

**BRE TRUST**  
(A COMPANY LIMITED BY GUARANTEE)

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED**

**31 MARCH 2023**



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 2023

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## **BRE TRUST**

### **FINANCIAL STATEMENTS**

For the year ended - 31 March 2023

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Registered office: Bucknalls Lane  
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Watford  
Hertfordshire  
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Bankers: Barclays Bank PLC  
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Fourth Floor  
St James House  
St James Square  
Cheltenham  
GL50 3PR

## **BRE TRUST**

### **TRUSTEES' ANNUAL REPORT** For the year ended 31 March 2023

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#### **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 2023.

#### **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. During the year the Trustees undertook a major review of the governance structure of the Trust and subsidiaries. An investment committee has been set up to ensure the public benefit requirements are met and BRE Trust continue to sponsor several students for their projects on the built environment.

#### **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 SC039320). 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 6<sup>th</sup> 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 2023

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#### 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	
Paul Hetherington	3 June 2019	29 March 2023
Ashley Hook	18 March 2020	
Gary Mills	29 March 2023	
Prof. Vicky Pope	29 March 2019	
Jonathan Rickard	3 June 2019	
David Reid	26 May 2023	
Kelly Bream	30 June 2023	
Linda Chandler	05 July 2023	

#### Company Secretary

Dr Paul Conroy

#### Board Tenure, Gender Diversity and Meetings

As at 31 March 2023, the tenure and diversity of the Trust board was as follows:

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

The Board met five times in 2022/23, 11 April 2022, 27 July 2022, 31 October 2022, 5 December 2022 and 6 February 2023.

#### Executive Staff

The Trustees have delegated certain operational management of the Trust's affairs to Gillian Charlesworth, the CEO of BRE Group who in turn delegates all operational functions to the 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 recommends 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 during the 2021/22 financial year to look at the options for the structure and governance of BRE Trust and Group. The recommendations of the working party were implemented during the 2022/23 financial year.

## BRE TRUST

### TRUSTEES' ANNUAL REPORT For the year ended 31 March 2023

#### 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. Following Darren Messem's resignation on the 6 April 2022, Paul Heatherington 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	
Gillian Charlesworth	CEO	21 May 2019	
Andrew Herbert	CFO	9 August 2019	26 January 2022
Vinodha Soysa Wijeratne	CFO	15 December 2022	
Paul Hetherington	NED	16 May 2022	
Darran Messem	NED	8 July 2019	6 April 2022
Malathy Sivapunniyan	NED	5 October 2020	15 July 2022
Piers White	NED (Chair)	1 November 2019	31 March 2022

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. The BRE Group Board meets at least 4 times each year and has two established committees, the Risk and Audit Committee and the Remuneration and Nomination Committee to assist in the governance of the Group.

#### 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 Jonathan Rickard and Gary Mills and includes at request attendance from members of the Group Board.

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 was renamed BRE Group Risk and Audit Committee in July 2020 to reflect the importance the Board places on risk management. Membership of the committee consisted of Malathy Sivapunniyan (Chair) (resigned 15 July 2022) and Darran Messem (resigned 6 April 2022). Jonathan Rickard chaired the meetings of the committee until the end of the financial year and Gary Mills, who was appointed to the committee when he became a Trustee, has become the Chair for financial year 23/24.

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 BRE Group Risk and Audit Committee met 3 times during the year with two of those meetings being held jointly with the BRE Trust Risk and Audit Committee as part of a closer collaboration.

## **BRE TRUST**

### **TRUSTEES' ANNUAL REPORT** For the year ended 31 March 2023

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#### **BRE Trust Investment Committee:**

The Investment Committee was formed in February 2023 and approves the funding for research projects and 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 interim Investment Committee membership consisted of Vicky Pope, Ashley Hook and Gary Mills. A Chair of the Committee will be elected early in the financial year 23/24. The Committee met once during the year on 6 February 2022 to agree recommendations for Terms of Reference and the scope and purpose of the Committee.

#### **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. 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.

Following the Governance changes outlined elsewhere in this report, the Board of Trustees and the BRE Group Board agreed to combine the BRE Trust and BRE Group Remuneration and Nomination Committees, with the aim of facilitating closer working between BRE Group and the Trust.

The committee members for the joint committee during the financial year were Ashley Hook (Chair) and Paul Hetherington. A third committee member, being a Trustee, will be appointed during Financial Year 23/24. The new joint Committee met on 24 February 2023.

## **BRE TRUST**

### **STRATEGIC REPORT**

For the year ended 31 March 2023

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#### **Introduction**

BRE Trust is the leading independent charity dedicated to improving the built environment for the benefit of society. BRE Trust supports this aim 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 that fund the BRE Trust. The work of the BRE Group is focused on the safety, security and sustainability of buildings. BREEAM and LPCB are two of the most significant services that BRE offers. BREEAM is a world-renowned sustainable building benchmarking scheme. LPCB is internationally recognised for its standards around security and safety of construction products and systems. BRE Group also provides systems to monitor health, safety and construction waste, as well as training through the BRE Academy. The Group has provided research and data modelling services to UK government for many years and continues to do so for housing data and methodologies that support the standard assessment procedure underpinning Energy Performance Certificates. The Group continues to deliver a wide range of research – and it is this, and innovation, that will form the basis of the Group's future strategic direction.

#### **Purpose**

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

Our vision is that we want to be:

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

We continue to work with governments and commercial markets who increasingly recognise the value of our products and services. Our focus is on increasing our reach as an innovative, science-led organisation with a focus on our capabilities in collecting, verifying and modelling data.

#### **Achievements and performance**

##### **External climate**

ESG priorities are undeniably a driver for our commercial clients. There is an increasing understanding of the value of ESG issues and the need to comply with a raft of regulatory and legislative requirements, many of which ESG data supports. Global standards, largely but not exclusively led by the financial sector, compete to measure the value, performance and potential of individual properties and portfolios.

Building and product safety legislation and regulation is evolving in the UK with the Building Safety Act making significant changes to context in which buildings will be designed, constructed and managed. We continue to assess where our expertise in testing and training can make the most valuable contribution to making buildings safer in the future.

BRE Group is continuing to deepen relationships with all key stakeholders including the UK Government. With issues like climate change, healthy homes and building safety receiving significant public and media attention as the next general election approaches, we will continue to share our research with all interested parties in order to ensure future policy is well informed and evidence based.

##### **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. During the year several students were sponsored by the Trust.

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



## **BRE TRUST**

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#### **BRE Group achievements in the year and future opportunities:**

##### **Financial Review**

The consolidated results for the BRE Trust show a net profit before tax of £2.8m (2022: £8.8m) for the year on income of £57.9m (2022: £59.6m). We have increased income by 0.3% compared to the previous year with increases in our Building Performance Services division but the completion of the CIH and LEP grant work have reduced the grant revenue in the year. The restructuring work that was undertaken in the previous financial year has minimised the reduction in revenue to a 3% decrease in income while minimising cost increases but general inflation, energy costs and additional legal costs have led to an 8% increase in expenditure on charitable activities.

During the year the significantly improved two large office blocks dating from the 1970s and 1980s which, were renovated with the assistance of grant funding from the Local Enterprise Partnership in Hertfordshire in the site at Garston have been opened. 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.

The site has undergone a desktop review of the site valuation at the year end. This resulted in a loss on investment properties of £2.1m as the cost of the improvements was not reflected in a similar increase in value of the two large office blocks which were improved. The property held as fixed assets for BRE's use has increased in value by £1.1m.

We have also seen small falls in the deficit on the BRE and LPC Pension Scheme. As of 31 March 2023 the scheme actuaries valued the deficit at £30.0m compared to £31.6m in the previous year. This is a result of more stable markets and little change in the discount rate. There was no full actuarial valuation in this year.

Overall, the positive net income of £2.6m, the gain on revaluation of the site of £1.1m and the actuarial loss of £0.3m means that BRE Trust now has funds of £10.0m as at 31 March 2023 increasing the funds available from 31 March 2022 of £6.6m.

##### **Building Performance Services (BPS)**

The product focused core of Building Performance Services (BPS) is a portfolio of businesses incorporating BREEAM, NABERS UK, SABRE, SmartWaste, YellowJacket, Sustainable Products and the BRE Academy. All are the subject for further development as part of the digital transformation that is taking place across our portfolio of products and services. Revenue for the BPS for 2022/23 was £29.9m.

BREEAM is well regarded as being based on science, and rigorous in its approach. The BREEAM revenue at the year to 31 March 2023 was £17.2m (2022: £15.9m). 23/24 will be pivotal in maintaining market relevance by enhancing the scientific base for BREEAM with the development of Version 7 (V7), and by focussing on the customer experience – both direct customers and assessors.

The BRE Academy is a well-known, well-respected part of BRE. It has a long-standing reputation and has been a consistent contributor to organisational revenue and profits.

During 22/23 a workstream was set up to review and ascertain the size of the opportunity for The Academy commercially, but equally importantly, as a contributor to the BRE purpose, reputation and positioning. The academy achieved an income of £3.8m for 2022/23 (2021/22 £3.1m).

The Academy will strengthen its position in the market during 23/24 by providing more, high quality and better targeted courses delivered both in person and virtually. This will be by digitization and a focus on customer journeys and improved experience.

For the Housing and Energy teams, now part of our research and innovation division, core activity with BEIS (now DESNZ) and DLUHC has remained 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 2022 saw the publication by BRE of a follow up report on the 'Cost of Poor Housing' which highlighted the cost to the NHS directly linked to poor housing to be £1.4bn.

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### **STRATEGIC REPORT**

For the year ended 31 March 2023

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#### **Assurance Services**

The Assurance division is made up of 4 business units with specialisms in Fire, Security, Built Environment and Audit.

Fire Detection & Electronic Testing (FDET) and the Passive team are the highest revenue earners.

The main source of revenue generation is through our extensive range of test laboratories and our LPCB certification schemes. Revenue for our Assurance division was £24.2m for 2022/23 (£22.6m: 2021/22)

#### **Innovation**

The role of the Innovation division is to lead our research and innovation activities, ensuring that BRE provides impactful thought leadership in pursuit of our purpose. The research and innovation strategy is key to the achievement of our objectives. The revenue for 2022/23 was £3.4m (2021/22 £5.8m) as the CIH grant is now completed.

Income from the Innovation team will now be largely derived from Housing and Energy, and Strategic Advisory teams. Our Energy and Housing teams work with governments internationally to deliver a range of technical services for national net zero policy compliance methodologies. This includes research for current and future regulatory compliance for the energy efficiency of buildings.

Strategic Advisory (Consultancy) is a binding part of the BRE business, building relationships and engaging (internally and externally) to provide a range of solutions largely built around the mitigation of climate change.

We will transition innovation into business as usual by delivering collaborative, impactful projects that make a difference - targeting net zero by helping decarbonise built assets as the government grant for CIH was completed in September 2022.

The head office site at Garston includes the Innovation Zone 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 zone 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.

#### **International Activities**

BRE currently provides services in 90 countries selling mainly BREEAM and LPCB services as well as advisory products. The target markets for BREEAM are Commercial Real Estate, Construction, Public Sector, Manufacturing and Finance. Those for LPCB are fire, security, and construction product manufacturers, as well as Construction and Infrastructure companies, construction product installers and government contracts.

BRE has 3 satellite offices; in San Francisco covering North America, in Shanghai covering China, and in Dublin covering Ireland and Europe.

Our channel framework, including our National Scheme Operators, Assessor relationships and other partnerships are all being centralised within the sales team to facilitate both improved communications and relationships, and increased cross selling across our entire product range.

#### **Responsible business**

Responsibility is at the heart of our purpose, and we seek to apply a responsible business ethos to every aspect of our business, whether by setting challenging energy performance goals for ourselves, contributing our expertise to the development of public policy, playing our part in our local community, or ensuring that equity, diversity and inclusion are embedded in all our practices. Over the forthcoming three-year plan we will set annual goals, culminating, we hope, in achieving B Corp status. As part of this we will measure the impact we're making, and impact targets will be included in the strategic KPIs of our balanced score card and in our reporting.

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#### **Employee engagement and development**

Our people are integral to the success of the Group, and we are proud of the commitment and wide-ranging expertise and skills of our colleagues across the business. This year has seen continued focus on attracting and retaining talent to enhance our existing core competencies whilst adding 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 we have made progress in reducing the gap between our median base salaries and those in our benchmark set. Attrition rates, although higher than pre-pandemic levels, have stabilised and work continues to enhance engagement, skills development and career progression to grow and retain.

We have made good use of our Talent and Development expertise again this year, building on the success of our behavioural framework, an extensive engagement exercise has taken place to design the technical and operational frameworks. The combined frameworks make up our Profession Builder tool, enabling colleagues to have visibility of potential career paths, understand the levels of competence required access the development opportunities available to them. This complements our established Learning and Development initiatives and will further inform content for leadership development and technical development pathways.

We continue to focus on creating an inclusive environment where we can attract, retain and motivate the very best people. To support our approach to Equity, Diversity and Inclusion we have focussed on advocacy and this year, following our inaugural EDI survey, established EDI networks, LGBTQ+, Women, Race and Neurodiversity – each with Exec Sponsorship and formed to represent the views of communities across the organisation. We also undertook an exercise to collect EDI data to ensure the accuracy of our organisational profile as we increase analysis in this area.

#### **BRE Sustainability Plan**

Our Sustainability Strategy was established in 2008 to demonstrate BRE's commitment to sustainability across 7 key areas, primarily environmental and focusing on the BRE Science Park. It covers energy, water, waste, transport, ecology, procurement and supply chain and communications and engagement. The plan sets a number of targets to deliver real and measurable improvements in our business and reduce our major impacts on the environment. Our Carbon Reduction Plan further outlines our commitment to contribute towards the global effort needed to limit warming to 1.5°C by 2050, supporting the UK Green Building Council (UKGBC) Race to Zero campaign. Our main activities include:

- Sustainable building refurbishments – adapting existing spaces for new uses and maximising the reuse of our existing materials
- Upgrades to boilers and insulation
- Replacement of old lightbulbs with LEDs
- Monitoring and detecting water leaks and upgrading to waterless/highly water efficient devices
- Upgrades to metering systems and the addition of submeters for improved monitoring
- Increased segregation of waste and optimising the use of skips
- Composting our green waste for on-site use and retaining deadwood in our woodlands
- Creating wildflower meadows, planting trees, and beekeeping
- Colleague benefits such as folding bikes and our on-site bus service
- Investigating our Scope 3 greenhouse gas emissions

In 2022, we appointed a Head of Responsible Business who works with our Head of Estates and sustainability champions across the business to identify and implement projects and engage employees on all sustainable built environment aspects. This team reviews progress against sustainability targets and projects and meets on a quarterly basis, along with the Health, Safety and Environment Compliance Manager. BRE is also certified as complying with ISO14001, which includes requirements for reporting on energy, waste and water.

## BRE TRUST

### STRATEGIC REPORT

For the year ended 31 March 2023

In 2022, we also joined Business in the Community (BITC), contributing to their movement ‘to create a fair and sustainable world in which to live and work... uniting our efforts for greater social and environmental impact in our communities’. Membership provides access to a responsible business framework tool and the opportunity to connect with, influence and learn from organisations in all sectors.

#### Streamlined energy and carbon reporting (SECR)

This is the fourth 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 tried to minimise our greenhouse gas (GHG) emissions.

We commissioned an independent report from a building services consultancy to analyse the energy and emissions data from our UK activities for the 12 month period to 31 March 2023 and compare results with previous 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 June 2022.

In addition to the energy used in buildings we also use energy for transport fuel in hired vehicles or private employee-owned vehicles included in Scope 3. Fuel consumption data was calculated from employee expenses claims for miles travelled and converted into carbon using the UK Government GHG Conversion Factor for kgCO<sub>2</sub>e/mile, based on an ‘Executive’ car type.

Emissions Scope	Source	2022/23		2021/22		2020/21	
		MWh	tCO <sub>2</sub>	MWh	tCO <sub>2</sub>	MWh	tCO <sub>2</sub>
Scope 1	Natural Gas and business travel (company cars)	6,034	1,101	6,607	1,210	3,190	587
Scope 2	Electricity	3,970	768	4,346	923	2,393	606
Scope 3	Business travel and electricity transmission and distribution losses	503	190	219	136	157	84
Total scope 1 and 2		10,003	1,869	10,953	2,133	5,584	1,193
Total scope 1, 2 and 3		10,507	2,059	11,172	2,269	5,740	1,277
Floor area (m <sup>2</sup> )		27,036		31,214		29,907	
EmIR (kgCO <sub>2</sub> e/m <sup>2</sup> )		76.2		72.7		42.7	
EIR scope 1 and 2 (kWh/m <sup>2</sup> )		370.0		350.9		186.7	
EIR scope 1, 2 and 3 (kWh/m <sup>2</sup> )		388.6		357.9		191.9	

<sup>1</sup>EmIR – Emissions Intensity Ratio

<sup>2</sup>EIR - Energy Intensity Ratio

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### **STRATEGIC REPORT**

For the year ended 31 March 2023

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#### **Streamlined energy and carbon reporting (SECR) (cont.)**

Intensity ratios can be used to compare overall emissions data with an appropriate business metric, such as revenue or floor area, to further enable comparison over time and create benchmarks. As most of our energy is used in the buildings that we occupy, we have selected an energy intensity ratio of kWh/m<sup>2</sup>.

BRE Science Park consists of numerous buildings with a total floor area of 30,363m<sup>2</sup>. Tenanted spaces were deducted from the overall floor area giving a total of 27,036m<sup>2</sup>. Using the total energy consumption of the buildings used by BRE, the EIR for Scopes 1, 2 and 3 is 312.4kWh/m<sup>2</sup> (14.6% lower than 2022). Using the total Scopes 1, 2 and 3 emissions figures, the EmIR for 2023 is 62.3kgCO<sub>2</sub>/m<sup>2</sup> (14.3% lower than 2022).

We have seen fluctuations in our EIRs over the previous years due to the significant impact of the COVID-19 pandemic. Values this year are now closer to 2019/20 levels. Although similar amounts of energy were consumed for electricity and gas last year, due to the different carbon intensity conversion factors for each energy use, Scope 2 electricity accounts for slightly more emissions than gas. Transmissions and distribution losses in the grid (Scope 3) further increase emissions from electricity but overall these emissions are lower than 2019/20 by 16%.

Over the past year we have continued to install LED lighting in multiple buildings on BRE Science Park, reinstated warm air recirculation system, replaced an inefficient gas boiler in one of our buildings, and insulated unlagged pipework in plantrooms to reduce electricity and gas usage. We have installed additional submeters to improve our ability to monitor consumption and identify areas for reduction. We have reduced our floor area through space and process optimisation aligned with our new ways of working. Around 80% of employees are either on flexible hybrid contracts or fully remote working.

Along with our main sustainability activities, we will continue to gather data on our new ways of working such as the impact of remote and flexi-hybrid contracts to better understand building occupancy levels and implement the most effective energy conservation strategies. The effect of measures will be tracked by reviewing quarterly electricity and gas consumption and further energy efficiency measures will be identified and implemented where appropriate.

BRE is also a collaborator on the UK Built Environment Carbon Database (BECD) project that aims to become the main source of carbon estimating and benchmarking for the UK construction sector and a practical instrument to support the decarbonisation of the built environment.

#### **Pension Scheme**

The FRS102 pension scheme deficit 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 £30.0m (2022: £31.6m) 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, along with the payments by the Group as part of the deficit reduction plan agreed with the pension trustees which offset the decrease in the value of the assets of the scheme. 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.

#### **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 2023, committed contract value was £45k and three months operating costs were forecast at £9k which total £53k. BRE Trust has cash of £3.6m to meet these commitments and the excess cash of £3.5m is reflected in net reserves meaning that minimum reserves were being maintained. An investment committee has been set up in February 2023 and approves the funding for research projects and provides direction and governance for future activities of commissioned work and ensures its dissemination is effective and wide reaching.

## BRE TRUST

### STRATEGIC REPORT

For the year ended 31 March 2023

#### Reserves Policy (cont.)

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. The Investment Committee was formed in February 2023 and approves the funding for research projects and 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.

Free reserves	2023	2022
	£'000	£'000
Total unrestricted funds	9,588	3,073
Add: Pension liability	29,956	31,587
Net unrestricted funds	39,544	34,660
Less: Unrestricted fixed assets	(18,536)	(18,468)
<b>Total free reserves</b>	<b>21,008</b>	<b>16,192</b>
Represented by:		
Net current and intangible assets	14,024	11,995
Investments	8,983	6,400
Provisions	(1,999)	(2,203)
<b>Total free reserves</b>	<b>21,008</b>	<b>16,192</b>

The net movement in unrestricted funds in the year was an increase in the unrestricted funds of £4.8m (2022: increase in the negative unrestricted funds of £19.1m) due to net income for the year of £2.5m (2022: £5.9m), a gain on revaluation of fixed assets of £1.1m (2022: £4.7m) and a transfer between funds of £3.2m (2022: £nil). The BRE reserves policy is to maintain reserves at a level equivalent to total committed contract value plus three months of operating costs (2023: £13.7m), therefore the reserves are within policy.

#### Future developments

BRE is developing the BREEAM digital system to improve efficiency and delivery of BREEAM products and is working on the digitisation of the business.

#### 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 £2.6m 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, as well as the budgets for 2024 and 2025 and the cashflow projections for the Trust and BRE Group.

## **BRE TRUST**

### **STRATEGIC REPORT**

For the year ended 31 March 2023

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#### **Going Concern (cont.)**

The management team have reviewed the current financial position and the business planning document including budget for the next 3 years. The various revenue streams have been analysed to identify the secured income from committed contracts, run rate of repeated business, price increase, growth ambitions and new strategies to mitigate the loss of income from the completion of the CIH program with UKRI. As part of this review the management team have undertaken an assessment of the different income streams in the business, identifying the level of risk to income by analysing revenue secured through committed contracts, revenue from ongoing long-standing client relationships and where the revenue is more uncertain.

The cost base has also been analysed to consider risk around inflation, high energy prices, staff related cost increases. The business plan has considered risks such as uncertainties in the external market including the energy crises made worse by the political climate of Ukraine and Russia into account. We are closely monitoring our cost and procurement is reviewing our sourcing to make it more cost effective and efficient. 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.

The management team have undertaken a sensitivity analysis under three different scenarios to understand the risk and opportunities in the budget and to ensure the financial position being projected is robust.

BRE's Group cash position of £11.1m at the end of March 23 is an improvement on March 22 of £10.7m. Significant investment is occurring in digitalisation and lab improvement program underway which is budgeted to be funded by the operation. Both CIH advance payment and Escrow funds used for the restructuring program have been repaid and hence there is no borrowing tied to our current cash and budget cash positions.

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 forecasts for the current financial year and the budgets for 2024 and 2025 have been set out as the base case for the organisation. They include the impact of known capital expenditure as well as provision for some potential risks of assets needing replacement. The review has included sensitivity analysis around the income streams to ensure that in the event of a downturn in the economy the Company would still be able to operate sustainably for the foreseeable future.

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 continued conscious effort to 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 which has undergone an enhancement this year to move to an improved assessment methodology. Additionally, the strategic risk register has individual risk reports, tabled (deep dives) at the Risk and Audit Committee meetings on a rotational basis.

Further to the above, risk appetite is a key improvement focus for the coming financial year which will be formally defined.

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.

## BRE TRUST

### STRATEGIC REPORT

For the year ended 31 March 2023

#### Risk Management (cont.)

The key strategic risks are those identified below with reasons for inclusion and key mitigations.

Key Strategic Risks	Reason for inclusion	Key Mitigation(s)
Governance mechanism/structure (new)	<ul style="list-style-type: none"> <li>Charitable status considerations and the need for strong governance.</li> </ul>	<ul style="list-style-type: none"> <li>Refresh of the Trust and Board mechanism.</li> <li>Quarterly Risk and Audit Committee.</li> </ul>
Long term financial stability	<ul style="list-style-type: none"> <li>A focus on financial metrics is critical to ensuring there is a profit for purpose.</li> </ul>	<ul style="list-style-type: none"> <li>Robust annual business planning, budgeting, monthly forecasting reviews and cash management.</li> <li>Maintenance of overdraft facility as mitigation to risk in downturn.</li> <li>Regular dialogue with pension trustees to maintain options with Escrow funding or reduced pension payments.</li> </ul>
Cyber security	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Next generation firewalls and Anti-virus, Anti Malware systems in place.</li> <li>Security information and event management system which collects information from all key IT infrastructure and is monitored 24/7.</li> <li>Annual penetration testing and maintenance of Cyber Essentials Plus certification.</li> <li>Requirement for third party IT suppliers to have formal certification such as ISO 27001 or CREST.</li> <li>Dual server centres in place.</li> </ul>
Ineffective talent attraction/retention	<ul style="list-style-type: none"> <li>People and talent are the cornerstone to success, hence the strategic focus.</li> </ul>	<ul style="list-style-type: none"> <li>A Wellbeing offering is in place to support colleagues with mental, physical and financial wellbeing.</li> <li>Biannual Sustainable Engagement Index.</li> <li>Regular meetings of the EDI group and Colleague Forum.</li> <li>Flexible and remote working options available where circumstances allow.</li> <li>Timely and focussed recruitment, with bench-marking pay using external resources as well as against industry norms.</li> <li>Improved engagement with employees including implementation of job families, regular performance and development reviews and management oversight.</li> </ul>



## BRE TRUST

### STRATEGIC REPORT

For the year ended 31 March 2023

#### Risk Management (cont.)

Key Strategic Risks	Reason for inclusion	Key Mitigation(s)
Regulatory non compliance	<ul style="list-style-type: none"> <li>A critical part of BRE operations is compliance activity.</li> </ul>	<ul style="list-style-type: none"> <li>Independent SHE (Safety, Health and Environmental) and Quality and Compliance departments.</li> <li>A central group management system in place for policies, processes and procedures.</li> <li>Independent Risk and Internal Audit Department.</li> <li>Legislation register in place.</li> <li>Regular engagement with government departments which helps to identify potential changes in policy ahead of implementation.</li> </ul>
Lack of market relevance	<ul style="list-style-type: none"> <li>Remaining market relevant is critical for success.</li> </ul>	<ul style="list-style-type: none"> <li>Increased customer insight via a quarterly NPS (net promoter score).</li> <li>Formal 'innovation to market' assessment process and Product Management Methodology.</li> <li>Customer focus through relationship management and targeted business development capability.</li> <li>Industry focused customer groups. For example, net zero, BREEAM.</li> <li>A corporate affairs team and innovation team working with external audiences and collaborating with the product management function.</li> </ul>
Reputation and brand strength	<ul style="list-style-type: none"> <li>BRE's success is hugely dependent on reputation, particularly with the advent of the Grenfell enquiry.</li> </ul>	<ul style="list-style-type: none"> <li>Constant press monitoring by Director of Corporate Affairs and Third-Party Press Support.</li> <li>Pre-prepared statements on likely scenarios and defined internal communication process.</li> <li>All scientific output follows a clear internal review process before issue.</li> <li>Speaking up policy in place and reviewed annually.</li> <li>Grenfell inquiry proceedings are monitored closely and BRE has provided a significant volume of information to assist the inquiry and continues to do so.</li> </ul>

## BRE TRUST

### STRATEGIC REPORT

For the year ended 31 March 2023

#### Risk Management (cont.)

Key Strategic Risks	Reason for inclusion	Key Mitigation(s)
Challenges to operational delivery	<ul style="list-style-type: none"><li>Efficient and effective operations are imperative to sustain during an organisational change programme.</li></ul>	<ul style="list-style-type: none"><li>A central group management system is in place for policies, processes and procedures.</li><li>External assessments and prompt follow up/resolution of actions.</li><li>Project delivery pipeline tracking and works management.</li><li>Product Managers assessing the markets.</li><li>Customer complaints/ compliments process.</li><li>Digital transformation programme underway.</li></ul>
Responding to long term trends and issues including climate change and ESG changes	<ul style="list-style-type: none"><li>This is a key focus of BRE's vision.</li></ul>	<ul style="list-style-type: none"><li>Constructing Excellence provides conduit to industry needs and government policy.</li><li>Monthly strategy meetings (in house) and ongoing relationship/meetings with AIRTO (industry wide group).</li><li>Product Innovation Team established with product roadmaps developed (or in development).</li></ul>

## **BRE TRUST**

### **STRATEGIC REPORT**

For the year ended 31 March 2023

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#### **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 2023. 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 2023

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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 and Group 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 24 July 2023 including approving in their capacity as company directors the strategic report contained therein, and is signed as authorised on its behalf by:



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

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#### Opinion

We have audited the financial statements of BRE Trust for the year ended 31 March 2023 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 2023 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**

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#### **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](http://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

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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 grant income, stage payments 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: 25 July 2023

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

For the year ended 31 March 2023

	Note	Restricted Funds 2023 £'000	Unrestricted Funds 2023 £'000	Total Funds 2023 £'000	Restricted Funds 2022 £'000	Unrestricted Funds 2022 £'000	Total Funds 2022 £'000
<b>Income from</b>							
Charitable activities	2	2,902	55,009	57,911	8,067	49,665	57,732
Other trading activities	3	-	1,716	1,716	-	1,897	1,897
Interest receivable		-	153	153	-	10	10
<b>Total</b>		<b>2,902</b>	<b>56,878</b>	<b>59,780</b>	<b>8,067</b>	<b>51,572</b>	<b>59,639</b>
<b>Expenditure on</b>							
Charitable activities	4	(2,784)	(52,132)	(54,916)	(5,876)	(44,916)	(50,792)
Loss on investment property revaluation		-	(2,111)	(2,111)	-	-	-
<b>Net income before tax</b>		<b>118</b>	<b>2,635</b>	<b>2,753</b>	<b>2,191</b>	<b>6,656</b>	<b>8,847</b>
Taxation	8	-	(123)	(123)	-	(717)	(717)
<b>Net income</b>		<b>118</b>	<b>2,512</b>	<b>2,630</b>	<b>2,191</b>	<b>5,939</b>	<b>8,130</b>
<b>Transfers between funds</b>		<b>(3,201)</b>	<b>3,201</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>							
Gain on revaluation of fixed assets	10	-	1,058	1,058	-	4,698	4,698
Actuarial (loss)/gain on defined benefit pension scheme	19	-	(256)	(256)	-	8,495	8,495
<b>Net movement in funds</b>		<b>(3,083)</b>	<b>6,515</b>	<b>3,432</b>	<b>2,191</b>	<b>19,132</b>	<b>21,323</b>
<b>Reconciliation of funds</b>							
Total funds/(deficit) brought forward	16	3,492	3,073	6,565	1,301	(16,059)	(14,758)
<b>Total funds carried forward</b>		<b>409</b>	<b>9,588</b>	<b>9,997</b>	<b>3,492</b>	<b>3,073</b>	<b>6,565</b>

The accompanying notes on pages 26 to 48 form an integral part of these financial statements.



# BRE TRUST

## CONSOLIDATED AND COMPANY BALANCE SHEETS For the year ended 31 March 2023

	Note	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
<b>Fixed assets</b>					
Intangible assets	9	1,682	930	-	-
Tangible assets	10	18,545	21,560	-	-
Investments	11	8,983	6,400	5,000	5,000
		<u>29,210</u>	<u>28,890</u>	<u>5,000</u>	<u>5,000</u>
<b>Current assets</b>					
Debtors	13	19,547	19,441	4	1
Cash		11,087	10,710	3,553	825
<b>Creditors: amounts falling due within one year</b>	14	(17,892)	(18,686)	(638)	(542)
<b>Net current assets</b>		<u>12,742</u>	<u>11,465</u>	<u>2,919</u>	<u>284</u>
<b>Total assets less current liabilities</b>		<u>41,952</u>	<u>40,355</u>	<u>7,919</u>	<u>5,284</u>
Provisions for liabilities	15	(1,999)	(2,203)	-	-
<b>Net assets excluding pensions liabilities</b>		<u>39,953</u>	<u>38,152</u>	<u>7,919</u>	<u>5,284</u>
<b>Defined benefit pension scheme liability</b>	19	(29,956)	(31,587)	-	-
<b>Net assets including pension liabilities</b>		<u>9,997</u>	<u>6,565</u>	<u>7,919</u>	<u>5,284</u>
<b>Funds of the Group</b>					
Unrestricted funds:					
General fund	16	32,276	19,705	7,781	5,146
Revaluation reserve	16	7,268	14,955	-	-
Pension reserve	16	(29,956)	(31,587)	-	-
Restricted funds:					
Other reserve	16	9	9	-	-
Capital reserve	16	-	3,083	-	-
Income fund	16	400	400	138	138
<b>Total funds/(deficit)</b>		<u>9,997</u>	<u>6,565</u>	<u>7,919</u>	<u>5,284</u>

The total income for the year of the Charity dealt with in the financial statements was £2,722k (2022: £92k) and total expenditure was £87k (2022: £59k).

The accompanying notes on pages 26 to 48 form an integral part of these financial statements.  
These financial statements were approved by the Trustees on 24<sup>th</sup> July 2023.



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 2023

	Note	2023 £'000	2022 £'000
<b>Net cash from operating activities</b>	17	4,326	5,755
<b>Cash flows from investing activities</b>			
Interest received		153	10
Acquisition of tangible fixed assets	10	(2,363)	(3,617)
Acquisition of intangible fixed assets	9	(1,739)	(541)
<b>Net cash used by investing activities</b>		<u>(3,949)</u>	<u>(4,148)</u>
<b>Increase in cash and cash equivalents in the year</b>	18	<u>377</u>	<u>1,607</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>10,710</u>	<u>9,103</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>11,087</u>	<u>10,710</u>

The accompanying notes on pages 26 to 48 form an integral part of these financial statements.

## **BRE TRUST**

### **NOTES TO THE FINANCIAL STATEMENTS** For the year ended 31 March 2023

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#### **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 2023. 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 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 £2.6m 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, as well as the budgets for 2024 and 2025 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 2023

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#### **1 Accounting policies (cont.)**

##### **Going concern (cont.)**

The cost base has also been analysed to consider risk around inflation, high energy prices, staff related cost increases. The business plan has considered risks such as uncertainties in the external market including the energy crises made worse by the political climate of Ukraine and Russia into account. We are closely monitoring our cost and procurement is reviewing our sourcing to make it more cost effective and efficient. 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.

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.

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 2023

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#### **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 full valuation was undertaken in the year ended 31 March 2022. Assets are reviewed annually for any impairment in value, and as a result of this review a desktop valuation was undertaken this year.

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 by a market-based appraisal undertaken by a professionally qualified valuer every three years and the next full valuation will be undertaken in 2025. Changes in fair value are recognised in the Statement of Financial Activities. Assets are reviewed annually for any impairment in value, and as a result of recent economic conditions, including turbulence within the property market, a desktop valuation was commissioned to assist with the assessment of valuation at the year end.

## **BRE TRUST**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2023

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#### **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 2023

#### 1 Accounting policies (cont.)

##### Post – retirement benefits

The defined benefit obligations as at 31 March 2023 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

	2023 £'000	2022 £'000
Advisory services on building performance, construction and fire safety	16,012	12,524
Provision of third-party assurance services	38,650	37,652
Services delivered to government	3,249	7,556
	<u>57,911</u>	<u>57,732</u>

Included in services delivered to government are amounts totalling £3,249k (2022: £7,556k) which are government grants for undertaking research projects for which there are no unfulfilled conditions.

#### 3 Other trading income

	2023 £'000	2022 £'000
Other rental income	1,200	1,028
Other trading income	516	420
Tax credits	-	449
	<u>1,716</u>	<u>1,897</u>

## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

#### 4 Expenditure

##### Charitable activities

	Commercial Activities	Advisory Services	Third Party Assurance	Services to Government	2023 Total	2022 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Activities undertaken directly	858	8,791	21,217	1,784	32,650	33,521
Grant funding of activities	-	87	-	-	87	(146)
Support costs	582	6,014	14,375	1,208	22,179	17,417
	<u>1,440</u>	<u>14,892</u>	<u>35,592</u>	<u>2,992</u>	<u>54,916</u>	<u>50,792</u>

##### Analysis of support costs

	Commercial Activities	Advisory Services	Third Party Assurance	Services to Government	2023 Total	2022 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Legal and professional	163	1,686	4,030	339	6,218	5,716
IT	105	1,088	2,599	218	4,010	2,136
HR	43	447	1,069	90	1,649	1,048
Marketing	58	595	1,423	120	2,196	1,670
Facilities	106	1,092	2,609	219	4,026	2,966
Other	107	1,106	2,645	222	4,080	3,881
	<u>582</u>	<u>6,014</u>	<u>14,375</u>	<u>1,208</u>	<u>22,179</u>	<u>17,417</u>

Included within Support costs are the following governance costs

	2023 £'000	2022 £'000
<i>Auditor's remuneration:</i>		
Audit of Group and subsidiary financial statements	82	68
Amounts receivable by auditor and associates in respect of:		
Services relating to taxation	13	13
Additional fees relating to prior year audit	-	-
Other services	-	16

Expenditure on research and development recognised as an expense totalled £1,698k (2022: £3,456k).



## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

#### 5 Staff costs and numbers

	2023 £'000	2022 £'000
Group staff costs during the period amounted to:		
Wages and salaries	25,151	22,988
Social security costs	2,570	2,374
Other pension costs	3,847	3,645
Operating costs of the defined benefit pension scheme	668	654
	<u>32,236</u>	<u>29,661</u>

Included in other pension costs are contributions made by Building Research Establishment Ltd of £2,778k (2022: £2,593k) to the closed BRE and LPC defined benefit Pension Scheme.

During the year redundancy and termination payments totalling £288k (2022: £301k) 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 (who are considered key management personnel) consisting of 4 individuals were paid a total of £792k (2022: 3 individuals were paid £585k).

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

	2023	2022
Research staff	480	482
Support staff	91	66
	<u>571</u>	<u>548</u>

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

Salary band	2023	2022
£60,000 - £69,999	28	24
£70,000 - £79,999	22	18
£80,000 - £89,999	5	5
£90,000 - £99,999	3	1
£100,000 - £109,999	2	1
£110,000 - £119,999	3	3
£120,000 - £129,999	1	1
£130,000 - £139,999	1	1
£140,000 - £149,999	1	1
£150,000 - £159,999	1	-
£170,000 - £179,999	3	-
£200,000 - £209,999	-	2
£220,000 - £229,999	1	-
£270,000 - £279,999	1	-

## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

#### 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 £271k (2022: £208k). The number of higher paid employees (i.e. greater than £60k) to whom pension benefits are accruing under money purchase schemes was 64 (2022: 51).

#### 6 Trustees' remuneration and expenses

No Trustee earned any remuneration in either 2023 or 2022. Out of pocket expenses incurred by 2 (2022: 1) Trustees in the furtherance of their duties are reimbursed at cost and totalled £426 (2022: £142). The whole of this amount related to travel and out of pocket expenses.

#### 7 Other finance costs

	2023 £'000	2022 £'000
Expected return on pension scheme assets	2,594	1,906
Interest on pension scheme liabilities	(3,439)	(2,756)
Past service cost (incl. curtailments)	(46)	(58)
	<u>(891)</u>	<u>(908)</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.

	2023 £'000	2022 £'000
<i>Current tax</i>		
UK corporation tax on profit for the year	86	663
Adjustment in respect of previous year	37	54
	<u>123</u>	<u>717</u>

**BRE TRUST****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2023

**8 Taxation (cont.)**

	2023	2022
	£'000	£'000
<i>Tax reconciliation</i>		
Profit on ordinary activities before tax	2,753	8,847
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2022: 19%)	523	1,681
<i>Effects of:</i>		
Expenses not deductible for tax purposes	402	125
R&D expenditure credits	-	(85)
Consolidation adjustments	71	(309)
Adjustment in respect of prior periods	37	54
Deferred tax not recognised	(910)	(749)
	<hr/>	<hr/>
Total tax charge	123	717

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	Assets under construction	Other Intangibles	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 April 2022	5,958	490	497	6,945
Additions	68	1,671	-	1,739
Disposal	-	(497)	-	(497)
At 31 March 2023	<hr/> 6,026	<hr/> 1,664	<hr/> 497	<hr/> 8,187
<b>Amortisation</b>				
At 1 April 2022	5,518	-	497	6,015
Charge for the year	490	-	-	490
At 31 March 2023	<hr/> 6,008	<hr/> -	<hr/> 497	<hr/> 6,505
<b>Net book value</b>				
At 31 March 2023	<hr/> 18	<hr/> 1,664	<hr/> -	<hr/> 1,682
At 31 March 2022	<hr/> 440	<hr/> 490	<hr/> -	<hr/> 930

The Group had capital commitments for software of £551k (2022: £nil).

## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2023

#### 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
<b>Cost</b>						
At 1 April 2022	25,614	2,539	11,140	1,372	67	40,732
Additions	815	-	1,416	132	-	2,363
Disposals	-	-	-	(312)	-	(312)
Reclassification	2,539	(2,539)	-	-	-	-
Reclassification to investment properties	(4,694)	-	-	-	-	(4,694)
Revaluation	1,058	-	-	-	-	1,058
At 31 March 2023	<u>25,332</u>	<u>-</u>	<u>12,556</u>	<u>1,192</u>	<u>67</u>	<u>39,147</u>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Depreciation</b>						
At 1 April 2022	8,823	-	9,352	964	33	19,172
Charge for year	632	-	994	109	7	1,742
On Disposals	-	-	-	(312)	-	(312)
At 31 March 2023	<u>9,455</u>	<u>-</u>	<u>10,346</u>	<u>761</u>	<u>40</u>	<u>20,602</u>
<b>Net Book Value</b>						
At 31 March 2023	<u>15,877</u>	<u>-</u>	<u>2,210</u>	<u>431</u>	<u>27</u>	<u>18,545</u>
At 31 March 2022	<u>16,791</u>	<u>2,539</u>	<u>1,788</u>	<u>408</u>	<u>34</u>	<u>21,560</u>

Freehold land is not depreciated. As at 31 March 2023, freehold land and buildings is held at the revalued amount of £15.9 million. The comparable cost and net book value at that date determined under the historical cost accounting rules would have been £9.9m and £7.7m 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.

The directors revalued the freehold land and buildings at 31 March 2023 following a further desktop valuation undertaken by BNP Paribas Real Estates.

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 2023

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#### 11 Fixed asset investments

	Group Investment Properties £'000	Charity Interest in subsidiary undertakings £'000
At 1 April 2022	6,400	5,000
Reclassification from freehold land and buildings	4,694	-
Revaluation	(2,111)	-
At 31 March 2023	<u>8,983</u>	<u>5,000</u>

As at 31 March 2023, group investment properties were held at the revalued amount of £9.0m. The directors revalued the investment properties at 31 March 2023 following a further desktop valuation undertaken by BNP Paribas Real Estates as detailed in note 10.

# BRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

### 11 Fixed asset investments (cont.)

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

	Building Research Establishment Limited	BRE Global Limited	Constructing Excellence Limited	Ceequal Limited	BRE China	BRE Ireland
	2023	2023	2023	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Summary profit and loss account</b>						
Turnover	20,272	40,615	246	68	417	470
Operating costs	(35,852)	(39,079)	(359)	(20)	(533)	(403)
Other operating income	22,170	-	-	-	-	-
Loss on revaluation of investment property	(2,111)	-	-	-	-	-
Operating profit/(loss)	4,479	1,536	(113)	48	(116)	67
Interest receivable	122	-	-	-	-	-
Other finance costs	(891)	-	-	-	-	-
Actuarial gain/(loss) on defined benefit pension	(256)	-	-	-	-	-
Revaluation of land	1,058	-	-	-	-	-
Net result	4,512	1,536	(113)	48	(116)	67
Taxation	(123)	-	-	-	-	-
Retained in the subsidiary	4,389	1,536	(113)	48	(116)	67
<b>Assets and liabilities of the subsidiary</b>						
Fixed assets	28,913	1,279	-	-	1	-
Current assets	18,083	27,745	132	1,045	622	349
Creditors falling due within one year	(26,941)	(9,603)	(115)	(81)	(1,441)	(422)
Net assets/(liabilities)	20,055	19,421	17	964	(818)	(73)
Provision for liabilities	(1,999)	-	-	-	-	-
Pension scheme liabilities	(29,956)	-	-	-	-	-
Deferred capital grant	(216)	-	-	-	-	-
Total funds	(12,116)	19,421	17	964	(818)	(73)

## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2023

#### 12 Subsidiary and associate undertakings

The undertakings in which the Group's interest at 31 March 2023 was more than 20% were as follows:

	Interest in ordinary share capital	Activity
<b>Trading Companies:</b>		
BRE Group Limited (02704081)	100%	Management of subsidiary company operations
Building Research Establishment Limited (03319324) <sup>a</sup>	100%	Advisory services and information on building performance, construction and fire safety
BRE Global Limited (08961297) <sup>a</sup>	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) <sup>+</sup>	100%	Methodologies for sustainable infrastructure projects
Constructing Excellence Limited (04641522) <sup>*&gt;</sup>	N/A	Co-ordination of member led performance improvement network
BRE Global Assurance (Ireland) Limited (602123) <sup>a</sup>	100%	Testing and certification of materials and products, and certification of personnel, Buildings, process, systems and supply chains
<b>Non-Trading Companies:</b>		
BRE Certification (03548352) <sup>* #</sup>	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

<sup>a</sup>Held through BRE Group Limited

<sup>+</sup> Held through BRE Global Limited

<sup>#</sup> Dormant company

<sup>></sup> 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 2023

### **13 Debtors**

	2023 £'000 Group	2023 £'000 Charity	2022 £'000 Group	2022 £'000 Charity
Trade debtors	10,760	-	9,308	-
Amounts recoverable on contracts	1,477	-	3,254	-
Other debtors	4,644	-	5,416	1
VAT and other taxes recoverable	963	4	755	-
Prepayments	1,703	-	708	-
	<u>19,547</u>	<u>4</u>	<u>19,441</u>	<u>1</u>

### **14 Creditors: amounts falling due within one year**

	2023 £'000 Group	2023 £'000 Charity	2022 £'000 Group	2022 £'000 Charity
Deferred income	9,251	-	7,812	-
Trade creditors	2,530	-	4,760	12
Amounts due to group undertakings	-	590	-	489
Social security and other taxes	1,816	-	1,611	-
Corporation tax	-	-	573	-
Other creditors	857	-	766	-
Accruals	3,438	48	3,164	41
	<u>17,892</u>	<u>638</u>	<u>18,686</u>	<u>542</u>

### **Deferred income movement:**

	Group £'000	Charity £'000
Balance at 1 April 2022	7,812	-
Amount released in the year	(8,229)	-
Amount deferred in the year	9,668	-
Balance at 31 March 2023	<u>9,251</u>	<u>-</u>

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 £nil (2022: £1,006k) which is repayable upon demand.



**BRE TRUST****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2023

**15 Provision for liabilities**

Future amounts payable relating to:	Former Directors' Future liabilities £'000	Restructuring £'000	Post retirement future liabilities £'000	Total £'000
<b>Group:</b>				
At 1 April 2022	203	-	2,000	2,203
Utilised in the year	-	-	(124)	(124)
Charge to the Statement of Financial Activities	-	96	(176)	(80)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	203	96	1,700	1,999
	<hr/>	<hr/>	<hr/>	<hr/>

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 £153k in the next financial year.

## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

#### 16 Reserves

Group	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
At 1 April 2022	19,705	(31,587)	14,955	3,073	9	3,083	400	3,492
Net income for the year	625	1,887	-	2,512	-	118	-	118
Transfer between funds	3,201	-	-	3,201	-	(3,201)	-	(3,201)
Gain on revaluation of tangible fixed assets	-	-	1,058	1,058	-	-	-	-
Actuarial loss recognised in defined benefit pension	-	(256)	-	(256)	-	-	-	-
Transfer investment properties revaluation	8,745	-	(8,745)	-	-	-	-	-
At 31 March 2023	32,276	(29,956)	7,268	9,588	9	-	400	409

The transfer between funds in the year ended 31 March 2023 (£3.2m) relates to assets under the LEP and CIH grants.

## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

#### 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 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

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 2022	5,146	138	5,284
Net funds for the year	2,635	-	2,635
At 31 March 2023	7,781	138	7,919

  

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

## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

#### 16 Reserves (cont.)

The net funds for the year of the Charity dealt with in the financial statements was £2,635k (2022: £151k 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
	2023 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000
Intangible	1,682	-	-	-	-	-	1,682
Tangible	11,268	-	7,268	9	-	-	18,545
Investments	8,983	-	-	-	-	-	8,983
Net current assets	12,342	-	-	-	-	400	12,742
Provisions	(1,999)	-	-	-	-	-	(1,999)
Pension scheme liability	-	(29,956)	-	-	-	-	(29,956)
	<u>32,276</u>	<u>(29,956)</u>	<u>7,268</u>	<u>9</u>	<u>-</u>	<u>400</u>	<u>9,997</u>
<b>2022 Comparative</b>							
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>

## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2023

#### 17 Cash flows from operating activities

	2023 £'000	2022 £'000
Net income before tax	2,753	8,847
<i>Adjustments for:</i>		
Interest receivable	(153)	(10)
Depreciation, amortisation and impairment	2,232	2,444
Loss on revaluation of investment properties	2,111	-
Loss on disposal of fixed assets	497	-
Taxation	(123)	(717)
Pension and other finance costs	891	908
Pension deficit funding contributions	(2,778)	(2,593)

#### Movement in working capital:

(Increase) in debtors	(106)	(5,945)
(Decrease) / increase in creditors (exc taxation)	(87)	2,497
(Decrease) / increase in provisions	(204)	324
Taxation paid	(707)	-

Net cash from operating activities	4,326	5,755
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#### 18 Analysis of change in net funds

	At 1 April 2022 £'000	Cash flow £'000	At 31 March 2023 £'000
Cash at bank	10,710	377	11,087
Cash and cash equivalents	10,710	377	11,087

#### 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 £200k (2022: £180k) were payable at 31 March 2023 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 2023

#### 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 £2,778k (2022: £2,593k). 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 £547k (2022: £518k) were incurred in respect of the BRE and LPC Pension Scheme. Contributions to this scheme amounting to £247k (2022: £221k) were payable at 31 March 2023 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 2023 %pa	Combined Scheme 2022 %pa	Combined Scheme 2021 %pa
Rate of increase in salaries	2.70	2.80	2.40
Discount rate for calculation of benefits	4.80	2.80	2.10
Inflation (RPI)	3.10	3.50	3.10
Inflation (CPI)	2.70	2.80	2.40

In valuing the liabilities of the pension fund at 31 March 2023, mortality assumptions have been made as indicated below.

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

#### *The BRE and LPC Pension Scheme*

- Current pensioner aged 65: 22.0 years (male) and 24.4 (female)
- Future retiree (aged 45) upon reaching 65: 23.3 years (male) and 25.8 (female)

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

The asset valuations of the scheme at 31 March 2023 amounted to £68,623k (2022: £93,423k) for the BRE and LPC Pension Scheme. These amounts were sufficient to cover 70% (2022: 75%) of the benefits that had accrued to members.

## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

#### 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:

	2023 £'000	2022 £'000
Present value of funded defined benefit obligations	(98,579)	(125,010)
Fair value of assets	68,623	93,423
Net deficit	(29,956)	(31,587)
<b>Movements in present value of defined benefit obligation</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
At 1 April	125,010	133,459
Interest on obligation	3,439	2,756
Actuarial (gain)	(25,537)	(6,803)
Benefits paid	(4,379)	(4,460)
Past service cost (incl. curtailments)	46	58
At 31 March	98,579	125,010
<b>Movements in fair value of assets</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
At 1 April	93,423	91,692
Expected return on assets	2,594	1,906
Actuarial (loss) / gain	(25,793)	1,692
Contributions by employer	2,778	2,593
Benefits paid	(4,379)	(4,460)
At 31 March	68,623	93,423
<b>Amounts recognised in the Consolidated Statement of Financial Activities</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Interest on defined benefit obligations	(3,439)	(2,756)
Expected return on assets	2,594	1,906
Past service cost (incl. curtailments)	(46)	(58)
Resources expended (included in other finance costs)	(891)	(908)

**BRE TRUST****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2023

**19 Pensions (cont.)**

	2023 £'000	2022 £'000
Actual return less expected return on assets	(25,793)	1,692
Experience gain on liabilities	(6,677)	732
Change in assumptions underlying the present value of the liabilities	32,214	6,071
	<hr/>	<hr/>
Actuarial (loss)/gain	(256)	8,495
	<hr/>	<hr/>

**Assets**

Actual return on the scheme assets during the year:

	2023 £'000	2022 £'000
Return on assets excluding interest	(25,793)	1,692
Interest income on assets	2,594	1,906
	<hr/>	<hr/>
Actual return on scheme assets	(23,199)	3,598
	<hr/>	<hr/>

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

The Group expects to contribute approximately £2,964k to the defined benefit scheme in the next financial year.

**20 Leases**

At 31 March 2023 the Group had future minimum lease payments under non-cancellable operating lease arrangements as follows:

During the year £334k was recognised as an expense in the Statement of Financial Activities in respect of operating leases (2022: £286k)

	2023 £'000	2022 £'000
Plant and machinery expiring:		
Not later than one year	38	26
Later than one year and not later than five years	68	4
	<hr/>	<hr/>
	106	30
	<hr/>	<hr/>



## BRE TRUST

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2023

#### 20 Leases (continued)

	2023 £'000	2022 £'000
Land and Buildings expiring:		
Not later than one year	208	209
Later than one year but not later than five years	711	691
Later than five years	176	325
	<u>1,095</u>	<u>1,225</u>

At 31 March 2023 the Group had expected future minimum lease receipts under non-cancellable operating leases as follows:

	2023 £'000	2022 £'000
Future anticipated Lessor income		
Not later than one year	360	592
Later than one year and not later than five years	590	511
Later than five years	158	170
	<u>1,108</u>	<u>1,273</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 £173,000 (2022: £206,000). The amount outstanding at 31 March 2023 due to J N Solutions Limited was £nil (2022: £19,000).

##### Group companies

- Building Research Limited paid £nil interest on its intercompany loans with the Trust (2022: paid £nil).
- The Trust paid £nil to Building Research Establishment Limited for work performed on research projects being undertaken by the Trust (2022: £10,000).
- The Trust paid £nil to BRE Global Limited for work performed on research projects being undertaken by the Trust (2022: £9,800).

At 31 March 2023, there were intercompany payables from the Trust amounting to £590k (2022: payables from the Trust: £489k) outstanding between the Trust and its subsidiaries.