in 2020 down to 558 in 2021.

The BRE Trust's consolidated results are derived from its use of cutting-edge research to develop a range of products, services, standards and qualifications that are used around the world to bring about positive change in the built environment. These activities can be categorised into four broad areas: provision of third-party assurance services, advisory services on building performance, construction and fire safety, services delivered to government and commercial activities.

Third-party Assurance

During the year the Trust's independent certification body, BRE Global, which is part of BRE Group continued to provide impartial, third-party certification services to businesses, manufacturers, and service providers around the world. These services generated income of £27,607k (2020 (restated): £28,708k) in the year. The third-party assurance provided in these areas included fire and security, environmental products, building information modelling (BIM) and management systems. BRE Global is a UKAS-accredited certification body which provides listings of certificated products and services including our Red and Green Books.

The LPCB Red Book is a key reference for specifiers, regulators, designers and end users of fire and security products and services. Every product and service listed in the Red Book has been robustly checked by independent experts to ensure that it delivers and will continue to deliver the performance expected.

'GreenBookLive' is a free to use online database designed to help specifiers and end users identify products and services that can help to reduce their impact on the environment.

Advisory Services

Advisory services on building performance, construction and fire safety for the year ended 31 March 2021 generated income of £14,199k (2020 (restated): £17,823k). BRE Group provided a complete range of advisory, testing, certification, commissioned research and training services covering all aspects of the built environment. The economic environment in 2020/21 provided a challenging setting but the Group has continued to raise the standards of the built environment through the achievements of its people. The multi-disciplinary teams, including leading experts, have provided independent advice across the built environment from testing fire cladding to sustainable construction research and development.

Services Delivered to Government

Throughout 2020/21 the BRE Trust and the Group continued to commission and support research in the built environment for the public benefit by either leading or participating in both UK Government initiatives (Construction Innovation Hub) and EU Research and Innovation programmes. These services generated income of £7,700k (2020 (restated): £6,322k). By providing impartial research services to these programmes the Trust has been able to generate new knowledge and undertake cutting-edge research into areas as diverse as flood resilience, solar energy development, building materials research and future smart cities. BRE Trust and the Group are continuing to participate in similar governmental programmes and will do so into the future.

Commercial Activities

Commercial activities generated income of £1,159k (2020 £1,078k) in the year. The head office site at Garston includes the Innovation Park and is home to leading research facilities which have been established to inform sustainable development at a global level and stimulate innovation within the built environment. The park features full-scale demonstration buildings that have been developed by industry partners to achieve commercial goals. These buildings display innovative design, materials and technologies which combine to address the development challenges facing regions across the world.

The site provides rental space to a number of companies that benefit from synergies with BRE Group and the Trust and have access to the state of the art research facilities. These companies are continuing to work with BRE Group and the Trust will grow as the site is developed in the future.

Pensions Deficit

The FRS102 pension scheme deficits relating to the defined benefit schemes operated by BRE Group is incorporated into the balance sheet of Building Research Establishment Limited (BRE Ltd) and of the BRE Group (which is the holding company for BRE Ltd). The deficit increased during the year to £41,767k (2020: £32,814k) further details of which are set out in note 19 to the financial statements. This increase in the scheme deficit is in part due to the increase in the present value of the benefit obligations, off-set in part by an improvement in the value of the assets of the scheme along with the payments by the company as part of the deficit reduction plan agreed with the pension trustees. The Directors of BRE Ltd consider that since the Company is able to meet all of its short and medium term liabilities, and the nature of the pension scheme deficit is long term, that this does not impact on the Trust as a going concern.

BRE TRUST

STRATEGIC REPORT

For the year ended 31 March 2021

The net movement in funds in 2020/21 was a decrease of £8.4m, being a combination of net income of £2.2m and actuarial loss on the defined benefit pension scheme of £10.6m.

Reserves Policy

BRE Trust has a reserves policy which requires it to maintain reserves at a level equivalent to total committed contract value plus three months of operating costs. This enables the BRE Trustees to manage financial risk and short-term income volatility. Free reserves available for use exclude restricted funds and the fixed assets held as unrestricted funds. Free reserves also exclude any long-term liabilities, and any deficit reported on the pension scheme. Should other funding not be received, the cash reserves should be used to pay committed contracts incurred defined by the notice period of the contract.

At 31 March 2021, committed contract value was £457k and three months operating costs were forecast at £19k which total £476k. BRE Trust has cash of £703k to meet these commitments and the excess cash is reflected in net reserves of £133k meaning that minimum reserves were being maintained.

The BRE Trustees will review the group reserves each year to assess the value of the reserves required to be held in cash and cash equivalents that are not restricted to any particular purpose. During the year the Trustees reviewed the total reserves, the operating costs of the Trust and the commitments under long term contracts and have ceased to enter into new long term commitments pending a full review of the BRE Trust structure and governance model.

Free reserves	2021 £'000	2020 (restated) £'000
Total unrestricted funds	(16,059)	(7,697)
Add: Pension liability	41,767	32,814
Net unrestricted funds	25,708	25,117
Less: Unrestricted fixed assets	(20,131)	(21,458)
Total free reserves	5,577	3,659
Represented by:		
Net current and intangible assets	7,456	5,186
Provisions	(1,879)	(1,527)
Total free reserves	5,577	3,659

The net movement in unrestricted funds in the year was an increase in the negative unrestricted funds of £8.4m (2020 (restated): decrease £17.1m) due to net income for the year of £2.5m (2020 (restated): £2.4m), offset by an actuarial loss on the defined benefit pension scheme of £10.6m (2020: gain £14.8m) and a transfer between funds of £0.3m (2020: nil).

Going Concern

BRE Trustees have carefully reviewed the financial position of the Trust and its subsidiaries taking account of the improvement in the level of reserves, excluding pension impact, and the net income of £2.2m generated in the financial year as well as its systems of financial and risk management. This review has included a detailed analysis of the forecasts for the current financial year, particularly given the impact of Covid-19, as well as the budgets for 2021 and 2022 and the cashflow projections for the Trust and BRE Group. As part of this review the management team have undertaken an assessment of the different income streams in the business, identifying the risks to income by looking at where the revenue is secure through committed contracts, where there are ongoing long-standing client relationships and where the revenue is more speculative.

In addition to analysing the income the BRE Trustees have reviewed the cost base in detail, particularly in light of Covid-19 but also as part of the on-going cost control implemented last year. During 2020 a restructuring exercise took place to reduce the operating costs of the organisation which will result in annual savings of over £2m from operating costs. The costs of the restructuring were supported by short term cash funding of £1.7m from the escrow account established on the sale of part of the site at BRE Group's head office at Garston. This borrowing will be repaid in equal instalments over the first nine months of this financial year. This recent review

has examined the forecast and budgeted costs at divisional and team levels to ensure these costs are managed effectively, that the risks where costs could increase are understood and the areas where further savings can be made are identified. This exercise has identified further opportunities to make some savings with the property portfolio. Refurbishment is being planned for some of the offices in Garston with staff working flexibly. This will allow the Group to reduce the space needed in offices and some of this will be made available to grow our rental income. Some small regional offices have also been closed in favour of more flexible arrangements.

The Construction Innovation Hub is a £72m, four-year programme which BRE is delivering (with partners) on behalf of Innovation UK to review the way in which the construction of social infrastructure (Schools, Hospitals, Prisons) takes account of modern methods of construction using a consistent methodology being developed by the programme. CIH is a ground-breaking programme for the UK Government and the industry and provides the potential for innovation in the construction sector both in the UK and internationally.

There continues to be day-to-day focus on working capital management and cashflow forecasts are reviewed on a regular basis. The overdraft facility with Barclays Bank was renewed at the beginning of 2021 for a further 12 months. This facility, along with funding from the escrow account, together with the advanced funding for the development of the Construction Innovation Hub will ensure that sufficient working capital exists to fund the ongoing activities of BRE Trust and BRE Group over the next 12 months and in the medium term.

The planning processes, including financial projections, take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. Details of the BRE Group's pension fund obligations are set out earlier in this report and a clear strategy exists to manage the deficit, which includes a deficit reduction plan designed to get the scheme to self-sufficiency by 2037.

Taking all this information together, the BRE Trustees therefore have a reasonable expectation that the organisation has sufficient resources to continue in operational existence for the foreseeable future and believe that there are no material uncertainties that call into doubt the ability of BRE Trust and its subsidiaries to continue as a going concern. The BRE Trustees consider the main risks to be those set out in the Risk Management section of this report.

Creditors payment policy

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

Risk management

The Trust and the Group maintain group-wide systems for managing risk, operational and compliance issues across all activities. Systems are continuously evolving and currently include a code of conduct, compulsory training, mandatory procedures, a detailed high-level risk analysis and response strategy, mandatory risk assessments, appropriate insurances and internal audit. The major risks faced by the Trust are reviewed by the BRE Trust Audit and Risk Committee and the risks faced by the BRE Group are reviewed by the BRE Group's Risk and Audit committee.

BRE Group Board and the Council of Trustees take responsibility for their respective risk registers and review the work of their respective Risk and Audit Committees. The Trustees also review the strategic risk register presented by the BRE Group Board and acknowledge their responsibility for the BRE Group's system of internal control and for monitoring its effectiveness.

The BRE Trustees accept that such a system can provide only reasonable and not absolute assurance against material misstatement and loss and that the system is designed to provide the Trustees with reasonable assurance that problems are identified on a timely basis and dealt with appropriately and that systems exist to mitigate those risks.

The BRE Trust Risk Register was reviewed and updated in the last year, revising the format for the register to include a more specific assessment of individual risks and their supporting mitigation activities. Input to this was provided at a workshop with trustees to review and update the Risk Register content to reflect current key priorities, as follows:

- Governance and Structure not suitable for purpose
- Skills not suitable for purpose
- Not able to meet its charitable objectives

- Impacted by failure to adhere or respond to legal or regulatory changes
- At risk due to performance failure of BREG and subsidiaries.
- Not financially solvent
- Unable to deliver programme
- Loss of Reputation/Brand
- Unable to operate due to Business disruption

Key responsibilities for each Risk are now assigned to specific Committees for ongoing review and response to maintain sufficient level of mitigation.

The Trustees consider the current, key strategic risks of the BRE Group to be those identified below. This table also shows the risk mitigations taken by the organisation and the changes from last year.

Strategic Risks	Risk control and mitigation	Change from last year
Financial stability	<ul style="list-style-type: none"> • Detailed business planning extended to a three-year time horizon with a bottom up approach to ensure realistic targets are put in place and managers own the budget figures. • Renewal of the existing overdraft facility to provide sufficient working capital over the next 12 months to meet obligations as they fall due. • Delivery of pension recovery plan of a realistic timescale to eliminate the pension deficit. • Shareholder and board oversight clear with agreed policies and procedures in place and on-going review to ensure they are appropriate and enforced. 	<ul style="list-style-type: none"> • Business planning continues to improve and although we have been impacted by Covid-19 forecasting has improved over the year and continues to improve with regular monitoring of results across the organisation. • The existing overdraft facility was renewed this year at a level sufficient for the business. • The pension recovery plan remains on track with the investment strategy hedging risks appropriately. Policies and procedures are in line with the prior year.
Talent retention and acquisition	<ul style="list-style-type: none"> • Key people and skills are identified with opportunities to upskill employees. • Flexible and remote working options available where circumstances allow. • Timely and focussed recruitment, with bench-marking pay using external resources as well as against industry norms. • Improved engagement with employees including implementation of Job Families, regular Performance and Development Reviews and management oversight (further detail below). 	<ul style="list-style-type: none"> • There are still risks with employee retention and acquisition partly because of our proximity to London but also as a consequence of the pandemic. We are continuing to monitor and improve employee engagement as well as employee wellbeing given the impact Covid-19 has had on all our colleagues. We have reviewed options for working arrangements and will be introducing flexible working arrangements where appropriate.

Strategic Risks	Risk control and mitigation	Change from last year
Cyber security risks including loss of data and breach of regulations.	<ul style="list-style-type: none"> Continuous employee training, including mandatory courses covering policies and procedures, best practice and lessons learned. On-going attack and resilience testing, continuous systems improvements and Cyber Essentials Plus was renewed in the year. Dual server centres in place with independent internet connectivity replicating data to provide resilience across the network. 	<ul style="list-style-type: none"> This risk continues to grow with new methods of attack and increased regulation. We continue to invest in our cyber security controls, training, and testing to mitigate this heightened risk. During 2020/21 we were audited for Cyber Essentials Plus and retained this external benchmark.
Reputation and brand	<ul style="list-style-type: none"> Integrity is integral to BRE Code of Conduct and the way we work. All scientific output follows a clear internal review process before issue with follow up process to include lessons learned. Speaking up policy in place and reviewed annually. Grenfell inquiry proceedings are monitored closely and BRE has provided a significant volume of information to assist the inquiry and continues to do so. 	<ul style="list-style-type: none"> We are continuing to apply significant resources on assisting the Grenfell inquiry including reviewing all historical documentation in connection with our government work. We have professionalised and centralised our media handling and reputation management through our Corporate Affairs Team.
Regulatory changes including Brexit and government policy	<ul style="list-style-type: none"> BRE Global Assurance (Ireland) Limited established to provide services to the European market. Improved engagement with government departments to ensure we maintain close working relationships and are able to identify potential changes in policy ahead of implementation. The Construction Innovation Hub programme is designed to put us in a good position to be recognised as a test and certification provider for modern methods of construction. 	<ul style="list-style-type: none"> BRE Global Assurance (Ireland) Limited has now been fully established and is developing new opportunities within Europe. The risks with UK Government policy changes have been mitigated through regular communications with government departments and industry bodies.
Competition and market relevance	<ul style="list-style-type: none"> Current change programme is now focused on the conclusions from the review of purpose and identifying relevant products, services within geographic regions offered by BRE Group. The programme aims to identify where improvements can be made with the BRE operating model to increase our advantage over competitors but also identify declining markets. 	<ul style="list-style-type: none"> The internal transformation programme and new leadership to improve BRE's market position is progressing well with benefits already been seen within the Academy and Building Performance Services with further work on-going within Assurance Services.
Economic – prolonged global recession brought about by Covid-19	<ul style="list-style-type: none"> Already planned cost reduction exercise implemented quickly, use of government support mechanisms, constant forecasting to ensure impact of Covid-19 clearly understood, maintain cost flexibility and agile response to new opportunities including additional government work. 	<ul style="list-style-type: none"> We have continued to adapt our working methods, including working from home where appropriate. We have managed our costs carefully but continue to monitor the changing economic environment.

Statement by the Trustees in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006.

The BRE Trustees consider that both individually and together that they have acted in the way they consider, in good faith, would be most likely to promote the success of BRE Trust for the benefit of its stakeholders as a whole (having regard to the matters set out in s172(1)(a-f) and S172(2) of the Act) in the decisions taken during the year ended 31 March 2021. The following paragraphs summarise how the Trustees fulfil the key elements of these duties.

Business planning and risk management

The BRE Trustees maintain its strategic plan for funding world class research in the built environment and consider long term planning as a critical part of how they ensure they understand the long-term consequences of their decisions. The Trustees recognise the nature of the safety critical services provided by BRE Group to its customers and the need to continue to evolve our approach to the risk management.

Our people

Our people are integral to the success of BRE Group and BRE Trust and we are proud of the passion and wide-ranging expertise and skills of our colleagues across the business. This year, we have invested in a number of people programmes that will help us create an environment in which our people can continue to thrive and develop including engagement programmes, further details of which are set out in the Strategic Report under the section on Staff engagement and development.

Business and stakeholder relationships

The success of the organisation is dependent on our relationships with all of our stakeholders which include partners for BRE Trust, our customers for BRE Group as well as all our suppliers and staff. At BRE Trust we have focused heavily on building a network of like-minded organisations to improve research, education and practice in the built environment further details of which are set out in the Strategic Report under the section on Achievements and performance. BRE Group has focused on business development bringing in new commercial resources to work across the product portfolio to gain insight into markets and customers so that we are better able to serve the needs of all our stakeholders.

Community and Environment

The BRE Trustees recognise that the way we construct and manage homes, workplaces and other built assets can have hugely positive impacts on our wellbeing, economic performance and the sustainability and resilience of our built environment. Critical to this and the BRE Trust's core focus is the development of improved products, processes and tools to enhance economic and environmental impacts.

Disclosure of Information to Auditor

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

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Crowe U.K. LLP will therefore continue in office.

BRE TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

For the year ended 31 March 2021

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

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

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

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

The Trustees' Report, under the Charities Act 2011 and Companies Act 2006, was approved by the Council of Trustees' on 16 August 2021 including approving in their capacity as company directors the strategic report contained therein, and is signed as authorised on its behalf by:

P.G. Wilbraham

P.G. Wilbraham (Aug 19, 2021 11:50 GMT+1)

Philip Wilbraham
Chair

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

Opinion

We have audited the financial statements of BRE Trust for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2021 and of the group's outgoing resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information contained with the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement set out on page 19 the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and discussed these between our audit team members. We then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Group for fraud. The only other laws and regulations we considered in this context are;

- General Data Protection Regulation (GDPR)
- ISO standards (ISO 17025, ISO 17065, ISO 9001; Quality Management System, ISO 14001: Environmental Management, ISO 45001: Occupational Health and Safety)
- Health and safety legislation
- Taxation legislation
- Employment legislation

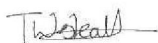
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, designing and implementing audit procedures over income, detailed testing of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Companies House, Charity Commission, OSCR, HMRC, the ICO, Health and Safety Executive (HSE), United Kingdom Accreditation Service (UKAS), Lloyd's Register Quality Assurance (LRQA), the review of internal audit reports and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Tara Westcott
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Cheltenham

1 September 2021

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

For the year ended 31 March 2021

	Note	Restricted Funds 2021 £'000	Unrestricted Funds 2021 £'000	Total Funds 2021 £'000	Total Funds 2020 (restated) £'000
Income from					
Charitable activities	2	7,635	41,871	49,506	52,853
Other trading activities	3	-	2,782	2,782	1,078
Interest receivable		-	4	4	5
Total		7,635	44,657	52,292	53,936
Expenditure on					
Charitable activities	4	(7,915)	(41,789)	(49,704)	(50,547)
Net (expenditure) / income before tax		(280)	2,868	2,588	3,389
Taxation	8	-	(383)	(383)	(6)
Net (expenditure) / income		(280)	2,485	2,205	3,383
Transfers between funds		277	(277)	-	
Other recognised gains/(losses)					
		-	-	-	-
Actuarial (losses) / gains on defined benefit pension scheme		-	(10,570)	(10,570)	14,773
Net movement in funds		(3)	(8,362)	(8,365)	18,156
Reconciliation of funds					
Total funds/(deficit) brought forward	16	1,304	(7,697)	(6,393)	(24,549)
Total funds/(deficit) carried forward		1,301	(16,059)	(14,758)	(6,393)

In 2020 the net movement of funds for the year on restricted funds was a gain of £1,020k.

The accompanying notes on pages 26 to 49 form an integral part of these financial statements.

BRE TRUST**CONSOLIDATED AND COMPANY BALANCE SHEETS**

For the year ended 31 March 2021

	Note	Group 2021 £'000	Group 2020 (restated) £'000	Charity 2021 £'000	Charity 2020 £'000
Fixed assets					
Intangible assets	9	1,268	663	-	-
Tangible assets	10	21,210	22,610	-	-
Investments	11	-	-	5,000	5,000
		<u>22,478</u>	<u>23,273</u>	<u>5,000</u>	<u>5,000</u>
Current assets					
Debtors	13	13,496	14,926	3	455
Cash		9,103	4,492	731	742
Creditors: amounts falling due within one year	14	(16,189)	(14,743)	(601)	(453)
Net current assets		<u>6,410</u>	<u>4,675</u>	<u>133</u>	<u>744</u>
Total assets less current liabilities		<u>28,888</u>	<u>27,948</u>	<u>5,133</u>	<u>5,744</u>
Provisions for liabilities	15	(1,879)	(1,527)	-	-
Net assets excluding pensions liabilities		<u>27,009</u>	<u>26,421</u>	<u>5,133</u>	<u>5,744</u>
Defined benefit pension scheme liability	19	(41,767)	(32,814)	-	-
Net (liabilities) / assets including pension liabilities		<u>(14,758)</u>	<u>(6,393)</u>	<u>5,133</u>	<u>5,744</u>
Funds of the Group					
Unrestricted funds:					
General fund	16	15,451	14,860	4,995	5,606
Revaluation reserve	16	10,257	10,257	-	-
Pension reserve	16	(41,767)	(32,814)	-	-
Restricted funds:					
Other reserve	16	9	9	-	-
Capital reserve	16	1,070	1,040	-	-
Income fund	16	222	255	138	138
Total funds/(deficit)		<u>(14,758)</u>	<u>(6,393)</u>	<u>5,133</u>	<u>5,744</u>

The total income for the year of the Charity dealt with in the financial statements was £ nil (2020: £19k) and total expenditure was £611k (2020: £808k).

The accompanying notes on pages 26 to 49 form an integral part of these financial statements.

These financial statements were approved by the Trustees on 16 August 2021

P.G. Wilbraham
P.G. Wilbraham (Aug 19, 2021 11:50 GMT+1)

Philip Wilbraham

Chairman

Company Registration Number: 03282856

Charity Registration Number in England and Wales: 1092193

Charity Registration Number in Scotland: SCO39320

BRE TRUST**CONSOLIDATED CASH FLOW STATEMENT**
For the year ended 31 March 2021

	Note	2021 £'000	2020 (restated) £'000
Net cash from operating activities	17	6,332	5,007
Cash flows from investing activities			
Interest received		4	5
Acquisition of tangible fixed assets	10	(247)	(1,395)
Acquisition of intangible fixed assets	9	(1,478)	(418)
Net cash used by investing activities		<u>(1,721)</u>	<u>(1,808)</u>
Increase in cash and cash equivalents in the year	18	<u>4,611</u>	<u>3,199</u>
Cash and cash equivalents at the beginning of the reporting period		<u>4,492</u>	<u>1,293</u>
Cash and cash equivalents at the end of the reporting period		<u>9,103</u>	<u>4,492</u>

The accompanying notes on pages 26 to 49 form an integral part of these financial statements.

1 Accounting policies**Charity information**

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

Basis of preparation

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

Basis of consolidation

The Group financial statements consolidate the financial statements of the Charitable Company and its subsidiary undertakings drawn up to 31 March each year. With the exception of BRE China the financial statements of subsidiaries are prepared for the same reporting year as the Trust using consistent accounting policies. Even though BRE China has a 31 December reporting date the consolidated accounts include its results for the 12 months to 31 March 2021. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated statement of financial activities from the date of acquisition or up to the date of disposal.

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

Critical accounting judgements and estimation uncertainty

Preparation of the accounts requires the Trustees and management to make significant judgements and estimates which could differ from actual outcomes. The items in the financial statements where these judgements and estimates have been made are:

- Revenue for provision of services is recognised when it is probable that an economic benefit will flow to the entity and the revenue and costs can be reliably measured. For continuing services, revenue is recognised when the stage of completion can be reliably measured using a percentage completion method.
- The assessment of the Trust and Group as a going concern, further details regarding this judgement are set out under this heading below.
- The provisions made in respect of bad or doubtful debts which is based on historical experience of our debtors and specific knowledge of individual bad debts.
- The assumptions used to value the defined benefit pension scheme obligations and other defined benefit plans, which are based on best estimates of the discount rate to apply and inflation rates, further details of which are set out in note 18 to these financial statements,
- impairment and valuation of non-current assets and the remaining useful life of assets which is based on future plans for the use of the assets.

Going concern

The Trustees have carefully reviewed the financial position of BRE Trust and its subsidiaries taking account of the level of reserves and the income for the financial year as well as its systems of financial and risk management. This review, which is part of the annual three-year planning cycle, has included a detailed analysis of the forecasts for the current financial year, a review of the budgets for 2022 and 2023 and the cashflow projections for the Trust and BRE Group. As part of this review the management team have undertaken a detailed analysis of the different income streams in the business, identifying the risks to income by looking at where the revenue is secure through committed contracts, where there are ongoing long-standing client relationships and where the revenue is more speculative. This review took into account the impact we have seen from Covid-19 during this financial year but also the opportunities that are being developed following the changes that have been undertaken across the business.

1 Accounting policies (continued)

The forecasts for the current financial year and the budgets for 2022 and 2023 have been set-out as the base case for the organisation. They include the impact of known capital expenditure as well as provision for some potential risks of assets needing replacement. However, they do not include the possible upside of the growth opportunities in passive fire protection products and infrastructure work. The review has included sensitivity analysis around the income streams to ensure that in the event of a downturn in the economy the Group would still be able to operate sustainably for the foreseeable future.

There continues to be day-to-day focus on working capital management and cashflow forecasts are reviewed on a regular basis. The overdraft facility with Barclays Bank has recently been renewed for a further 12 months. This facility, together with the advanced funding for the development of the Construction Innovation Hub will ensure that sufficient working capital exists to fund the ongoing activities of BRE Trust and the Group over the next 12 months and in the medium term.

The planning processes, including financial projections, take into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. Details of the Group's pension fund obligations are set-out earlier in this report and a clear strategy exists to manage the deficit, which includes a deficit reduction plan which is designed to get the scheme to self-sufficiency by 2030.

Taking all this information together the Trustees therefore have a reasonable expectation that the organisation has sufficient resources to continue in operational existence for the foreseeable future and believe that there are no material uncertainties that call into doubt the ability of the Group to continue as a going concern.

Income

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

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

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

Funds

All funds of the Charity and the Group are unrestricted funds, with the exception of a number of individual grant funded projects, which are restricted. Unrestricted funds are available for the Trustees to apply to research activities that are in accordance with the objects of the Trust. Restricted funds are used for research governed by any conditions accepted at the time the funds are received.

1 Accounting policies (continued)**Expenditure**

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

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

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

Redundancy and settlement payments are recognised at the leaving date of the member of staff and measured at the best estimate of expenditure required to settle the obligation at the reporting date.

Operating Leases

Operating leases and the payments made under them are charged to the statement of financial activities on a straight-line basis over the lease term. The Group also lets some of its property on short term leases of five years or less which are classified as operating leases. Lease income is recognised on a straight-line basis over the lease term.

Research and development

All research expenditure is charged to the statement of financial activities in the period in which it is incurred. The development costs incurred in the creation of new software products and tools are capitalised under intangibles. The amount of research and development expenditure recognised as expenditure in the year was £2,814k (2020: £1,866k).

Taxation

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

Deferred tax is recognised on all timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Intangible assets

Purchased goodwill is capitalised and amortised over its useful economic life, which is determined on a case by case basis, but does not exceed 5 years.

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

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are capitalised and stated at cost or valuation less depreciation. The fair value of land and buildings is determined from a market-based appraisal undertaken by a professionally qualified valuer every three years and the next valuation will be undertaken in 2022. Assets are reviewed annual for any impairment in value.

Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life on a straight-line basis, as shown below:

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

No depreciation is provided on freehold land.

Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Within provisions is an amount for enhanced redundancy benefits where employees over 50 years of age can, under TUPE rules, translate part of their redundancy entitlement into an annual compensation payment. A provision is made for the future amounts payable over the estimated life expectancy of the ex-employees.

Cash

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

Basic financial instruments

Debtors

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

Creditors

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

Investments in subsidiaries, jointly controlled entities and associates

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

1 Accounting policies (continued)

Foreign currencies

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

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

Post – retirement benefits

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

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

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

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

Building Research Establishment Limited also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Trust and its subsidiaries in an independently administered fund. The pension costs charged against net income are the contributions payable to the scheme in respect of the accounting period.

Employee benefits paid on redundancy or termination include accrued amounts where BRE Trust is demonstrably committed to make these payments but they had not yet been made at 31 March 2021. All accrued amounts are fully funded and expected to be settled within 12 months of the balance sheet date.

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 March 2021**2 Income**

	2021 £'000	2020 (restated) £'000
Advisory services on building performance, construction and fire safety	14,199	17,823
Provision of third-party assurance services	27,607	28,708
Services delivered to government	7,700	6,322
	<u>49,506</u>	<u>52,853</u>

Included in services delivered to government are amounts totalling £7,700k (2020 (restated): £6,322k) which are government grants for undertaking research projects for which there are no unfulfilled conditions.

3 Other trading income

	2021 £'000	2020 £'000
Other rental income	1,006	1,078
Other trading income	153	-
Government grant income	1,171	-
Tax credits	452	-
	<u>2,782</u>	<u>1,078</u>

Government grant income relates to amounts received under the Coronavirus Job Retention Scheme, where support staff were furloughed during the year. There were no conditions attached to this income.

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 March 2021**4 Expenditure****Charitable activities**

	Commercial Activities	Advisory Services	Third Party Assurance	Services to Government	2021 Total	2020 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Activities undertaken directly	786	14,776	13,593	5,392	34,547	34,078
Grant funding of activities	-	611	-	-	611	657
Support costs	325	6,366	5,624	2,231	14,546	15,812
	<u>1,111</u>	<u>21,753</u>	<u>19,217</u>	<u>7,623</u>	<u>49,704</u>	<u>50,547</u>

Analysis of support costs

	Commercial Activities	Advisory Services	Third Party Assurance	Services to Government	2021 Total	2020 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Legal and professional	96	1,880	1,661	659	4,296	4,672
IT	29	572	506	201	1,308	1,492
HR	18	349	309	122	798	1,070
Marketing	20	386	340	135	881	1,011
Facilities	51	1,008	890	353	2,302	3,002
Other	111	2,171	1,918	761	4,961	4,565
	<u>325</u>	<u>6,366</u>	<u>5,624</u>	<u>2,231</u>	<u>14,546</u>	<u>15,812</u>

Included within Support costs are the following governance costs

	2021 £'000	2020 £'000
<i>Auditor's remuneration:</i>		
Audit of Group and subsidiary financial statements	71	62
Amounts receivable by auditor and associates in respect of:		
Services relating to taxation	12	10
Additional fees relating to prior year audit	28	35
Other services	3	11

Expenditure on research and development recognised as an expense totalled £2,814k (2020: £1,866k)

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

5 Staff costs and numbers

	2021 £'000	2020 £'000
Group staff costs during the period amounted to:		
Wages and salaries	22,542	24,302
Social security costs	2,211	2,440
Other pension costs	3,577	3,546
Operating costs of the defined benefit pension scheme	449	481
	<u>28,779</u>	<u>30,769</u>

Included in Other pension costs are contributions made by the Trust of £2,531k (2020: £2,479k) to the closed BRE and LPC defined benefit Pension Scheme.

During the year redundancy and termination payments totalling £1,754k (2020: £986k) were made in agreement with the employees, who were provided with independent legal advice, to compensate them for loss of employment arising from their employment with the Group ceasing.

The executive team consisting of 3 individuals were paid a total of £619k (2020: 7 individuals were paid £883k).

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

	2021	2020
Research staff	506	539
Support staff	52	56
	<u>558</u>	<u>595</u>

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

Salary band	2021	2020
£60,000 - £69,999	22	24
£70,000 - £79,999	8	18
£80,000 - £89,999	8	7
£90,000 - £99,999	4	6
£100,000 - £109,999	2	3
£110,000 - £119,999	4	4
£130,000 - £139,999	-	1
£140,000 - £149,999	1	-
£160,000 - £169,999	1	2
£170,000 - £179,999	1	-

The total employer contributions in the year for provision of money purchase pension benefits for higher paid employees were £190k (2020: £260k). The number of higher paid employees (i.e. greater than £60k) to whom pension benefits are accruing under money purchase schemes was 44 (2020: 62).

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

6 Trustees' remuneration and expenses

No Trustee earned any remuneration in either 2021 or 2020. Out of pocket expenses incurred by 1 (2020: 1) Trustee in the furtherance of their duties are reimbursed at cost and totalled £70 (2020: £1,901). The whole of this amount related to travel and out of pocket expenses.

7 Other finance costs

	2021 £'000	2020 £'000
Expected return on pension scheme assets	2,276	2,024
Interest on pension scheme liabilities	(3,096)	(3,191)
Administration expenses	(94)	-
Past service cost (incl. curtailments)	-	-
	<u>(914)</u>	<u>(1,167)</u>

8 Taxation

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

The tax charge for the period is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below.

	2021 £'000	2020 (restated) £'000
<i>Current tax</i>		
UK corporation tax on profit for the year	362	6
Adjustment in respect of previous year	21	-
	<u>383</u>	<u>6</u>
<i>Tax reconciliation</i>		
Profit on ordinary activities before tax	2,588	3,389
	<u>492</u>	<u>644</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	147	144
R&D expenditure credits	(86)	(32)
Consolidation adjustments	301	58
Deferred tax not recognised	(471)	(808)
	<u>383</u>	<u>6</u>
Total tax charge		

BRE TRUST
NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2021

8 Taxation (continued)

The Finance Act 2021 received Royal Assent on 10 June 2021 and the corporation tax rate will increase from 19% to 25% from 1 April 2023 for companies with taxable profits in excess of £250,000. For those businesses that have taxable profits between £50,000 and £250,000 a marginal rate relief scheme will be introduced to bridge the gap between the 19% rate and 25% rate providing a gradual increase in rate throughout this band.

9 Intangible fixed assets

Group	Software	Other Intangibles	Total
	£'000	£'000	£'000
Cost			
At 1 April 2020	4,454	497	4,951
Additions	1,478	-	1,478
Disposals	(25)	-	(25)
At 31 March 2021	<u>5,907</u>	<u>497</u>	<u>6,404</u>
Amortisation			
At 1 April 2020	3,849	439	4,288
Charge for the year	790	58	848
Eliminated on disposal	-	-	-
At 31 March 2021	<u>4,639</u>	<u>497</u>	<u>5,136</u>
Net book value			
At 31 March 2021	<u>1,268</u>	<u>-</u>	<u>1,268</u>
At 31 March 2020	<u>605</u>	<u>58</u>	<u>663</u>

BRE TRUSTNOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021**10 Tangible fixed assets**

Group	Freehold Land and Buildings £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 April 2020	27,339	10,456	1,180	54	39,029
Additions	52	162	33	-	247
At 31 March 2021	27,391	10,618	1,213	54	39,276
Depreciation					
At 1 April 2020	8,029	7,591	746	53	16,419
Charge for year	623	914	109	1	1,647
At 31 March 2021	8,652	8,505	855	54	18,066
Net Book Value					
At 31 March 2021	18,739	2,113	358	-	21,210
At 31 March 2020	19,310	2,865	434	1	22,610

Freehold land is not depreciated. As at 31 March 2021, freehold land and buildings is held at the revalued amount of £19.1 million. The comparable cost and net book value at that date determined under the historical cost accounting rules would have been £16.8 million and £9.4 million respectively. A full valuation was performed on 18 March 2019 by Christian Glazier (MRICS) of BNP Paribas Real Estate. The valuation was prepared in accordance with Professional Standard 2 of the RICS Valuation – Global Standards 2017 (“the Red Book”).

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

No tangible fixed assets are owned by the Trust.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

11 Fixed asset investments

Charity	Interest in subsidiary undertakings £'000
Net Book Value	
At 1 April 2020 and 31 March 2021	<u>5,000</u>

The trading results of the operating subsidiaries of the Group are:

	Building Research Establishment Limited	BRE Global Limited	Constructing Excellence Limited [#]	Ceequal Limited	BRE China	BRE Ireland
	2021 £'000	2021 £'000	2021 £'000	2021 £'000	2021 £'000	2021 £'000
Summary profit and loss account						
Turnover	21,278	28,617	199	94	503	385
Operating costs	(33,106)	(28,566)	(91)	(119)	(613)	(273)
Other operating income	16,745	37	-	-	-	-
Operating profit/(loss)	<u>4,917</u>	<u>88</u>	<u>108</u>	<u>(25)</u>	<u>(110)</u>	<u>112</u>
Other finance costs	(914)	-	-	-	-	-
Actuarial loss on defined benefit pension	(10,570)	-	-	-	-	-
Net result	<u>(6,567)</u>	<u>88</u>	<u>108</u>	<u>(25)</u>	<u>(110)</u>	<u>112</u>
Taxation	(362)	(21)	-	-	-	-
Retained in the subsidiary	<u>(6,929)</u>	<u>67</u>	<u>108</u>	<u>(25)</u>	<u>(110)</u>	<u>112</u>
Assets and liabilities of the subsidiary						
Fixed assets	22,827	632	-	-	1	-
Current assets	15,104	23,145	262	1,091	526	275
Creditors falling due within one year	(27,245)	(5,896)	(43)	(138)	(1,113)	(488)
Net assets/(liabilities)	<u>10,686</u>	<u>17,881</u>	<u>219</u>	<u>953</u>	<u>(586)</u>	<u>(213)</u>
Provision for liabilities	(1,879)	-	-	-	-	-
Pension scheme liabilities	(41,767)	-	-	-	-	-
Deferred grant	(277)	-	-	-	-	-
Total funds	<u>(33,237)</u>	<u>17,881</u>	<u>219</u>	<u>953</u>	<u>(586)</u>	<u>(213)</u>

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

12 Subsidiary and associate undertakings

The undertakings in which the Group's interest at 31 March 2021 was more than 20% were as follows:

	Interest in ordinary share capital	Activity
Trading Companies:		
BRE Group Limited (02704081)	100%	Management of subsidiary company operations
Building Research Establishment Limited (03319324)##	100%	Advisory services and information on building performance, construction and fire safety
BRE Global Limited (08961297)##	100%	Testing and certification of materials and products, and certification of personnel, Buildings, process, systems and supply chains
Building Research Establishment Shenzhen Limited (91440300358776938Y)*	100%	Sustainability and training
Ceequal Limited (04568928)+	100%	Methodologies for sustainable infrastructure projects
BRE America Holdings Inc (5984258)*	100%	Holding company
BRE America LLC (201607410163)* #	100%	Assessment of developments under BREEAM process
Buildingwise LLC (200716410151)	100%	Assessment of developments under LEED and BREEAM process
Constructing Excellence Limited(04641522)*>	N/A	Co-ordination of member led performance improvement network
BRE Global Assurance (Ireland) Limited (602123)	100%	Testing and certification of materials and products, and certification of personnel, Buildings, process, systems and supply chains
Non-Trading Companies:		
BRE Certification Limited (03548352)+	100%	
BRE International Limited (01915620)* #	100%	
BRE Canada Inc (81924 6000)*	100%	
EFSG Limited (02971676) * #>	N/A	
The Loss Prevention Certification Board Limited (01907862)* #	100%	
Building Performance Group Limited (01573939)* #	100%	

* Held through Building Research Establishment Limited

Dormant company

Held through BRE Group Limited

+ Held through BRE Global Limited

> Company limited by guarantee

All of the subsidiaries and associates are registered in England and Wales with the exception of BRE America Holdings Inc, BRE America LLC and Buildingwise LLC which are registered in the United States, BRE Canada which is registered in Canada, BRE China which is registered in China, BRE Global Assurance (Ireland) Limited which is registered in Ireland.

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 March 2021**13 Debtors**

	2021 £'000 Group	2021 £'000 Charity	2020 £'000 Group	2020 £'000 Charity
Trade debtors	6,965	-	7,939	3
Amounts recoverable on contracts	1,442	-	1,335	-
Amounts due from group undertakings	-	-	-	441
Other debtors	3,100	3	3,298	2
Social security and other taxes	862	-	-	-
Prepayments	1,127	-	2,354	9
	<u>13,496</u>	<u>3</u>	<u>14,926</u>	<u>455</u>

The loans to Group undertakings have been made to the Trust's subsidiary undertakings in accordance with the charitable objectives of the Trust. They are secured on the assets of that company with interest charged at 0.25% (2020: 0.25%) above base rate.

14 Creditors: amounts falling due within one year

	2021 £'000 Group	2021 £'000 Charity	2020 (restated) £'000 Group	2020 £'000 Charity
Deferred income	7,193	-	6,721	-
Trade creditors	3,330	17	3,111	34
Amounts due to group undertakings	-	125	-	-
Social security and other taxes	1,741	-	1,554	-
Corporation tax	362	-	(1)	-
Other creditors	728	2	1,190	-
Accruals	2,835	457	2,168	419
	<u>16,189</u>	<u>601</u>	<u>14,743</u>	<u>453</u>

Deferred income movement:

	£'000 Group	£'000 Charity
Balance at 1 April 2020 (restated)	6,721	-
Amount released in the year	(7,514)	-
Amount deferred in the year	7,986	-
	<u>7,193</u>	<u>-</u>
Balance at 31 March 2021	7,193	-

Deferred income arises where services have been invoiced but the performance conditions in relation to part of the amount invoiced have not yet been met. Included in the amount for deferred income is an advance on grant funding and advancements provided by Innovate UK amounting to £2,037k (2020: £2,441k) which is repayable upon demand.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

15 Provision for liabilities

Future amounts payable relating to:	Former Directors' Future liabilities £'000	Restructuring £'000	Post retirement future liabilities £'000	Litigation £'000	Total £'000
Group:					
At 1 April 2020	112	280	855	280	1,527
Utilised in the year	-	(264)	(123)	(280)	(667)
Charge to the Statement of Financial Activities	1	-	1,018	-	1,019
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	113	16	1,750	-	1,879
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The post retirement future liabilities 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.

Former directors' future liabilities is a provision made in respect of two previous directors of the Group who were provided with post-retirement benefits to match benefits received by other executives in the company who were on an enhanced executive category pension arrangement.

The litigation provision is made in respect of possible future litigation including all legal fees, prosecution costs and any other costs imposed or arising on contracts.

The timing of the cash outlays in respect of these provisions is uncertain but should not exceed £145k in the next financial year.

16 Reserves

	General Fund Unrestricted £'000	Pension Reserve Unrestricted £'000	Revaluation Reserve Unrestricted £'000	Total Unrestricted Reserves £'000	Other Reserves Restricted £'000	Capital Reserves Restricted £'000	Income Reserve Restricted £'000	Total Restricted Reserves £'000
Group								
At 1 April 2020	14,860	(32,814)	10,257	(7,697)	9	1,040	255	1,304
(restated)								
Net income for the year	868	1,617	-	2,485	-	(247)	(33)	(280)
Actuarial (loss) recognised in defined benefit pension	-	(10,570)	-	(10,570)	-	-	-	-
Transfer between funds	(277)	-	-	(277)		277		277
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	15,451	(41,767)	10,257	(16,059)	9	1,070	222	1,301
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The transfer between funds in the year ended 31 March 2021 (£277k) relates to assets under the Victorian Terrace grant.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

16 Reserves (continued) (restated)

Group	General Fund Unrestricted £'000	Pension Reserve Unrestricted £'000	Revaluation Reserve Unrestricted £'000	Total Unrestricted Reserves £'000	Other Reserve Restricted £'000	Capital Reserves Restricted £'000	Income Reserve Restricted £'000	Total Restricted Reserves £'000
At 1 April 2019	13,809	(48,899)	10,257	(24,833)	9	-	275	284
Net income for the year	1,051	1,312	-	2,363	-	1,040	(20)	1,020
Actuarial gain recognised in defined benefit pension	-	14,773	-	14,773	-	-	-	-
At 31 March 2020	14,860	(32,814)	10,257	(7,697)	9	1,040	255	1,304

The general fund is the amount of unrestricted funds after allowing for total fixed assets, any commitments not recognised in the accounts and all designated funds. The revaluation reserve is the value of unrestricted funds represented by the freehold land and buildings owned and used by the Group and its subsidiaries on an ongoing basis.

Charity	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
At 1 April 2020	5,606	138	5,744
Net deficit for the year	(611)	-	(611)
At 31 March 2021	4,995	138	5,133

Charity	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
At 1 April 2019	6,414	138	6,552
Net deficit for the year	(808)	-	(808)
At 31 March 2020	5,606	138	5,744

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

16 Reserves (continued)

The net deficit for the year of the Charity dealt with in the financial statements was £611k (2020: £808k deficit).

Restricted funds are used to promote sustainable approaches to relief, recovery and reconstruction after a natural disaster. Other restricted reserves relate to the PIA (payment in advance) on grant projects. Capital restricted reserves relate to fixed assets purchased restricted by grants under CIH. Income restricted reserves relate to the accumulated Statement of Financial Activities funds held by the individual Trust entity

Analysis of Group net assets between funds	General Fund	Pension Reserve	Revaluation Reserve	Other Restricted Reserve	Capital Restricted Reserve	Income Restricted Reserves	Total
	2021 £'000	2021 £'000	2021 £'000	2021 £'000	2021 £'000	2021 £'000	2021 £'000
Intangible	1,268	-	-	-	-	-	1,268
Tangible	9,874	-	10,257	9	1,070	-	21,210
Net current assets	6,188	-	-	-	-	222	6,410
Provisions	(1,879)	-	-	-	-	-	(1,879)
Pension scheme liability	-	(41,767)	-	-	-	-	(41,767)
	<u>15,451</u>	<u>(41,767)</u>	<u>10,257</u>	<u>9</u>	<u>1,070</u>	<u>222</u>	<u>(14,758)</u>

2020 Comparative (restated)

Analysis of Group net assets between funds	General Fund	Pension Reserve	Revaluation Reserve	Other Reserve	Capital Restricted Reserve	Income Restricted Reserves	Total
	2020 £'000	2020 £'000	2020 £'000	2020 £'000	2020 £'000	2020 £'000	2020 £'000
Intangible	663	-	-	-	-	-	663
Tangible	11,201	-	10,257	9	1,040	-	22,507
Net current assets	4,523	-	-	-	-	255	4,778
Provisions	(1,527)	-	-	-	-	-	(1,527)
Pension scheme liability	-	(32,814)	-	-	-	-	(32,814)
	<u>14,860</u>	<u>(32,814)</u>	<u>10,257</u>	<u>9</u>	<u>1,040</u>	<u>255</u>	<u>(6,393)</u>

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

17 Cash flows from operating activities

	2021	2020 (restated)
	£'000	£'000
Net income	2,588	3,389
<i>Adjustments for:</i>		
Interest receivable	(4)	(5)
Depreciation, amortisation and impairment	2,495	1,890
Loss on disposal of fixed assets	25	28
Taxation	(383)	(6)
Pension and other finance costs	914	1,167
Pension deficit funding contributions	(2,531)	(2,479)
Movement in working capital:		
Decrease / (increase) in debtors	1,430	(939)
Increase in creditors	1,452	2,264
Increase / (decrease) in provisions	352	(242)
Taxation received/(paid)	(6)	(60)
Net cash from operating activities	6,332	5,007

18 Analysis of change in net funds

	At 1 April 2020 £'000	Cash flow £'000	At 31 March 2021 £'000
Cash at bank	4,658	4,445	9,103
Overdraft	(166)	166	-
Cash and cash equivalents	4,492	4,611	9,103

19 Pensions

The Group formerly 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). 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 ended 31 March 2016 forming the BRE and LPC Pension Scheme.

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 £2,531k (2020: £2,479k) and scheme related expenses. All the pension costs relate to unrestricted funds and have been allocated between activities based on the level of income for the year.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

19 Pensions (continued)

Contributions to the stakeholder scheme amounting to £182k (2020: £212k) were payable at 31 March 2021 and are included in creditors.

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

Management charges of £449k (2020: £414k) were incurred in respect of the defined benefit scheme. Contributions to this scheme amounting to £213k (2020: £210k) were payable at 31 March 2021 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 2021 %pa	Combined Scheme 2020 %pa	Combined Scheme 2019 %pa
Rate of increase in salaries	2.40	1.90	2.10
Discount rate for calculation of benefits	2.10	2.60	2.45
Inflation (RPI)	3.10	2.50	3.15
Inflation (CPI)	2.40	1.90	2.10

In valuing the liabilities of the pension fund at 31 March 2021, mortality assumptions have been made as indicated below.

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

The BRE and LPC Pension Scheme

- Current pensioner aged 65: 20.5 years (male) and 23.3 (female)
- Future retiree (aged 45) upon reaching 65: 21.8 years (male) and 24.8 (female)

The assumptions used by the actuary are the Group's best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The asset valuations of the scheme at that date amounted to £91,692k (2020: £88,373k) for the combined BRE and LPC scheme. These amounts were sufficient to cover 69% (2020: 73%) of the benefits that had accrued to members.

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2021

19 Pensions (continued)

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

	2021 £'000	2020 £'000
Present value of funded defined benefit obligations	(133,459)	(121,187)
Fair value of assets	91,692	88,373
Net deficit	(41,767)	(32,814)

Movements in present value of defined benefit obligation

	2021 £'000	2020 £'000
At 1 April	121,187	132,554
Interest on obligation	3,096	3,191
Actuarial loss / (gain)	13,316	(9,948)
Benefits paid	(4,234)	(4,610)
Past service cost (incl. curtailments)	94	-
At 31 March	133,459	121,187

Movements in fair value of assets

	2021 £'000	2020 £'000
At 1 April	88,373	83,655
Expected return on assets	2,276	2,024
Actuarial (loss)/gain	2,746	4,825
Contributions by employer	2,531	2,479
Benefits paid	(4,234)	(4,610)
At 31 March	91,692	88,373

Amounts recognised in the Consolidated Statement of Financial Activities

	2021 £'000	2020 £'000
Interest on defined benefit obligations	(3,096)	(3,191)
Expected return on assets	2,276	2,024
Past service cost (incl. curtailments)	(94)	-
Resources expended (included in other finance costs)	(914)	(1,167)

BRE TRUSTNOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021**19 Pensions (continued)**

	2021 £'000	2020 £'000
Actual return less expected return on assets	2,746	4,825
Experience gain on liabilities	4,014	63
Change in assumptions underlying the present value of the liabilities	(17,330)	9,885
	<hr/>	<hr/>
Actuarial (loss) / gain	(10,570)	14,773
	<hr/>	<hr/>

Assets

Actual return on the scheme assets during the year:

	2021 £'000	2020 £'000
Return on assets excluding interest	2,746	4,825
Interest income on assets	2,276	2,024
	<hr/>	<hr/>
Actual return on scheme assts	5,022	6,849
	<hr/>	<hr/>

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

The Group expects to contribute approximately £2,593k to the defined benefit scheme in the next financial year.

20 Financial instruments

	2021 £'000	2021 £'000	2020 £'000	2020 £'000
	Group	Charity	Group	Charity
<i>Financial assets that are debt instruments measured at amortised cost</i>	20,605	734	17,064	1,188
<i>Financial liabilities measure at amortised cost</i>	6,893	474	6,469	453

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

21 Leases

At 31 March 2021 the Group had future minimum lease payments under non-cancellable operating lease arrangements as follows:

During the year £371k was recognised as an expense in the Statement of Financial Activities in respect of operating leases (2020: £442k)

	2021 £'000	2020 £'000
Plant and machinery expiring:		
Not later than one year	72	80
Later than one year and not later than five years	54	80
	<u>126</u>	<u>160</u>
Land and Buildings expiring:	2021 £'000	2020 £'000
Not later than one year	220	208
Later than one year but not later than five years	555	456
Later than five years	335	417
	<u>1,110</u>	<u>1,081</u>

At 31 March 2021 the Group had expected future minimum lease receipts under non-cancellable operating leases as follows:

Future anticipated Lessor income	2021 £'000	2020 £'000
Not later than one year	774	848
Later than one year and not later than five years	1,004	1,438
Later than five years	198	221
	<u>1,976</u>	<u>2,507</u>

22 Related party transactions

Trustees and directors

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

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

22 Related party transactions (continued)

During the year the Group made use of the services of J. N. Solutions Limited to the value of £203,000 (2020: £118,000). Andrew Herbert is a director of J.N. Solutions. The amount outstanding at 31 March 2021 due to J, N. Solutions Limited was £26,000 (2020: £22,000).

During the year the Group provided services to Hyde Housing Association to the value of £nil (2020: £9,000). Piers White is a director of Hyde Housing Association. The unpaid balance outstanding at 31 March 2021 was £nil (2020: £nil).

Group companies

- Building Research Limited paid £1,094 interest on its intercompany loans with the Trust (2020: paid £6,543).
- The Trust paid £17,779 to Building Research Establishment Limited for work performed on research projects being undertaken by the Trust (2020: £84,611).
- The Trust paid £31,347 to BRE Global Limited for work performed on research projects being undertaken by the Trust (2020: £70,043).

At 31 March 2021 there were intercompany payables from the Trust amounting to £125k (2020: receivable to the Trust: £441k) outstanding between the Trust and its subsidiaries.

23 Prior year adjustment

It was identified that the capital grant relating to the CIH government grant had been deferred in Building Research Establishment Limited. As required under the SORP this income should be recognised on receipt in the Statement of Financial Activities on consolidation with the BRE Trust. This adjustment only affects restricted reserves, unrestricted reserves and creditors.

	2020 £'000
Restricted Reserves at 31 March 2020 (as previously stated)	255
Release of income previously deferred relating to year ended 31 March 2020	1,040
Reallocation with unrestricted reserves	9
	—
Restricted reserves at 31 March 2020 as restated	1,304
	—
	2020 £'000
Unrestricted Reserves at 31 March 2020 (as previously stated)	(7,688)
Reallocation with restricted reserves	(9)
	—
Unrestricted reserves at 31 March 2020 as restated	(7,697)
	—

BRE TRUSTNOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

23 Prior year adjustment (continued)

	2020 £'000
Total creditors at 31 March 2020 (as previously stated)	(15,783)
Release of income previously deferred at 31 March 2020	1,040
	<hr/>
Total creditors at 31 March 2020 as restated	(14,743)
	<hr/>
	2020 £'000
Total restricted loss for the year ended 31 March 2020 (as previously stated)	(20)
Release of income previously deferred at 31 March 2020	1,040
	<hr/>
Total restricted income for the year ended 31 March 2020 as restated	1,020
	<hr/>