

BRE TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED

31 MARCH 2022

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 2022

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BRE TRUST

FINANCIAL STATEMENTS

For the year ended - 31 March 2022

Registered office: ✓ Bucknalls Lane
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Independent Auditors: Crowe U.K. LLP
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BRE TRUST

TRUSTEES' ANNUAL REPORT

For the year ended 31 March 2022

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 2022.

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. The Trust continues to create and share new data and information which advance the knowledge and skills of professionals in the built environment. The partners network with public, private, and academic organisations is a means by which this information and knowledge is disseminated but also a route through which the Trust can expand its knowledge and resources. This has also extended outreach through wider engagement particularly with teaching organisations, which the Trust supports, who are already demonstrating societal benefits.

During the year the Trustees undertook a major review of the governance structure of the Trust and subsidiaries. The Trust and Group established a combined working party referred to as the Future Governance and Strategic Review Group to consider all options for the future governance and working arrangements of the Trust, further details of which are set out in this report.

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 2022

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.

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	
Sir James Wates CBE	6 May 2010	2 June 2021
Sarah Beale	18 January 2019	31 December 2021
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

Dr Paul Conroy	24 January 2022	
Waterstone Company Secretaries Ltd	1 July 2020	31 December 2021

Board Tenure, Gender Diversity and Meetings

As at 31 March 2022 the tenure and diversity of the Trust board was as follows:

Tenure		Gender Diversity	
< 1 Year	0%	Female	20%
1-3 Years	20%	Male	80%
3-6 Years	80%		

The Board met four times in 2021/22, 2 Jun 2021, 16 Aug 2021, 7 Oct 2021, 23 Nov 2021.

Executive Staff

The Trustees have delegated certain operational management of the Trust's affairs to Gillian Charlesworth, the CEO of BRE Group. BRE Group continues to provide support to the Trust to assist in the day to day management of its activities. Paul Conroy provides legal and governance support to the Trustees.

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.

As part of the drive for continuous improvement the Trustees and Directors of BRE Group established a working party called the Future Governance and Strategic Review Group to look at the options for the structure and governance of BRE Trust and Group. The working party met throughout the year, on a regular basis, they commissioned several reports from external legal advisors and the Trustee's auditors regarding governance and structure. The working party reported to both BRE Group board and the Trustees at each of their meetings and gave a detailed presentation on the 7 July 2021 and on the 23 November 2021.

BRE TRUST

TRUSTEES' ANNUAL REPORT For the year ended 31 March 2022

Governance Framework (cont.)

Following this review, the Trustees agreed to a number of changes in the board of directors of BRE Group as well as in the committee structure. Piers White retired from the board of BRE Group at the end of March 2022 and Phil Wilbraham was appointed to the BRE Group board as interim chair. Following Darren Messem's retirement on the 6 April 2022 Paul Hetherington also joined the board of BRE Group. The appointment of two trustees to the board of BRE Group, with significant industry knowledge, will strengthen the BRE Group board and ensure closer working arrangements exist between the Trustee's and its subsidiary.

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

Director	Position	Appointed	Resigned
Philip Wilbraham	NED (Chair)	1 April 2022	
Piers White	NED	1 November 2019;	31 March 2022
Gillian Charlesworth	CEO	21 May 2019	
Andrew Herbert	CFO	9 August 2019	
Paul Hetherington	NED	16 May 2022	
Darran Messem	NED	8 July 2019	6 April 2022
Malathy Sivapunniyan	NED	5 October 2020	15 July 2022
Ashley Wheaton	NED	11 July 2016	31 December 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 three committees of BRE Trust at the time of signing of this report:

- Risk and Audit Committee
- Programmes Committee
- Nominations Committee

In addition, BRE Group which is a wholly owned subsidiary of BRE Trust has two standing committees, a Risk and Audit committee and a Remunerations and Nominations committee. These committees are now more closely aligned with the BRE Trust committees, details of which are set out below.

BRE Trust Risk and Audit Committee and BRE Group Risk and Audit committee:

The Trust's Risk and Audit Committee 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) who retired from the committee on 31 December 2021 and Jonathan Rickard and includes at request attendance from members of the Group Board. Following the retirement of Sarah Beale, the Trustees are currently conducting a search for a new member of the committee.

BRE Group 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 BRE Group. The committee membership consisted of Malathy Sivapunniyan (Chair) and Darran Messem (retired 6 April 2022).

The two Risk and Audit Committees moved towards joint meetings during the year as part of the changes introduced by the Future Governance and Structures Group, with the aim of facilitating closer working between BRE Group and the Trust. The two committees met jointly 3 times during the year: 13 July 2021, 10 August 2021, 13 December 2021 and BRE Group Risk and Audit committee also met on 14 September 2021 with just Jonathan Rickard in attendance from BRE Trust Risk and Audit committee.

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TRUSTEES' ANNUAL REPORT For the year ended 31 March 2022

BRE Trust Programmes Committee:

The Programme 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 Programme Committee membership consisted of Francesca Berriman MBE (Chair) (retired 19 May 2021) Paul Hetherington (Chair from 19 May 2021) and Ashley Hook. The Committee met twice during the year: 19 May 2021 and 16 Sep 2021.

BRE Trust Nominations Committee and BRE Group Remuneration and Nominations Committee:

The BRE Trust Nominations Committee manages the appointment of new trustees and reviews the roles and responsibilities of both Trustees and the Chair of Trustees. Given the governance changes outlined elsewhere in this report the Board of Trustees agreed, at their meeting on the 23 November 2021, to nominate two additional members to the BRE Trust and Jonathan Rickard and Vicky Pope joined the committee from that date. The committee has met twice during the financial year on 9 November 2021 and 6 January 2022.

The committee members during the financial year were Sir James Wates (Chair) (resigned 2 June 2021), Francesca Berriman (resigned 2 June 2021), Ashley Hook (Chair), Philip Wilbraham (appointed 24 March 2021), Jonathan Rickard (appointed 23 November 2021) and Vicky Pope (appointed 23 November 2021).

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 and Nominations 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 of the BRE Group Remuneration and Nominations Committee consisted of Darran Messem (Chair retired 6 April 2022), Ashley Wheaton (retired 31 December 2021) and Piers White (retired 31 March 2022). The Committee met twice during the financial year on 29 June 2021 and 26 January 2022 and meetings were observed by Trustee Philip Wilbraham and Ashley Hook representing BRE Trust.

BRE TRUST

STRATEGIC REPORT

For the year ended 31 March 2022

Introduction

As a leading independent built environment charity 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's strategy is to provide expertise to these sectors providing them with support and solutions for issues of critical, long-term importance, for the benefit of all.

Purpose

BRE exists to contribute to a thriving and sustainable world by developing science-led solutions to built environment challenges

Our vision sets out what we want to achieve in the long term:

To be the world-leading innovation, science, and data hub for the built environment

We're ambitious in terms of quality and global scope. We want governments and commercial markets to recognise us and demand our services, products and solutions. We want to be world-class, innovative, science-led and to bring our data to the fore in terms of providing our solutions.

Achievements and performance

Performance review

In three years, we have seen a turnaround from a £4m loss before tax to net income for 2021/22 of £8.8m, enabling us to continue investing in the future and innovation. Through a rigorous review of operations, structure, reputation and markets we have succeeded in building a BRE that is ready to face the challenges of the future.

External climate

During the last year Construction has been deeply affected by the shortage of some materials and general supply chain disruption resulting from the legacy of the pandemic. This has to date caused inflation of up to 12% for some materials further curtailing the slim margins already present in some areas of the market.

The severity of the situation with the invasion of Ukraine by Russia is playing out across international markets and is clearly having an impact on European and global trade which we will need to carefully monitor.

The drive towards ESG continues to be led by customer, investor, and employee pressure to focus on these issues. There is increasing discussion of global standards, being led by the financial sector, in a bid to find a universal way of measuring the value, performance and potential of individual properties and portfolios.

Safety and assurance legislation and regulation is evolving in the UK. Module 6 of the Grenfell Tower Inquiry addresses the role of government and the urgent need for regime reform. The UK government, particularly the Department for Business, Energy and Industrial Strategy (BEIS) and Department for Levelling Up, Housing and Communities (DLUHC) policy decisions, will continue to have a major impact on our assurance work.

The impact of UK leaving the EU continues to be felt as trade agreements are developed, and the effect on investment and standards becomes apparent, with concerns about the particular impact on construction product standards. In mitigation we will continue to deepen the relationships we have now established with government and other key stakeholders to ensure that public safety and protection is enhanced. We are confident in our ability to expand our opportunities and widen our role as leading experts in building science, assurance and as a data driven innovative business. Our deep review of assurance will provide a basis for this ambition.

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STRATEGIC REPORT

For the year ended 31 March 2022

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.

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, like most organisations in the UK had an uncertain start to the financial year with Covid still present and concerns about the economy given the challenges with new variants of Covid, supply chain issues, Brexit and resource challenges. We had originally based our plans on coming out of Covid lockdown in the late summer of 2021 which would allow staff to travel more freely and visit clients for assessments and consultancy assignments. The lockdown remained longer than we expected, and we continued to be impacted by supply chain challenges.

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 £8.8m (2021: £2.6m) for the year on income of £59.6m (2021: £52.3m). We have increased income by 13% compared to the previous year with significant increases in our Building Performance Services division as well as Assurance Services. The restructuring work that was undertaken in the previous financial year has allowed us to achieve the 13% increase in income whilst only increasing costs by 2%.

During the year we have invested significantly in the site at Garston, renovating two large office blocks dating from the 1970s and 1980s with the assistance of grant funding from the Local Enterprise Partnership in Hertfordshire. This has improved the working environment for our staff as well as creating space for other businesses to collaborate with BRE and other tenants on the Garston site. Our triannual valuation of the site saw a significant increase in the market value to £25.7m which is a gain on revaluation of £4.7m.

We have also seen a positive movement in the deficit on the BRE and LPC Pension Scheme. As at 31 March 2022 the scheme actuaries valued the deficit at £31.6m compared to £41.8m in the previous year. This has seen an actuarial gain of £8.5m in the year compared to a loss of £10.6m in the previous year.

Overall, the improvement in net income of £8.8m, the gain on revaluation of the site of £4.7m and the actuarial gain of £8.5m means that BRE Trust now has funds of £6.6m as at 31 March 2022 compared to a deficit at the end of 2021 of £14.8m.

Building Performance Services (BPS)

BREAM is BRE's flagship building performance benchmarking product. It was the first of its kind 30 years ago and maintains a leading status in the market for the robustness of measurement and quality of data generated. BREEAM generated an income of £15.9m in 2021/22, a notable increase from 2020/21 income of £11.5m despite the difficult trading conditions caused by the Covid pandemic and difficulty with supply chains and inflated product prices in some areas.

During 2021/22 there has been a wholesale redevelopment of the platform and process upon which BREEAM operates. With a digital and data focus, the platform is scheduled to launch in the summer of 2022. This will be the forerunner for a number of other areas within BPS to move to the digital platform, enhancing the customer journey, and enabling customers to achieve their sustainability goals using our services at scale, and beginning the move to the provision of a whole life offering for assets – of any type.

BRE TRUST

STRATEGIC REPORT

For the year ended 31 March 2022

Building Performance Services (BPS) (cont.)

The ESG data market was poised to hit \$1 billion in 2021 alone (pionline.com). Spending on ESG data continues to increase rapidly, as customer demand becomes more sophisticated and there is real association between the efficiency of an asset and its value. BRE currently has less than 5% market penetration (as measured by asset numbers) demonstrating considerable potential for growth. However, with attractive market growth and limited entry barriers it is likely competition will increase.

The BRE Academy provides a range of training courses covering areas related to fire safety, BREEAM, CEEQUAL, resilience and Building Information Modelling (BIM). 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 UK government's focus on building safety with the introduction of new construction products and building safety regulators through the Building Safety Regulator.

The Housing and Energy teams have had a positive year with an income of £4.6m up from £4.3m last year. Core activity with BEIS and DLUHC remains strong with the delivery of the multi-year English Housing Survey and Standard Assessment Procedure (SAP) programmes. The Housing and Health team continued to secure work delivering modelling for local authorities indicating residential dwellings areas most closely linked with ill health, work that will continue throughout the coming year. Autumn 2021 saw the publication by BRE of a report on the 'Cost of Poor Housing in England' which highlighted the cost to the NHS directly linked to poor housing to be £1.4bn.

Assurance Services

The Assurance division is made up of 15 business units with specialisms in Fire, Security, Construction, Environment and Assessment Services, each business unit offers testing, inspection and certification. Our main customers are fire, security and construction product manufacturers, as well as construction and infrastructure companies, construction product installers and government contracts. Fire Detection & Electronic Testing (FDET) and the Fire Resistance team in passive are the highest revenue earners. The division generated an overall income of £22.6m for 2021/22, an increase of 15% on 2020/21 with the main source of revenue generation being through our test laboratories and our LPCB certification schemes.

In January 2022 a full strategic review of the Assurance division commenced and is expected to take around nine months to complete, with multiple phases and a close relationship to external events, including new legislation and the outcomes of the Grenfell Tower Inquiry. This will lead to recommendations of future commercial services in the light of external developments.

Innovation

The role of the Innovation Team is to lead our research and innovation activities, ensuring that BRE provides impactful thought leadership in pursuit of our purpose. The innovation strategy is key to the achievement of our objectives.

Throughout 2021/22 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 including the Construction Innovation Hub. This project generated income of £5.4m (2021: £7.4m). 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. The Construction Innovation Hub project will be finishing in September 2022.

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 innovation strategy was reviewed and endorsed by Trustees and the Group Board in July 2021, and a new Director joined BRE in April 2022 to lead these programmes.

International Activities

The performance of BRE China, a subsidiary in the Group, has remained stable although like most businesses continues to be impacted by the Covid 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 fairly constant at £472k compared to the previous year of £503k which is a positive result given the impact of the Covid 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. Income generated in Ireland was £328k for the year 2021/22.

Commercial Activities

Commercial activities, which includes rental income from our site at Garston generated income of £1.4m (2021 £1.2m) in the year. In addition, £2.2m was received in grant income from the Local Enterprise Partnership in Hertfordshire for the redevelopment of two buildings on the site. This redeveloped space, which has now been completed, is available for rent to businesses working in the built environment. This has created a real opportunity to bring together other companies in the built environment looking to collaborate on projects with BRE and other businesses.

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 has seen a renewed focus on attracting and retaining talent to shore up our existing core competencies and add new skills required to deliver our plans.

Our resourcing strategy has combined the re-deployment and upskilling of existing members of the team with the recruitment of new roles. This has enabled a more sustainable approach to skills development and progression, particularly in product management, data and digital competencies.

Volatility in the employment market created the need for an agile response to our employee proposition, particularly in remuneration and highlighted the need to expedite our longer-term plans for reward and benefits. This, coupled with the significant amount of change in the business has demanded even greater efforts to safeguard colleague engagement which has been supported largely by the introduction of change management and internal communications expertise.

We have broadened expertise in the People function, recruiting a Head of Talent and Development to lead our talent initiatives. This year, development opportunities have been increased across the organisation. We have significantly enhanced the range of content available on our learning and development platform, providing far greater access to technical and behavioural skills development, including the opportunity to complete certified learning programmes. The addition of a Learning and Development manager also enables us to develop and deliver quality assured, bespoke content which has had a considerable impact on our L&D offering.

As a result of an extensive engagement exercise across the business, a behavioural framework has been designed to support the embedding of our revised values and behaviours which underpin our refreshed brand. Work has begun to reinforce our behaviours throughout all our people practices, safeguarding brand equity and ensuring a consistency to both our customer and colleague experience which, in turn, solidifies engagement.

The, 'Future of work', project has been successfully delivered as a workstream of the office refurbishment programme. Engaging with the team very early in the project mitigated the impact of the changes to ways of working brought about by the introduction of different working categories; hybrid, site based and home working. Inputs from the team were incorporated into this first phase of the site development plan, ensuring that requirements to facilitate new ways of working were considered. We continue to use our new on site workspace as a, 'living laboratory', encouraging continuous feedback to inform future site development projects. To further support the transition, development programmes have been delivered to People Managers to equip them with skills to manage the nuances of teams made up of colleagues with diverse working arrangements.

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STRATEGIC REPORT

For the year ended 31 March 2022

Employee engagement and development (cont.)

We continue to focus on creating an inclusive environment where we can attract, retain and motivate the very best people. To ensure that diverse thinking is incorporated into our decision making on matters affecting our employees, this year we established the Colleague Forum. Representatives from across the business will meet with the Executive on a regular basis to share ideas, thoughts and opinions on such matters – further enhancing engagement and development.

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. 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 were 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 third 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 to analyse the energy data from our UK activities for the 12 month period to 31 March 2022 as well as comparing to the previous two periods. 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 January 2022.

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.

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STRATEGIC REPORT

For the year ended 31 March 2022

SECR reporting (cont.)

Emissions Scope	Source	2021/22		2020/21		2019/20	
		MWh	tCO ₂	MWh	tCO ₂	MWh	tCO ₂
Scope 1	Natural Gas and business travel (company cars)	6,607	1,210	3,190	587	3,948	726
Scope 2	Electricity	4,346	923	2,393	606	3,961	1,012
Scope 3	Business travel and electricity transmission and distribution losses	219	136	157	84	736	258
Total scope 1 and 2		10,953	2,133	5,584	1,193	7,908	1,739
Total scope 1, 2 and 3		11,172	2,269	5,740	1,277	8,645	1,997
Floor area (m ²)		31,214		29,907		31,907	
EmIR (kgCO ₂ e/m ²)		72.7		42.7		62.6	
EIR scope 1 and 2 (kWh/m ²)		350.9		186.7		247.8	
EIR scope 1, 2 and 3 (kWh/m ²)		357.9		191.9		270.9	

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 31,214m². Using the total energy consumption of the buildings used by BRE the Energy Intensity Ratio (EIR) for scope 1&2 activities is 350.9kWh/m² (2021: 186.7kWh/m²) and including all three areas, scopes 1,2 & 3 the EIR is 357.9kWh/m² (2021: 191.9 kWh/m²).

Using the total Scopes 1, 2 and 3 emissions figures we can also calculate the Emissions Intensity Ratio (EmIR) for 2022 reporting year of 72.7kgCO₂/m² (2021: 42.7kgCO₂/m²) an increase of 70% in the Emissions Intensity Ratio over the previous year which was significantly impacted by the Covid pandemic, and an increase of 16% above 2019/20 levels.

Over the past year we have installed LED lighting in ten buildings on our site at Garston, replaced inefficient gas boilers in four of our buildings, replaced the roof and insulated the space and replaced an air conditioning unit 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.

Pension Scheme

The FRS102 pension scheme deficits relates to the BRE and LPC Pension Scheme which is the former defined benefit pension scheme operated by Building Research Establishment Limited (BRE Ltd) a subsidiary of the Group. The deficit decreased during the year to £31.6m (2021 £41.8m) further details of which are set out in note 19 to the financial statements. This decrease in the scheme deficit is in part due to the decrease in the present value of the benefit obligations, as well as an improvement in the value of the assets of the scheme, along with the payments by the Group 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 2022

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 2022, committed contract value was £41k and three months operating costs were forecast at £12k which total £53k. BRE Trust has cash of £53k to meet these commitments and the excess cash of £772k is reflected in net reserves 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	2022 £'000	2021 £'000
Total unrestricted funds	3,073	(16,059)
Add: Pension liability	31,587	41,767
Net unrestricted funds	34,660	25,708
Less: Unrestricted fixed assets	(18,468)	(20,131)
Total free reserves	16,192	5,577
Represented by:		
Net current and intangible assets	11,995	7,456
Investments	6,400	-
Provisions	(2,203)	(1,879)
Total free reserves	16,192	5,577

The net movement in unrestricted funds in the year was an increase in the unrestricted funds of £19.1m (2021: increase in the negative unrestricted funds of £8.4m) due to net income for the year of £5.9m (2021: £2.5m), a gain on revaluation of fixed assets of £4.7m (2021: £nil) and an actuarial gain on the defined benefit pension scheme of £8.5m (2021: loss £10.6m) and a transfer between funds of £nil (2021: £0.3m).

Going Concern

BRE Trustees have carefully reviewed the financial position of the Trust and its subsidiaries taking account of the significant improvement in the level of reserves, excluding pension impact, and the net income of £8.8m 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 2022 and 2023 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 uncertain.

In addition to analysing the income the BRE Trustees have reviewed the cost base in detail, particularly in light of current inflation levels but also as part of the on-going cost control implemented last year. 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 was repaid in 2021 in line with the agreement. 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. Further refurbishment work is being planned for some of the offices and laboratories in Garston. This will allow the Group to reduce the space needed in offices and some of this will be made available to grow rental income but also encourage collaboration on site with other organisations.

BRE TRUST

STRATEGIC REPORT

For the year ended 31 March 2022

Going Concern (cont.)

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. This programme is due to finish in September 2022 having delivered on a number of the key themes of the project.

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 2022 for a further 12 months. This facility, along with the cash reserves held by the Group 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

There has been a conscious effort to focus and transform risk management within the Group. There is both a strategic risk register (owned by the Board) and an operational risk register (owned by the Executive Team). Each employee has an opportunity to feed into the latter. Regular risk reporting goes to the Executive Team monthly. Additionally, the strategic risk register has individual risk reports, now tabled at the Risk and Audit Committee meetings on a rotational basis.

It is accepted that such a system of risk management 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 key strategic risks are those identified below with key controls and the changes from last year.

Risk Management (cont.)

Strategic Risks	Risk control and mitigation	Change from last year
Financial stability and profit generation	<ul style="list-style-type: none"> • Robust annual business planning and budgeting. • Effective short- and medium-term cash management plans. • Regular analysis of actual results against budgets and forecasts to identify issues with forecasting (includes monitoring of economy). • Monthly forecasting with detailed analysis of changes against prior month. • Maintenance of overdraft facility as mitigation to risk in downturn. • Regular dialogue with pension trustees to maintain options with Escrow funding or reduced pension payments. 	<ul style="list-style-type: none"> • Business planning process continues to evolve with improvements in metrics. • The pension recovery plan remains on track with the investment strategy hedging risks appropriately. Policies and procedures are in line with the prior year. • Monthly forecasting is improving with more insight from the teams which is also improving cashflow forecasting.
Cyber security	<ul style="list-style-type: none"> • Next generation firewalls and Anti-virus, Anti Malware systems in place. • Web application and secure email gateway in place. • Security information and event management system which collects information from all key IT infrastructure and is monitored 24/7. • Annual penetration testing and maintenance of Cyber Essentials Plus certification. • Annual training requirement for all colleagues on cybersecurity and phishing. • Requirement for third party IT suppliers to have formal certification such as ISO 27001 or CREST. • Dual server centres in place with independent internet connectivity replicating data to provide resilience across the network. 	<ul style="list-style-type: none"> • This is a continuous threat that is ever changing and needs constant mitigation as this risk continues to grow with new methods of attack and increased regulation.
Ineffective talent attraction/retention	<ul style="list-style-type: none"> • A Wellbeing offering is in place to support colleagues with mental, physical and financial wellbeing. • Biannual Sustainable Engagement Index. • Colleague Forum established to enhance communication. • Formation and regular meetings of the EDI group. • 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. 	<ul style="list-style-type: none"> • The Covid pandemic has resulted in risks associated with talent attraction and retention. 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 introduced flexible working arrangements where appropriate and established a colleague forum.

BRE TRUST**STRATEGIC REPORT**

For the year ended 31 March 2022

Risk Management (cont.)

Strategic Risks	Risk control and mitigation	Change from last year
Regulatory non compliance	<ul style="list-style-type: none">• A central group management system is in place for processes and procedures.• Independent Quality and Compliance Department.• Independent Risk and Internal Audit Department.• Legislation register in place.• Improved engagement with government departments to ensure we maintain close working relationships and are able to identify potential changes in policy ahead of implementation.	<ul style="list-style-type: none">• An independent Quality and Compliance Department was established this year.• A digital transformation project is underway which will enhance the control environment for the Group Management System.
Lack of market relevance	<ul style="list-style-type: none">• Increased customer insight via a quarterly NPS (net promoter score).• Formal 'innovation to market' assessment process and Product Management Methodology.• Customer focus through relationship management and targeted business development capability.• Establishment of industry focused customer groups. For example, net zero, BREEAM.• Establishment of both a corporate affairs team and innovation team working with external audiences and collaborating with the product management function.	<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.
Reputation and brand strength	<ul style="list-style-type: none">• Constant press monitoring by Director of Corporate Affairs and Third-Party Press Support.• Pre-prepared statements on likely scenarios.• Defined internal communication process to manage any communication from colleagues, specifically to direct it through corporate affairs and the press office.• 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 to assist the Grenfell inquiry.

BRE TRUST**STRATEGIC REPORT**

For the year ended 31 March 2022

Risk Management (cont.)

Strategic Risks	Risk control and mitigation	Change from last year
Challenges to operational delivery	<ul style="list-style-type: none">• A central group management system is in place for processes and procedures.• External assessments and prompt follow up/resolution of actions due to enhanced governance structures.• Independent Quality and Compliance Department established.• Project delivery pipeline tracking and works management. Measuring and analysing productivity and performance through improved resource utilisation to identify process and efficiency improvements to increase output and better serve customers timescales and capacity needs.• Product Managers assessing the markets.• Revised effective customer complaints/compliments process.	<ul style="list-style-type: none">• The digital transformation programme will play a key part in reducing this risk and is a key mitigation.• As mentioned above an independent Quality and Compliance Department was established this year.• There is now a formal utilisation process established to assess productivity and performance. Additionally, a review of the customer complaints process and tracking methodology was undertaken.
Responding to long term trends and issues including climate change and ESG changes	<ul style="list-style-type: none">• Involvement with Construction Innovation Hub and follow on/maximising legacy opportunity.• Innovation team scanning and engagement with research and innovation community and other sectors for funding and new partnerships/collaborations.	<ul style="list-style-type: none">• A new Innovation Director with strong industry experience appointed.

BRE TRUST

STRATEGIC REPORT

For the year ended 31 March 2022

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 2022. 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 programmes and initiatives to mitigate the people impact of the changes in the business and to continue to provide an environment in which our colleagues can contribute, thrive and develop. Further details of which are set out in the Strategic Report under the section on Employee 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 2022

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 27 July 2022 including approving in their capacity as company directors the strategic report contained therein, and is signed as authorised on its behalf by:

PGWilbraham

PGWilbraham (Jul 27, 2022 14:18 GMT+1)

Philip Wilbraham
Chair

Company Registration Number: 03282856

Charity Registration Number in England and Wales: 1092193

Charity Registration Number in Scotland: SCO39320

BRE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF BRE TRUST

Opinion

We have audited the financial statements of BRE Trust for the year ended 31 March 2022 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 2022 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.

BRE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF BRE TRUST

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.

BRE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF BRE TRUST

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

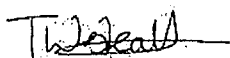
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and management and inspection of regulatory and legal correspondence, if any.

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
Date: 29 July 2022

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

For the year ended 31 March 2022

	Note	Restricted Funds 2022 £'000	Unrestricted Funds 2022 £'000	Total Funds 2022 £'000	Restricted Funds 2021 £'000	Unrestricted Funds 2021 £'000	Total Funds 2021 £'000
Income from							
Charitable activities	2	8,067	49,665	57,732	7,635	41,871	49,506
Other trading activities	3	-	1,897	1,897	-	2,782	2,782
Interest receivable		-	10	10	-	4	4
Total		8,067	51,572	59,639	7,635	44,657	52,292
Expenditure on							
Charitable activities	4	(5,876)	(44,916)	(50,792)	(7,915)	(41,789)	(49,704)
Net income before tax		2,191	6,656	8,847	(280)	2,868	2,588
Taxation	8	-	(717)	(717)	-	(383)	(383)
Net income		2,191	5,939	8,130	(280)	2,485	2,205
Transfers between funds		-	-	-	277	(277)	-
Other recognised gains/(losses)							
Gain on revaluation of fixed assets	10	-	4,698	4,698	-	-	-
Actuarial gains / (losses) on defined benefit pension scheme	19	-	8,495	8,495	-	(10,570)	(10,570)
Net movement in funds		2,191	19,132	21,323	(3)	(8,362)	(8,365)
Reconciliation of funds							
Total funds/(deficit) brought forward	16	1,301	(16,059)	(14,758)	1,304	(7,697)	(6,393)
Total funds/(deficit) carried forward		3,492	3,073	6,565	1,301	(16,059)	(14,758)

The accompanying notes on pages 26 to 47 form an integral part of these financial statements.

BRE TRUST**CONSOLIDATED AND COMPANY BALANCE SHEETS**
For the year ended 31 March 2022

	Note	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Fixed assets					
Intangible assets	9	930	1,268	-	-
Tangible assets	10	21,560	21,210	-	-
Investments	11	6,400	-	5,000	5,000
		<u>28,890</u>	<u>22,478</u>	<u>5,000</u>	<u>5,000</u>
Current assets					
Debtors	13	19,441	13,496	1	3
Cash		10,710	9,103	825	731
Creditors: amounts falling due within one year	14	(18,686)	(16,189)	(542)	(601)
Net current assets		<u>11,465</u>	<u>6,410</u>	<u>284</u>	<u>133</u>
Total assets less current liabilities		<u>40,355</u>	<u>28,888</u>	<u>5,284</u>	<u>5,133</u>
Provisions for liabilities	15	(2,203)	(1,879)	-	-
Net assets excluding pensions liabilities		<u>38,152</u>	<u>27,009</u>	<u>5,284</u>	<u>5,133</u>
Defined benefit pension scheme liability	19	(31,587)	(41,767)	-	-
Net assets / (liabilities) including pension liabilities		<u>6,565</u>	<u>(14,758)</u>	<u>5,284</u>	<u>5,133</u>
Funds of the Group					
Unrestricted funds:					
General fund	16	19,705	15,451	5,146	4,995
Revaluation reserve	16	14,955	10,257	-	-
Pension reserve	16	(31,587)	(41,767)	-	-
Restricted funds:					
Other reserve	16	9	9	-	-
Capital reserve	16	3,083	1,070	-	-
Income fund	16	400	222	138	138
Total funds/(deficit)		<u>6,565</u>	<u>(14,758)</u>	<u>5,284</u>	<u>5,133</u>

The total income for the year of the Charity dealt with in the financial statements was £92k (2021: £ nil) and total expenditure was £59k (2021: £611k).

The accompanying notes on pages 26 to 47 form an integral part of these financial statements.
These financial statements were approved by the Trustees on 27 July 2022

PGWilbraham
PGWilbraham (Jul 27, 2022 14:18 GMT+3)

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 2022

	Note	2022 £'000	2021 £'000
Net cash from operating activities	17	5,755	6,332
Cash flows from investing activities			
Interest received		10	4
Acquisition of tangible fixed assets	10	(3,617)	(247)
Acquisition of intangible fixed assets	9	(541)	(1,478)
Net cash used by investing activities		<u>(4,148)</u>	<u>(1,721)</u>
Increase in cash and cash equivalents in the year	18	<u>1,607</u>	<u>4,611</u>
Cash and cash equivalents at the beginning of the reporting period		<u>9,103</u>	<u>4,492</u>
Cash and cash equivalents at the end of the reporting period		<u>10,710</u>	<u>9,103</u>

The accompanying notes on pages 26 to 47 form an integral part of these financial statements.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

1 Accounting policies

Charity information

BRE Trust is a company limited by guarantee in England and Wales (registered number 03282856) and is registered as a charity in England and Wales (No. 1092193) and in Scotland (No. 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 2022. 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 12. Transactions or balances between BRE Trust Group entities 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 19 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

BRE Trustees have carefully reviewed the financial position of the Trust and its subsidiaries taking account of the significant improvement in the level of reserves, excluding pension impact, and the net income of £8.8m 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 2022 and 2023 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 uncertain.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

1 Accounting policies (cont.)

Going concern (cont.)

In addition to analysing the income the BRE Trustees have reviewed the cost base in detail, particularly in light of current inflation levels but also as part of the on-going cost control implemented last year. 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 was repaid in 2021 in line with the agreement. 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. Further refurbishment work is being planned for some of the offices and laboratories in Garston. This will allow the Group to reduce the space needed in offices and some of this will be made available to grow rental income but also encourage collaboration on site with other organisations.

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 remains in place. This facility along with the cash held by the Group 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.

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.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

1 Accounting policies (cont.)

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.

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.

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 latest valuation was undertaken in March 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.

Investment property

Property that is held for long-term rental or is being developed for future rental is classified as investment property. 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 2025. Assets are reviewed annually for any impairment in value.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

1 Accounting policies (cont.)

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 some employees over 50 years of age can 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.

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.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

1 Accounting policies (cont.)

Post – retirement benefits

The defined benefit obligations as at 31 March 2022 for this FRS102 valuation represent an update of the previous year's FRS102 liabilities with allowance made for benefits paid out to members for the year and price inflation over the year. All other experience is assumed to be in line with the assumptions at the start of the year. An adjustment has then been made to the value of the defined benefit obligations for changes in the assumptions as set out in note 19.

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.

2 Income

	2022 £'000	2021 £'000
Advisory services on building performance, construction and fire safety	12,524	14,199
Provision of third-party assurance services	37,652	27,607
Services delivered to government	7,556	7,700
	<u>57,732</u>	<u>49,506</u>

Included in services delivered to government are amounts totalling £7,556k (2021: £7,700k) which are government grants for undertaking research projects for which there are no unfulfilled conditions.

3 Other trading income

	2022 £'000	2021 £'000
Other rental income	1,028	1,006
Other trading income	420	153
Government grant income	-	1,171
Tax credits	449	452
	<u>1,897</u>	<u>2,782</u>

Government grant income related to amounts received under the Coronavirus Job Retention Scheme, where 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 2022

4 Expenditure**Charitable activities**

	Commercial Activities	Advisory Services	Third Party Assurance	Services to Government	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Activities undertaken directly	763	14,338	13,189	5,231	33,521	34,547
Grant funding of activities	-	(146)	-	-	(146)	611
Support costs	398	7,406	6,883	2,730	17,417	14,546
	<u>1,161</u>	<u>21,598</u>	<u>20,072</u>	<u>7,961</u>	<u>50,792</u>	<u>49,704</u>

Analysis of support costs

	Commercial Activities	Advisory Services	Third Party Assurance	Services to Government	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Legal and professional	131	2,430	2,259	896	5,716	4,296
IT	49	908	844	335	2,136	1,308
HR	24	446	414	164	1,048	798
Marketing	38	710	660	262	1,670	881
Facilities	68	1,261	1,172	465	2,966	2,302
Other	88	1,651	1,534	608	3,881	4,961
	<u>398</u>	<u>7,406</u>	<u>6,883</u>	<u>2,730</u>	<u>17,417</u>	<u>14,546</u>

Included within Support costs are the following governance costs

	2022 £'000	2021 £'000
<i>Auditor's remuneration:</i>		
Audit of Group and subsidiary financial statements	68	71
Amounts receivable by auditor and associates in respect of:		
Services relating to taxation	13	12
Additional fees relating to prior year audit	-	28
Other services	16	3

Expenditure on research and development recognised as an expense totalled £2,540k (2021: £2,814k).

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

5 Staff costs and numbers

	2022 £'000	2021 £'000
Group staff costs during the period amounted to:		
Wages and salaries	22,988	22,542
Social security costs	2,374	2,211
Other pension costs	3,645	3,577
Operating costs of the defined benefit pension scheme	654	449
	<u>29,661</u>	<u>28,779</u>

Included in other pension costs are contributions made by Building Research Establishment Ltd of £2,593k (2021: £2,531k) to the closed BRE and LPC defined benefit Pension Scheme.

During the year redundancy and termination payments totalling £301k (2021: £1,754k) 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 £506k (2021: 3 individuals were paid £619k).

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

	2022	2021
Research staff	482	506
Support staff	66	52
	<u>548</u>	<u>558</u>

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

Salary band	2022	2021
£60,000 - £69,999	24	22
£70,000 - £79,999	18	8
£80,000 - £89,999	5	8
£90,000 - £99,999	1	4
£100,000 - £109,999	1	2
£110,000 - £119,999	3	4
£120,000 - £129,999	1	-
£130,000 - £139,999	1	-
£140,000 - £149,999	1	1
£160,000 - £169,999	-	1
£170,000 - £179,999	-	1
£200,000 - £210,000	2	-

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

5 Staff costs and numbers (cont.)

The total employer contributions in the year for provision of money purchase pension benefits for higher paid employees were £208k (2021: £190k). The number of higher paid employees (i.e. greater than £60k) to whom pension benefits are accruing under money purchase schemes was 51 (2021: 44).

6 Trustees' remuneration and expenses

No Trustee earned any remuneration in either 2022 or 2021. Out of pocket expenses incurred by 1 (2021: 1) Trustee in the furtherance of their duties are reimbursed at cost and totalled £142 (2021: £70). The whole of this amount related to travel and out of pocket expenses.

7 Other finance costs

	2022 £'000	2021 £'000
Expected return on pension scheme assets	1,906	2,276
Interest on pension scheme liabilities	(2,756)	(3,096)
Past service cost (incl. curtailments)	(58)	(94)
	<u>(908)</u>	<u>(914)</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.

	2022 £'000	2021 £'000
<i>Current tax</i>		
UK corporation tax on profit for the year	663	362
Adjustment in respect of previous year	54	21
	<u>717</u>	<u>383</u>

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

8 Taxation (cont.)

	2022	2021
	£'000	£'000
<i>Tax reconciliation</i>		
Profit on ordinary activities before tax	8,847	2,588
Tax using the UK corporation tax rate of 19% (2021: 19%)	1,681	492
<i>Effects of:</i>		
Expenses not deductible for tax purposes	125	147
R&D expenditure credits	(85)	(86)
Consolidation adjustments	(309)	301
Adjustment in respect of prior periods	54	-
Deferred tax not recognised	(749)	(471)
Total tax charge	717	383

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 £'000	Assets under construction £'000	Other Intangibles £'000	Total £'000
Cost				
At 1 April 2021	5,907	-	497	6,404
Additions	51	490	-	541
At 31 March 2022	5,958	490	497	6,945
Amortisation				
At 1 April 2021	4,639	-	497	5,136
Charge for the year	879	-	-	879
At 31 March 2022	5,518	-	497	6,015
Net book value				
At 31 March 2022	440	490	-	930
At 31 March 2021	1,268	-	-	1,268

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

10 Tangible fixed assets

Group	Freehold Land and Buildings £'000	Assets under construction £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost						
At 1 April 2021	27,391	-	10,618	1,213	54	39,276
Additions	358	2,539	522	159	39	3,617
Disposals	-	-	-	-	(26)	(26)
Reclassification to investment properties	(6,833)	-	-	-	-	(6,833)
Revaluation	4,698	-	-	-	-	4,698
At 31 March 2022	25,614	2,539	11,140	1,372	67	40,732
	£'000	£'000	£'000	£'000	£'000	£'000
Depreciation						
At 1 April 2021	8,652	-	8,505	855	54	18,066
Charge for year	604	-	847	109	5	1,565
On Disposals	-	-	-	-	(26)	(26)
Reclassification to investment properties	(433)	-	-	-	-	(433)
At 31 March 2022	8,823	-	9,352	964	33	19,172
Net Book Value						
At 31 March 2022	16,791	2,539	1,788	408	34	21,560
At 31 March 2021	18,739	-	2,113	358	-	21,210

Freehold land is not depreciated. As at 31 March 2022, freehold land and buildings is held at the revalued amount of £16.8 million. The comparable cost and net book value at that date determined under the historical cost accounting rules would have been £11.2 million and £7.0 million respectively. A full valuation was performed on 23 March 2022 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 2021 effective 31 January 2022, the International Valuation Standards and the UK National Supplement 2018, effective 14 January 2019. The value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

All tangible fixed assets are used in the commercial trading organisations. The land and buildings let to third parties has been transferred to investment properties.

No tangible fixed assets are owned by the Trust.

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2022

11 Fixed asset investments

	Group Investment Properties £'000	Charity Interest in subsidiary undertakings £'000
At 1 April 2021	-	5,000
Reclassification from freehold land and buildings	6,400	-
At 31 March 2022	<u>6,400</u>	<u>5,000</u>

As at 31 March 2022, group investment properties were held at the revalued amount of £6.4 million. The revaluation was performed by Christian Glazier (MRICS) of BNP Paribas Real Estate using the same assumptions as were used for land and buildings in note 10.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

11 Fixed asset investments (cont.)

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

	Building Research Establishment Limited 2022 £'000	BRE Global Limited 2022 £'000	Constructing Excellence Limited 2022 £'000	Ceequal Limited 2022 £'000	BRE China 2022 £'000	BRE Ireland 2022 £'000
Summary profit and loss account						
Turnover	19,490	36,771	270	122	511	328
Operating costs	(33,273)	(34,231)	(131)	(159)	(650)	(337)
Other operating income	18,853	19	-	-	-	87
Operating profit/(loss)	5,070	2,559	139	(37)	(139)	78
Other finance costs	(908)	-	-	-	-	-
Actuarial gain/(loss) on defined benefit pension	8,495	-	-	-	-	-
Revaluation of land	4,698	-	-	-	-	-
Net result	17,355	2,559	139	(37)	(139)	78
Taxation	(623)	(4)	-	-	-	-
Retained in the subsidiary	16,732	2,555	139	(37)	(139)	78
Assets and liabilities of the subsidiary						
Fixed assets	29,240	632	-	-	-	-
Current assets	20,857	26,699	313	1,022	658	391
Creditors falling due within one year	(31,102)	(6,895)	(43)	(106)	(1,354)	(526)
Net assets/(liabilities)	18,995	20,436	270	916	(696)	(135)
Provision for liabilities	(2,203)	-	-	-	-	-
Pension scheme liabilities	(31,587)	-	-	-	-	-
Deferred capital grant	(1,710)	-	-	-	-	-
Total funds	(16,505)	20,436	270	916	(696)	(135)

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

12 Subsidiary and associate undertakings

The undertakings in which the Group's interest at 31 March 2022 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) ^a	100%	Advisory services and information on building performance, construction and fire safety
BRE Global Limited (08961297) ^a	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
Constructing Excellence Limited (04641522)* ^{>}	N/A	Co-ordination of member led performance improvement network
BRE Global Assurance (Ireland) Limited (602123) ^a	100%	Testing and certification of materials and products, and certification of personnel, Buildings, process, systems and supply chains
Non-Trading Companies:		
BRE Certification (03548352)* [#]	100%	
BRE International Limited (01915620)* [#]	100%	
BRE Canada Inc (2279888)* [#]	100%	
EFSG Limited (02971676)* ^{>}	N/A	
The Loss Prevention Certification Board Limited (01907862)* [#]	100%	
Building Performance Group Limited (01573939)* [#]	100%	
BRE America Holdings Inc (5984258)* [#]	100%	Holding company

* Held through Building Research Establishment Limited

^aHeld through BRE Group Limited

⁺ Held through BRE Global Limited

[#] Dormant company

[>] Company limited by guarantee

All of the subsidiaries and associates are registered in England and Wales with the exception of BRE America Holdings Inc, which is registered in the United States, BRE Canada Inc which is registered in Canada, Building Research Establishment Shenzhen Limited 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 2022

13 Debtors

	2022 £'000	2022 £'000	2021 £'000	2021 £'000
	Group	Charity	Group	Charity
Trade debtors	9,308	-	6,965	-
Amounts recoverable on contracts	3,254	-	1,442	-
Other debtors	5,416	1	3,100	3
Social security and other taxes	755	-	862	-
Prepayments	708	-	1,127	-
	<u>19,441</u>	<u>1</u>	<u>13,496</u>	<u>3</u>

14 Creditors: amounts falling due within one year

	2022 £'000	2022 £'000	2021 £'000	2021 £'000
	Group	Charity	Group	Charity
Deferred income	7,812	-	7,193	-
Trade creditors	4,760	12	3,330	17
Amounts due to group undertakings	-	489	-	125
Social security and other taxes	1,611	-	1,741	-
Corporation tax	573	-	362	-
Other creditors	766	-	728	2
Accruals	3,164	41	2,835	457
	<u>18,686</u>	<u>542</u>	<u>16,189</u>	<u>601</u>

Deferred income movement:

	Group £'000	Charity £'000
Balance at 1 April 2021	7,193	-
Amount released in the year	(6,199)	-
Amount deferred in the year	6,818	-
	<u>7,812</u>	<u>-</u>
Balance at 31 March 2022	7,812	-

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 £1,006k (2021: £2,037k) which is repayable upon demand.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

15 Provision for liabilities

Future amounts payable relating to:	Former Directors' Future liabilities £'000	Restructuring £'000	Post retirement future liabilities £'000	Total £'000
Group:				
At 1 April 2021	113	16	1,750	1,879
Utilised in the year	(11)	(16)	(121)	(148)
Charge to the Statement of Financial Activities	101	-	371	472
At 31 March 2022	203	-	2,000	2,203

The post retirement future liabilities is a provision made to reflect a liability to make future payments to some ex-employees who were made redundant when over the age of 50 and have 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 timing of the cash outlays in respect of these provisions is uncertain but should not exceed £139k 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 2021	15,451	(41,767)	10,257	(16,059)	9	1,070	222	1,301
Net income for the year	4,254	1,685	-	5,939	-	2,013	178	2,191
Gain on revaluation of tangible fixed assets	-	-	4,698	4,698	-	-	-	-
Actuarial gain recognised in defined benefit pension	-	8,495	-	8,495	-	-	-	-
At 31 March 2022	19,705	(31,587)	14,955	3,073	9	3,083	400	3,492

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

16 Reserves (cont.)

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 2020	14,860	(32,814)	10,257	(7,697)	9	1,040	255	1,304
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
At 31 March 2021	15,451	(41,767)	10,257	(16,059)	9	1,070	222	1,301

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 2021	4,995	138	5,133
Net funds for the year	151	-	151
At 31 March 2022	5,146	138	5,284

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

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

16 Reserves (cont.)

The net funds for the year of the Charity dealt with in the financial statements was £151k (2021: £611k 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 and LEP. 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
	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000
Intangible	930	-	-	-	-	-	930
Tangible	3,513	-	14,955	9	3,083	-	21,560
Investments	6,400	-	-	-	-	-	6,400
Net current assets	11,065	-	-	-	-	400	11,465
Provisions	(2,203)	-	-	-	-	-	(2,203)
Pension scheme liability	-	(31,587)	-	-	-	-	(31,587)
	<u>19,705</u>	<u>(31,587)</u>	<u>14,955</u>	<u>9</u>	<u>3,083</u>	<u>400</u>	<u>6,565</u>
2021 Comparative 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>

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

17 Cash flows from operating activities

	2022 £'000	2021 £'000
Net income before tax	8,847	2,588
<i>Adjustments for:</i>		
Interest receivable	(10)	(4)
Depreciation, amortisation and impairment	2,444	2,495
Loss on disposal of fixed assets	-	25
Taxation	(717)	(383)
Pension and other finance costs	908	914
Pension deficit funding contributions	(2,593)	(2,531)
Movement in working capital:		
(Increase) / decrease in debtors	(5,945)	1,430
Increase in creditors	2,497	1,452
Increase in provisions	324	352
Taxation received/(paid)	-	(6)
Net cash from operating activities	5,755	6,332

18 Analysis of change in net funds

	At 1 April 2021 £'000	Cash flow £'000	At 31 March 2022 £'000
Cash at bank	9,103	1,607	10,710
Cash and cash equivalents	9,103	1,607	10,710

19 Pensions

The Group established a defined contribution stakeholder scheme for employees who commenced employment after 1 January 2002. 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. Contributions to the stakeholder scheme amounting to £180k (2021: £182k) were payable at 31 March 2022 and are included in creditors. The assets of the stakeholder scheme are invested with Scottish Widows.

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. Members of the BRE and LPC Pension Scheme have also been offered membership of the Groups defined contribution stakeholder scheme on the same terms as other members.

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

19 Pensions (cont.)

The pension cost for the year represents contributions payable by the Group to the BRE and LPC Pension Scheme and amounted to £2,593k (2021: £2,531k). All the pension costs relate to unrestricted funds and have been allocated between activities based on the level of income for the year. The assets of the defined benefit schemes are managed by Aon Fund Managers held separately from those of the Group, being invested with Ruffer, Schroders, BGO, AIL and the DRC Fund.

Management charges of £518k (2021: £449k) were incurred in respect of the BRE and LPC Pension Scheme. Contributions to this scheme amounting to £221k (2021: £213k) were payable at 31 March 2022 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 2022 %pa	Combined Scheme 2021 %pa	Combined Scheme 2020 %pa
Rate of increase in salaries	2.80	2.40	1.90
Discount rate for calculation of benefits	2.80	2.10	2.60
Inflation (RPI)	3.50	3.10	2.50
Inflation (CPI)	2.80	2.40	1.90

In valuing the liabilities of the pension fund at 31 March 2022, 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: 21.9 years (male) and 24.3 (female)
- Future retiree (aged 45) upon reaching 65: 23.2 years (male) and 25.7 (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 31 March 2022 amounted to £93,423k (2021: £91,692k) for the BRE and LPC Pension Scheme. These amounts were sufficient to cover 75% (2021: 69%) of the benefits that had accrued to members.

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

19 Pensions (cont.)

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:

	2022 £'000	2021 £'000
Present value of funded defined benefit obligations	(125,010)	(133,459)
Fair value of assets	93,423	91,692
Net deficit	(31,587)	(41,767)
Movements in present value of defined benefit obligation	2022 £'000	2021 £'000
At 1 April	133,459	121,187
Interest on obligation	2,756	3,096
Actuarial (gain) / loss	(6,803)	13,316
Benefits paid	(4,460)	(4,234)
Past service cost (incl. curtailments)	58	94
At 31 March	125,010	133,459
Movements in fair value of assets	2022 £'000	2021 £'000
At 1 April	91,692	88,373
Expected return on assets	1,906	2,276
Actuarial gain	1,692	2,746
Contributions by employer	2,593	2,531
Benefits paid	(4,460)	(4,234)
At 31 March	93,423	91,692
Amounts recognised in the Consolidated Statement of Financial Activities	2022 £'000	2021 £'000
Interest on defined benefit obligations	(2,756)	(3,096)
Expected return on assets	1,906	2,276
Past service cost (incl. curtailments)	(58)	(94)
Resources expended (included in other finance costs)	(908)	(914)

BRE TRUST**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2022

19 Pensions (cont.)

	2022 £'000	2021 £'000
Actual return less expected return on assets	1,692	2,746
Experience gain on liabilities	732	4,014
Change in assumptions underlying the present value of the liabilities	6,071	(17,330)
	<hr/>	<hr/>
Actuarial gain / (loss)	8,495	(10,570)

Assets

Actual return on the scheme assets during the year:

	2022 £'000	2021 £'000
Return on assets excluding interest	1,692	2,746
Interest income on assets	1,906	2,276
	<hr/>	<hr/>
Actual return on scheme assets	3,598	5,022

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 £2,780k to the defined benefit scheme in the next financial year.

20 Leases

At 31 March 2022 the Group had future minimum lease payments under non-cancellable operating lease arrangements as follows:

During the year £286k was recognised as an expense in the Statement of Financial Activities in respect of operating leases (2021: £371k)

	2022 £'000	2021 £'000
Plant and machinery expiring:		
Not later than one year	26	72
Later than one year and not later than five years	4	54
	<hr/>	<hr/>
	30	126

BRE TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

20 Leases (continued)

	2022 £'000	2021 £'000
Land and Buildings expiring:		
Not later than one year	209	220
Later than one year but not later than five years	691	555
Later than five years	325	335
	<u>1,225</u>	<u>1,110</u>

At 31 March 2022 the Group had expected future minimum lease receipts under non-cancellable operating leases as follows:

Future anticipated Lessor income	2022 £'000	2021 £'000
Not later than one year	592	774
Later than one year and not later than five years	511	1,004
Later than five years	170	198
	<u>1,273</u>	<u>1,976</u>

21 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.

During the year, the Group made use of the services of J N Solutions Limited of which Andrew Herbert is a director and shareholder, to the value of £206,000 (2021: £203,000). The amount outstanding at 31 March 2022 due to J N Solutions Limited was £19,000 (2021: £26,000).

During the year, the Group provided services to Hyde Housing Association to the value of £13,974 (2021: £nil). Piers White was a director of Hyde Housing Association. The unpaid balance outstanding at 31 March 2022 was £nil (2021: £nil).

Group companies

- Building Research Limited paid £nil interest on its intercompany loans with the Trust (2021: paid £1,094).
- The Trust paid £10,000 to Building Research Establishment Limited for work performed on research projects being undertaken by the Trust (2021: £17,779).
- The Trust paid £9,800 to BRE Global Limited for work performed on research projects being undertaken by the Trust (2021: £31,347).

At 31 March 2022, there were intercompany payables from the Trust amounting to £489k (2021: payables from the Trust: £125k) outstanding between the Trust and its subsidiaries.