



# ANNUAL REPORT and | ACCOUNTS

*NWML's outstanding success over the past twelve months is entirely due to the commitment and professionalism of its staff, who have shown a tremendous willingness to 'go the extra mile' to delight customers and surpass targets.*

### **NWML's Mission**

*To provide world class legal metrology and enforcement services.*

### **NWML's Vision**

*NWML will continue to be a successful Agency providing world class fair, legal, accurate, sustainable measurement and enforcement services, driving forward innovation to promote trade and protecting consumers, health and the environment.*

# *Annual Report and Accounts 2006 - 2007*

## **National Weights and Measures Laboratory**

Presented to the House of Commons pursuant to section 7 of the  
Government Resources and Accounts Act 2000

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# the REPORT

NATIONAL WEIGHTS AND MEASURES LABORATORY ANNUAL REPORT AND ACCOUNTS 2006 - 2007



## Introduction by the Chief Executive

operations. Similarly, our enforcement of the RoHS regulations for DTI moved up a gear with UK implementation of the RoHS Directive on 1 July 2006.

There has, however, been an undercurrent of uncertainty about NWML's future throughout the year. The proposed merger with OFT did not come about because of significant conflicts of interest between OFT's role as a regulator of fee based government services and NWML's role as a provider of such services. For this reason the Laboratory continued to operate as a DTI Executive Agency within the Office of Science and Innovation in 2006 - 2007 - a relationship that worked well - thereby maintaining its close alignment with the Department's policies for measurement in support of innovation and for consumer protection.

NWML has continued its active engagement in the Organisation of International Legal Metrology (OIML) and in the European Co-operation in Legal Metrology (WELMEC) promoting the continued lowering of global barriers to trade in measuring instruments. We continue to have an excellent partnership with local authority Trading Standards Departments giving support to their legal metrology capabilities, with the Local Authority Co-ordinating Body for Regulatory Services (LACORS) and with the Trading Standards Institute (TSI).

During the year we worked closely with the National Consumer Council on their Report 'Measuring up' which highlighted the importance that consumers attach to good regulation of weights and measures. We were therefore somewhat surprised and disappointed that the 'Rogers Review' of national enforcement priorities for local authority regulatory services relegated weights and measures to a 'non priority' (whilst identifying fair trading as one of the six national priorities).

'Better Regulation' will continue to be the dominant theme of NWML's

By any measure the past year has been spectacularly successful for NWML. We have achieved all but one of our targets and have generated a net surplus of £463k, some £454k ahead of our business plan target and our best ever financial performance. We have achieved this with fewer staff thus realising a genuine efficiency gain. Crucially, this has not been at the expense of quality. We maintained a very high level of support from our customers with 91.3% rating our services satisfactory or better, although we just missed our new, more stringent customer satisfaction target.

The undoubted highlight of the year was the implementation of the Measuring Instruments Directive (MID) in full by the deadline of 30 April 2006. This required the introduction of regulations for eleven types of measuring instruments - NWML's largest single regulatory undertaking in its history - which came into force on 30 October 2006. Designation of Notified Bodies under the MID has ensured that the UK has full coverage for all modules and measuring instruments - a key concern to the metering, weighing and measuring sectors of UK industry.

I am very pleased to report that our first year covering gas and electricity meters responsibilities under the Memorandum of Understanding with Ofgem has gone very smoothly and that the new Gas and Electricity Metering Team is now seamlessly integrated into NWML's

regulatory work for the immediate future. The Laboratory made a significant input to the DTI Simplification Plan, published in December 2006 and this work will be taken forward with the engagement of the Better Regulation Executive and the Local Better Regulation Office.

The coming year promises to be an exciting one. Since 1 April 2007 NWML has taken over, policy responsibility for all parts of the Weights and Measures Act 1985 including transactions in goods and units of measure. NWML is therefore now the sole 'Centre of Excellence' and Regulator for Weights and Measures. From the same date the Laboratory also took over policy responsibility for the Hallmarking Act and sponsorship of the British Hallmarking Council. This new responsibility fits well with our existing responsibilities for ensuring the correct weight of UK coinage, practised annually at the Trial of the Pyx, and with 'weights and measures,' is one of the UK's oldest forms of regulation to protect the consumer.

There have been a number of changes in people at NWML throughout the year. I would like to express my personal thanks to Alison Brimelow for her support and sagacious advice, who resigned as Steering Board Chair on 31 December 2006, to concentrate on her role as President Elect of the European Patent Office. I was however delighted to welcome Mr Noel Hunter OBE as Chair from 1 January 2007. Noel is a former Director of Libraries, Heritage & Trading Standards, Warwickshire County Council and is the Chairman of the Trading Standards Institute. He brings a wealth of experience and expertise to the role.

I would also like to thank Mr Martin Birdseye, Director of Regulation, who also retired at the end of December, for his excellent work for the Laboratory, particularly in the international arena where he was awarded a medal by



OIML for his services to international legal metrology. He is replaced by Richard Sanders.

Finally, the Laboratory's outstanding success over the past twelve months is entirely due to the commitment and professionalism of its staff, who have shown a tremendous willingness to 'go the extra mile' to delight customers and surpass targets. The rest of this Report will highlight their spectacular achievements in greater detail.

Handwritten signature of Jeff Llewellyn in black ink.

**Jeff Llewellyn**

Date: 29 June 2007

**Chief Executive**

# Directors' Report



## HISTORY AND STATUTORY BACKGROUND

NWML has been an Executive Agency of the Department of Trade and Industry since April 1989 and a net running cost Agency since April 1996. From 28 June 2007 NWML reports into the Department for Innovation, Universities and Skills.

NWML is responsible for ensuring measurement in the UK is fair, accurate and legal, a role which has an important economic impact. The majority of NWML's work arises from the Agency's statutory responsibilities, and the Secretary of State is accountable to Parliament on all matters relating to NWML.

## NWML'S ROLE

Weights and measures transactions make a valuable contribution to the UK economy - approximately £100 billion of goods are sold by measure each year in the retail sector alone. Consumers rely on the confidence of a system of correct weights and measures. Similarly, businesses need to know that they are trading in a fair marketplace.

NWML ensures fair, accurate and legal measurement by engaging in the following principal activities:

- Preparing weighing and measuring legislation under the Weights & Measures Act 1985 and European Communities Act 1972 to protect the consumer and competitiveness of the marketplace.
- Representing the UK in the European Community and in the International Organisation for Legal Metrology and developing recommendations and agreements that help companies trade to common standards across borders.
- Maintaining traceability in trade measurement via mass, length and volume standards and using them to verify local authority standards on a five year cycle.
- Achieving conformity of weighing and measuring instruments in use for trade to directives and regulations by providing a type approval service.

NWML's work formally contributed to two of the Department of Trade and Industry Business plan objectives:

**DTI Business Plan - Objective 2:** Promote effective transfer of Knowledge to improve UK innovation performance and accelerate business exploitation of science and new and existing technologies.

**DTI Business Plan - Objective 3:** Extend competitive markets by developing free and fair markets across Europe and throughout the world, and by placing empowered and protected consumers at the heart of an effective competition regime.

*(Source: DTI Business Plan 2006-2008)*

NWML is one of the measurement institutes belonging to the National Measurement System (NMS) which delivers world class measurement science and technology.

The NMS supports innovation in industry generally, by enabling the benefits of new products and processes to be measured, and specifically, by stimulating new product development in the instrument sector.

NWML has carried out a succession of three year programmes under written agreement for the NMS and 2006 - 2007 was the second year of the current three year programme. This programme accounts for 66% of NWML's income.

NWML also earns income from the range of weighing and measuring related services that we offer.

## NWML'S PRINCIPAL ACTIVITIES

### Type approval

A service to manufacturers of weighing and measuring instruments to ensure conformity of these instruments to the requirements of UK National Regulations or European Directives, enabling them to be used in legally controlled applications.

### Calibration

A service to manufacturers, local authorities and anyone requiring to prove the accuracy of their standards by means of a process of determining the error uncertainty associated with a reference standard.

### Training

Teaching in a range of metrology related subjects, explaining the concepts and practicalities of the science of measurement, and associated legislation.

### ISO 9001 certification

Certification of management systems to the international standard ISO 9001-2000, so that manufacturers can demonstrate robust management systems and can be used by them to gain legal approvals.

### Self verification

National verification conducted by a manufacturer, installer or repairer who has been granted an approval by the Secretary of State to undertake such activities (subject to the requirements and conditions of the approval). NWML grants approvals on behalf of the Secretary of State.

### RoHS

The RoHS Directive stands for "The Restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment". This Directive restricts the use of lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE) flame retardants in new electrical and electronic equipment.

NWML has delivered RoHS enforcement since the regulations were fully implemented on the 1st July 2006.

### Ofgem

NWML has taken over the metrological responsibilities that energy regulator Ofgem had for metering, which include design approvals, accuracy testing and performance monitoring of gas and electricity meters. This move ensures that the UK's metering policies and practices are aligned with the European Union Measuring Instruments Directive, which aims to create a single market for measuring instruments across Europe.

### Basis of accounts and audit arrangements

The accounts cover the activities of the National Weights and Measures Laboratory for the year ended 31 March 2007. They have been prepared in accordance with the direction given by the Treasury in pursuance of Section 7 of the Government Resources and Accounts Act 2000. They have been audited by the Comptroller and Auditor General.

### Auditors

The Comptroller and Auditor General has been appointed under statute to perform the statutory audit and report to Parliament. A notional charge of £20,000 has been made in the 2006 - 2007 accounts in respect of this. In addition audits were made during 2006 - 2007 by DTI's internal audit. A charge to cover all internal audit services of £11,890 was made and is included in the DTI overheads.

### Disclosure of relevant audit information

As far as we are aware, there is no relevant audit information of which NWML's auditors are unaware, and we have taken all the steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that NWML's auditors are aware of that information.

# Directors' Report (continued)

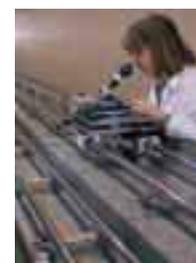


## Management

The Executive Team performs the senior management of NWML. Its function is to produce a long-term business strategy for the laboratory, with the objective of ensuring a successful business which meets the requirements and needs of Ministers and all the laboratory's stakeholders.

The Executive Team comprised the following personnel:

- Dr Jeff Llewellyn**  
Chief Executive  
(second from left)
- Mike Koch**  
Director, Special Projects  
(Member of Executive team until  
31 December 2006)  
(not in photo)
- Iain MacGregor**  
Director, Finance and Resources  
(first on left)
- Martin Birdseye**  
Director, Regulation  
(retired 31 December 2006)  
(not in photo)
- Richard Sanders**  
Director, Commercial Services  
(until 31 December 2006)  
Director, Regulation  
(from 1 January 2007)  
(far right)
- Niall Boyle**  
Director, Communications  
(centre)
- Adrian Rudd**  
Director, Utilities  
(until 31 December 2006)  
Director, Services and Utilities  
(from 1 January 2007)  
(second from right)



## Steering Board 2006 - 2007

The Board's key responsibilities are to consider the Agency's strategic forward look, its strategic priorities, its high level objectives, its targets as well as new ways of working.

### Chair

- Miss Alison Brimelow, CBE**  
*(until 31 December 2006)*
- Mr Noel Hunter, OBE**  
(from 1 January 2007)  
Chairman of the Trading Standards Institute

### Members

- Mr Peter Douglas,**  
Consultant
- Mr Peter Mason,**  
Finance and Resource Management  
Directorate, DTI
- Ms Sharon Coe,**  
Consumer and Competition Directorate 5,  
DTI
- Mr David Evans,**  
Director General, Innovation Group, DTI
- Mr R Burrows**  
Member
- Dr Jeff Llewellyn,**  
Chief Executive and Director, NWML

## Audit Committee

The Audit Committee is an advisory body to the NWML Steering Board with no executive powers. Its main functions are to ensure propriety and accountability of public funds through improving and promoting financial reporting and discipline. Meetings are generally held 3 times a year.

The Audit Committee comprises:

- Mr Peter Douglas,**  
Chair
- Mr R Burrows**  
Member
- Dr Jeff Llewellyn,**  
Chief Executive and Director, NWML



*An average of forty-six staff were employed by NWML during 2006 - 2007, down from forty-seven during 2005 - 2006.*

## Staffing and recruitment at NWML

NWML involves all members of staff in the delivery of the objectives set out in the Corporate Plan. Feedback to staff via regular team meetings, feedback from the Executive Team, staff newsletter, all staff meetings with the Chief Executive and office notices ensure that internal communication channels are used effectively. NWML has accreditation and is recognised by Investors in People.

NWML is fully committed to providing equal opportunity for all staff. NWML follows the Civil Service guidelines ensuring that all eligible people must have equality of opportunity for employment and advancement on the basis of their suitability for the work. There is no discrimination on the basis of age, disability, gender, marital status, sexual orientation, race colour, nationality, ethnic or national origin or religious belief. NWML's Staff Development Group, whose members represent a cross section of staff, support new initiatives and ensure equal treatment.

An average of forty-six staff were employed by NWML during 2006 - 2007, down from forty-seven during 2005 - 2006. NWML ensures that recruitment is carried out on the basis of fair and open competition and that selection is on merit in accordance with the Civil Service Commissioners' (CSC) Recruitment Code. Recruitment systems are subject to annual external and regular internal audits. Vacancies are advertised on the website, national and local press, Civil Service Gateway, Jobcentre Plus and internally. There were three successful external exercises during 2006 - 2007:

- Full-time Marketing and Communications Executive Range 8 (female)
- Full-time Purchase Ledger Clerk Range 4 (female)
- Full-time Type Approvals Engineer Range 6 (male)

(0 ethnic minority, 0 disabled persons)



During 2006 - 2007 there was one exception to the CSC rules.

NWML continues to manage staffing requirements in line with its staffing strategy.

### Pension Liabilities

The provisions of the Principal Civil Service Pension Scheme (PCSPS) cover present and past employees. The costs of contributions for currently employed staff are charged through the Income and Expenditure Account. There is no liability for future benefits - this is a charge to the PCSPS.

### Creditors payment, policy and performance

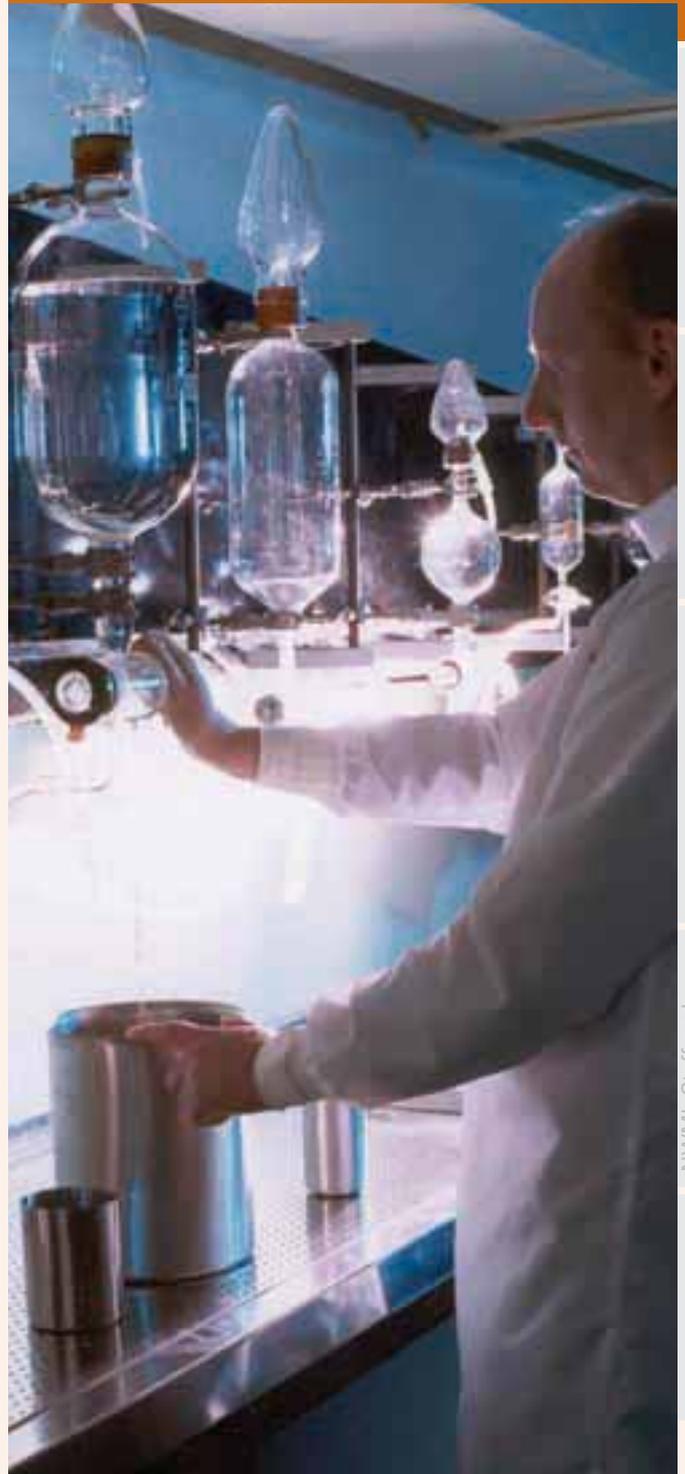
NWML settles its own accounts with payments made every two weeks: 98% of invoices were paid within 30 days of receipt of invoice. Invoices were settled within an average of 9 days.

In November 1998, the Late Payment of Commercial Debts (Interest) Act came into force, providing small businesses with a statutory right to claim interest from large businesses (and all public sector bodies) on payments that are more than 30 days overdue. Amended legislation (the Late Payment of Commercial Debts Regulations 2002) came into force on 7 August 2002 providing all businesses, irrespective of size, with the right to claim statutory interest for the late payment of commercial debts. No interest has been paid to trade creditors under this Act during 2006 - 2007.

### Future Developments

NWML will continue to operate on a net running cost Agency basis under the Department for Innovation, Universities and Skills. NWML will continue to provide a strong focus for weights and measures regulation in the UK and will retain its authority and status as a national and international centre of excellence for legal metrology.

*NWML will continue to provide a strong focus for weights and measures regulation in the UK.*



# Organisational Structure 2006 - 2007

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## 1 The Measuring Instruments Directive

The implementation of the Measuring Instruments Directive (MID) was completed in full by the deadline of 30 April 2006. This required the introduction of regulations for eleven types of measuring instruments, which came into force on 30 October 2006. This has proved to be NWML's largest single regulatory undertaking in its history.

The eleven types of measuring instruments are as follows:

- Automatic Gravimetric Filling Instruments
- Capacity Serving Measures
- Catchweighers
- Discontinuous Totalisers
- Non-Prescribed Instruments
- Road Tankers
- Cold-water Meters
- Material Measures of Length
- Beltweighers
- Liquid Fuel and Lubricants
- In-motion rail weighbridges

Detailed notes for guidance on each of the instrument's specific regulations started in October with a limited consultation exercise undertaken at the end of January. The guidance notes were published on the NWML website at the end of March 2007. These notes are designed as living documents for update as and when necessary.

The Designation of Notified Bodies under the MID ensured that the UK has full coverage for all modules and measuring instruments. This had been a key concern to the metering, weighing and measuring sectors of UK industry.

In addition to these regulations DfT implemented MID by producing regulations on Taximeters and Exhaust Gas Analysers, and Ofgem for Gas Meters and Electrical Energy Meters.

## 2 Integration of some Ofgem responsibilities into the NWML structure

NWML's first year covering 'technical statutory' gas and electricity metering responsibilities under the Memorandum of Understanding

with Ofgem has gone very smoothly. The new Gas and Electricity Metering Team is now seamlessly integrated into NWML's operations.

During the financial year NWML assisted with the development and implementation of MID regulations for active electrical energy meters, gas meters and volume conversion services.

The following four harmonised standards were published for MID gas meter approvals:

EN 1359:1998/A1:2006 - Diaphragm gas meters

EN 12261:2002/A1:2006 - Turbine gas meters

EN 12405-1:2005/A1:2006 - Part 1: Volume conversion devices

EN 12480:2002/A1:2006 - Rotary displacement gas meters

The following two harmonised standards were published for MID electricity meter approvals:

EN 50470-1:2006 - Electricity metering equipment (a.c.) — Part 1:

General requirements, tests and test conditions — Metering equipment (class indexes A, B and C)

EN 50470-3:2006 - Electricity metering equipment (a.c.) — Part 3:

Particular requirements — Static meters for active energy (class indexes A, B and C)

## 3 NWML's websites

The Communications Team has developed in partnership with our web hosts a content management system that enables quicker control, editing and updating of the NWML website. This Team also manages the content of the RoHS website (the Restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment) and the WELMEC (Western European Legal Metrology Cooperation) website.

Web traffic reports for this year show an increase in traffic to the NWML site from last year as follows:

	2005 - 2006	2006 - 2007
Total visitors	209,837	252,891 (2.79m total hits)
Average visitors per day	574	692

# Highlights of the Year (continued)

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The RoHS website received a significant 11,252,005 hits during its first financial year with an average of 30,827 hits per day. The Decision Tree section which helps producers to determine whether or not EEE (electrical and electronic equipment) they put on the market in the UK falls within the scope of the RoHS Regulations, received 307,275 hits during the financial year.

The WELMEC website received 1,252,393 hits during the financial year with an average of 3,431 hits per day. The most popular page proved to be the guide index that lists all the European guides, which received 11,296 hits.

### NWML website developments

During the year The Communications Team carried out a range of developments including the creation of a regional search facility for notified bodies, using Google Earth® technology. Traffic on this new area reached 711 page views in its second month of operation. The Team also continued to develop the online booking facility for training courses run by NWML. Nearly 100 delegates used the online booking facility. This resulted in additional income for NWML and reduced costs of designing, printing and posting leaflets that previously promoted NWML's range of courses.

If you would like to view the websites NWML manages then please visit the following:

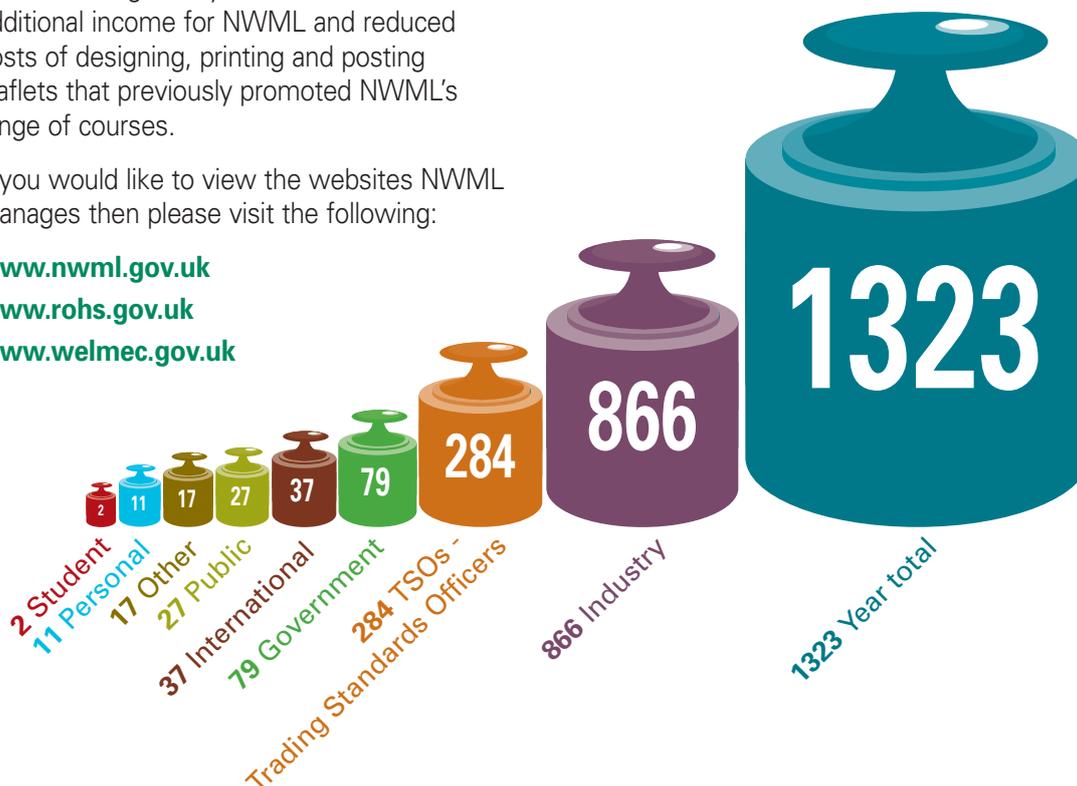
- [www.nwml.gov.uk](http://www.nwml.gov.uk)
- [www.rohs.gov.uk](http://www.rohs.gov.uk)
- [www.welmec.gov.uk](http://www.welmec.gov.uk)

### 4 Enquiry Line

During the financial year of 2006 - 2007, NWML staff answered 1323 enquiries, taking an average time of 1.6 days to close an enquiry. This might seem like a long time to answer enquiries, however because of their complex and technical nature many are resolved through continued correspondence with enquirers.

Snapshot of enquiries	Number	%
Industry	866	65
TSOs (Trading Standards Officers)	284	21
Telephone	617	47
Emails direct to individuals	554	42

One of the most topical questions asked was related to the coming into force of the MID regulations, with 201 enquiries being answered. When drilling down further, 46 of those enquiries were related to the Crown stamp and markings for the new MID regulations on capacity serving measures.



Enquiries by Type

## OPERATIONS

NWML prides itself on being one of the best Weights and Measures laboratories in the world. In particular the turnaround times of Type Approval and Calibration services have been improved over the last ten years. Despite a further tightening of a number of services and a reduction in the number of staff, NWML met all of its delivery targets for 2006 - 2007. This was achieved in respect of throughputs that have remained relatively constant over recent years. Throughout the world NWML has built up a strong reputation as a provider of metrology training and consultancy advice.

The legal metrology programme work that NWML completed for DTI represents the bulk of NWML's activity (about 66%) and was worth £2,697,091 in 2006 - 2007. The whole agreed Programme was completed and 91% of the project milestones within the Programme were completed on time.

## FINANCE

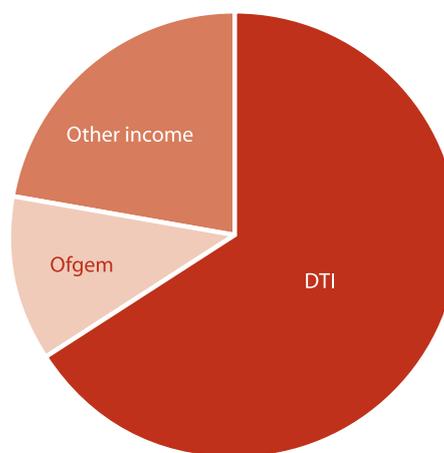
As a net running cost Agency NWML is expected to break even; i.e. our income should cover our total costs. The accounting policies are set out in this Annual Report and Accounts. Fees are set in accordance with the Treasury fees and Charges Guide. For 2006 - 2007, fees for some statutory services were set out in Statutory Instrument (SI) 2004/1300. New fees which came into effect from 1 April 2006 are the subject of a new SI (SI 2006/604).

In 2006 - 2007 NWML made a surplus of £463k.

## Overall income

Total income was £4.07m of which 74.8% was from DTI. The current Business Plan forecasts indicate a modest surplus in each of the next 3 years.

Income 2006 - 2007 (£)

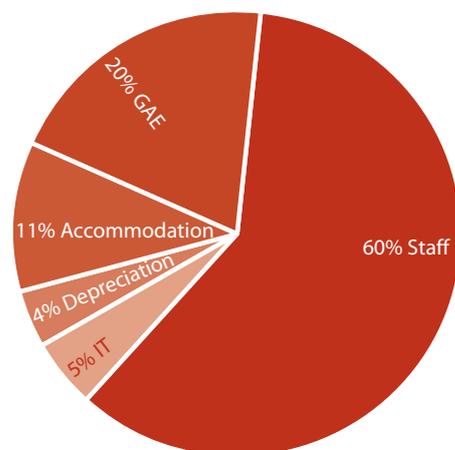


DTI (including RoHS)	3,047,091
Ofgem	306,000
Other income	718,538
<b>Total</b>	<b>4,071,629</b>

## Breakdown of costs

Costs (a total of £3.61m) were well controlled during the year and the major expenditure headings were Staff: 60%, Accommodation: 11%, IT: 5%, General Administration Expenditure: 20% and Depreciation: 4%.

Breakdown of costs 2006 - 2007 (£)



Staff	2,187,389	60%
GAE	701,193	20%
Accommodation	409,622	11%
IT	171,248	5%
Depreciation	139,370	4%
<b>Total</b>	<b>3,608,822</b>	

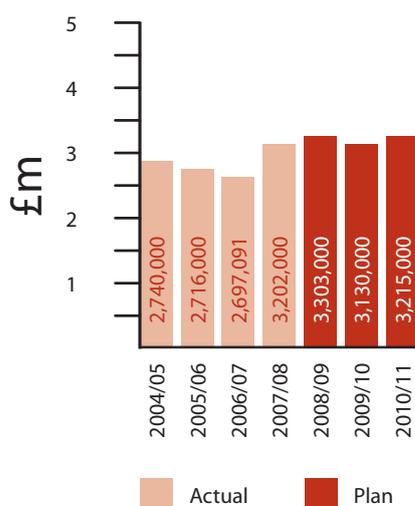
## LEGAL METROLOGY PROGRAMME

NWML is one of the measurement institutes belonging to the National Measurement System and has completed the second year of the current three year programme to provide legal metrology advice and services.

A series of similar agreements and programmes of work have formed the basis of NWML's core contract responsibilities since it moved to net running cost status in 1996. The Legal Metrology Programme is divided into different themes, and a range of projects with associated deliverables are carried out under each theme. The current programme themes are: MID, International Co-operation, Better Regulation, Enforcement & Consumer Protection, Innovation, Provision of Facilities and Knowledge Transfer.

NWML completed the DTI Legal Metrology Programme in full for 2006 - 2007 earning £2.7 million. Approximately £3.2 million is expected for the expanded 2007 - 2008 Legal Metrology Programme which takes account of NWML's new responsibilities for transactions in goods and Hallmarking.

## Legal Metrology Programme Income



## TYPE APPROVAL & ACCREDITED CERTIFICATION SERVICES

### Type Approval

The NWML Type and Test Team is responsible for the type approval of seventeen different types of weighing and measuring instruments that are legally controlled in the UK. NWML offers a world class type approval service to satisfy regulatory requirements and to support manufacturers of weighing and measuring instruments who wish to place their new and innovative products onto the world market. The Type Approval strategy is to ensure that:

- NWML is one of the fastest, if not the fastest, type approval body in the world
- NWML is at the forefront of international type approval policy
- NWML takes a partnership approach with our manufacturer customers to implement new and innovative methods of approving products and aim to work within required product launch timescales.

Under the MID, NWML was designated as a Notified Body for EC Type Examination, EC Unit verification and quality assurance plus design examination. The scope (which already covered non-automatic weighing instruments) was extended to cover the appropriate conformity assessment modules for the following instrument types: MI-001 Water meters; MI-005 Measuring Systems for liquids other than water; MI-006 Automatic Weighing instruments; MI-008 Material Measures (Length & Capacity Serving Measures); MI-009 Dimensional Measuring Instruments.

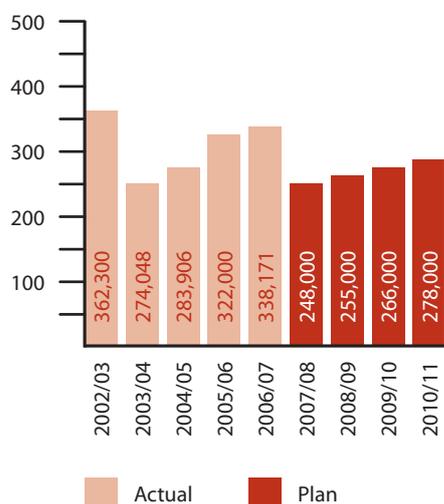
Since the coming into force of the MID, there has been a demand to convert existing UK and EEC certificates into MID EC certificates, and work has commenced on approving new designs of instruments.

However, it is envisaged that this increase in work will be offset by the fact that manufacturers will no longer need to gain UK approval as was previously required. It is expected the demand to convert existing certificates will diminish in future years.

This reduction in the level of income will be balanced by reducing costs, and seeking new markets. The NWML Type Approval and Accredited Certification Services team has already identified new market sectors to promote NWML's certification services, and China will be one of the primary target markets.

Type approval (including pre-assessment) report that income for 2006 - 2007 rose by 5% to £338,171 from 2005 - 2006 income of £322,000.

### Type Approval Testing and Consultancy income for last five years and planned income to 2010 - 2011



Income for Type Approval was exceptional during the 2006-2007 financial year. Some of this was due to implementation of MID in 2006. NWML saw increased business from manufacturers for new MID approvals, conversion of approvals from national to MID and assessment of quality systems to allow self declaration under the new regulations. It is forecast that this change in the business environment will not be sustained and business levels will return to steady state as the impact of MID settles. The income targets for 2007 onwards reflects this with sensible levels of organic growth.

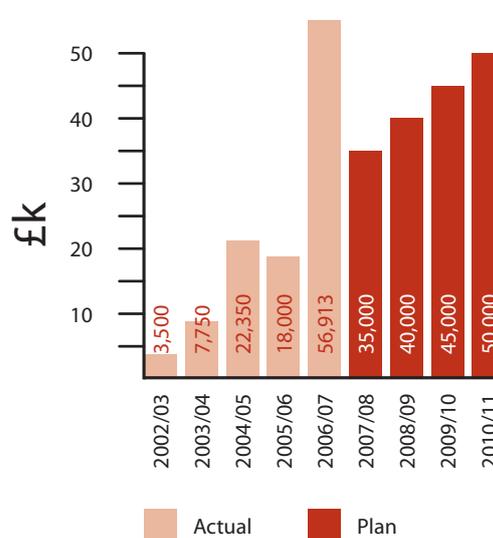
### Accredited Certification Body Service

The main aim of this service is to provide companies with a route to place their instruments on the UK and European markets. NWML provides services for:

- ISO 9001 certification
- Deregulation Order audit
- Self-verification under European Directives
- Other fee levied auditing.

Income for 2006 - 2007 rose by 216% to £56,913 from 2005 - 2006 income of £18,000.

### ACB service income for last five years and planned income to 2010 - 2011



### CALIBRATION

NWML provides the legal traceability for UK trade measurements under the parameters of mass, length and volume. NWML's calibration facilities are set up to provide this traceability infrastructure. It is NWML's policy that all calibration activities are carried out in accordance with the international standard ISO/IEC 17025:2005. One important requirement of this standard is to provide an estimate of the uncertainty of measurement for each calibration activity.

### How Traceability Works

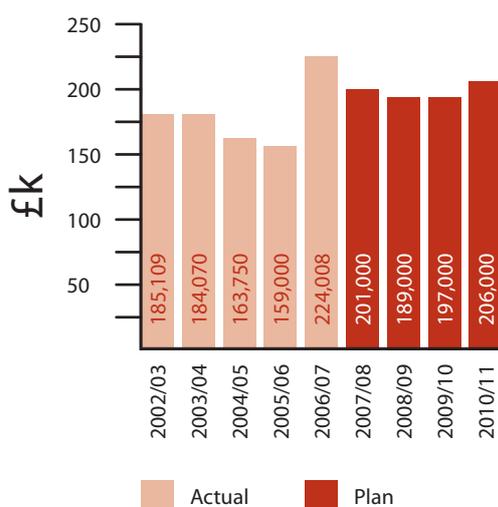
As part of its role of maintaining traceability in trade measurement, NWML maintains mass, length and volume standards. NWML's standards are used to calibrate or verify local standards held by Trading Standards Departments across the UK on a five year cycle, and the local standards in turn form the basis for checking instruments on the market.

## Supporting Industry and Trade

A calibration service is also offered to UK industry. All NWML's calibration services are UKAS accredited, and in the case of mass calibration, accredited to better than E1 level. Accurate calibration provides an invaluable service to many industries in the UK, especially to the pharmaceutical industry where people's health depends on the very accurate measurement methods used. NWML has worked on calibration projects as diverse as the calibration of crash test dummies to the weighing of parts of aircraft undercarriages. Other customers include tape manufacturers and customers from the petrochemical industry, where NWML is responsible for calibrating dip tapes used to measure oil levels in large oil refinery tanks. Over the past year NWML has obtained two new automatic balances used to calibrate local authority 'local standards' and other mass standards submitted by UK industry, and can now offer mass calibration up to 1 tonne.

Calibration report that income for 2006 - 2007 rose by 41% to £224,008 from 2005 - 2006 income of £159,000.

## Income for last five years and planned income to 2010 - 2011



## TRAINING, INTERNATIONAL AND CONSULTANCY

On the international scene NWML represents the UK's interests in international legal metrology, and is a member of the International Organisation of Legal Metrology (OIML) and WELMEC, the European Co-operation in legal metrology. NWML works closely with OIML whose main objective is to achieve international harmonisation for legal metrology. NWML promotes the use of international recommendations, standards infrastructure and mutual acceptance agreements. This aids harmonisation of global legal metrology for the benefit of UK trade and industry, who ultimately benefit from the reduction in technical barriers to international trade. NWML is also actively involved in WELMEC, the European group that pursues co-operation in legal metrology. NWML provides the UK representative to the WELMEC committee and is represented by technical specialists in six WELMEC working groups, which carry out the work of the WELMEC committee.

### International Consultancy

NWML often receives requests for advice from overseas countries, and as a result, regularly provides tailored consultancy packages, mostly to European accession countries or developing countries. As an emerging market, China will be able to benefit from NWML's training and consultancy services, and NWML has been developing a close relationship with China over the last few years.

### Metrology Training Courses

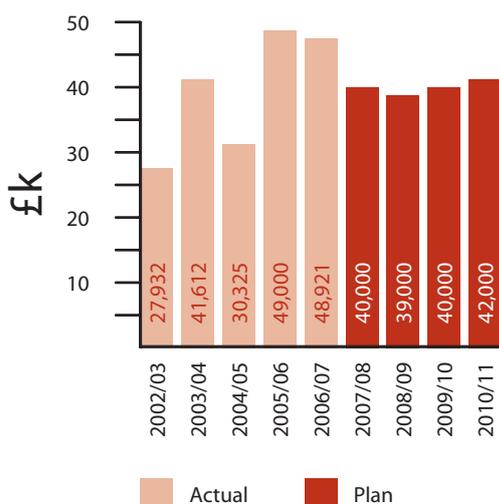
NWML also offers a range of legal metrology training courses, one of which is an annual three week legal metrology training course aimed specifically at senior officers in foreign metrology bodies. NWML's one day training courses have also proved popular during the last year, with the Pre-Packaged Goods course and the MID Awareness course both being run more than once to full capacity.

During the year NWML was asked by Ministers, via UK Trade and Investment (UKTI), to provide a four-week training course

for Chinese Officials, with the aim of fostering future co-operation between China and the UK to encourage open and competitive markets. From the 5th to the 30th of March 2007, NWML was host to four senior members of the Chinese metrology service. The delegates were shown how legal metrology is organised and enforced in the UK through a programme of lectures and discussion (on UK and European legal metrology, the MID, legislation, accreditation, product conformity testing, maintenance of standards) and visits to associate organisations (DTI, NPL, local Trading Standards Departments).

Income for 2006 - 2007 decreased by 0.1% to £48,921 from 2005 - 2006 income of £49,000.

### Training income for last five years and planned income to 2010 - 2011



### Ofgem

The Memorandum of Understanding (MoU) with Ofgem sets out the arrangements to complete an administrative transfer of certain metrological responsibilities for gas and electricity meters. These are detailed in the Ofgem Metrology Work Programme – 2006 - 2009. The MoU covers the period from 1st April 2006 until, either 31st March 2009, or the date upon which legislation comes into effect, legally transferring responsibilities from the Authority to NWML.

The Utilities Directorate was established at NWML and comprises:

- Director, Services and Utilities Metering – Adrian Rudd

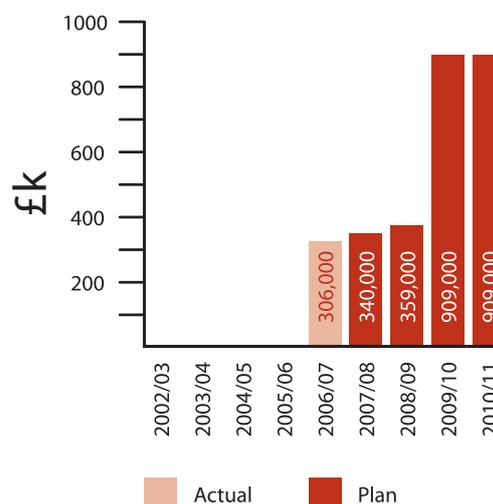
- Metering Manager – David Moorhouse
- Project Leader (Int.) – Morayo Awosola
- Administration Assistant – Cynthia Bernard

The MoU requires the Utilities Directorate to report quarterly and annually to the Gas and Electricity Markets, detailing their activities as set out in the Ofgem Metrology Work Programme.

The Utilities Directorate has actively pursued gaining an early opportunity to change the relevant legislation to formally transfer the gas and electricity metering responsibilities to NWML. The new Energy Act is currently being explored as a vehicle for the necessary changes.

Income for operation of the gas and electricity metering responsibilities is due to increase from 2009 – 2010 onwards. This reflects the timescales to implement the necessary changes of legislation that are required to permit formal transfer of the statutory responsibilities. At this point NWML will become responsible for the outsourcing agreement and costs for the operational services that support the statutory responsibilities. Up to 2009 – 2010 those costs are borne directly by Ofgem without NWML input. Following transfer, those funds will be directed through NWML's own financial management systems.

### Ofgem income for 2006 - 2007 and planned income to 2010 - 2011



## RoHS

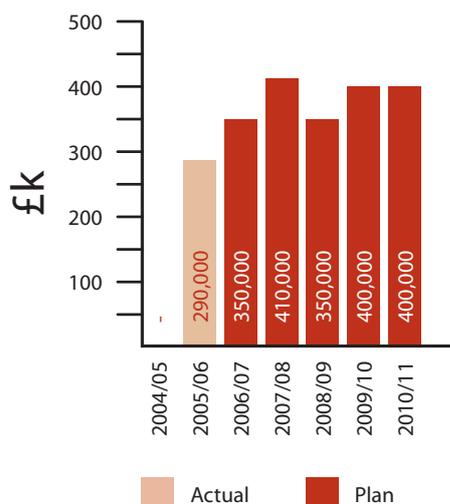
NWML has increased its scope of Laboratory activities to include RoHS testing and inspection. This facility is used to support the activities of the RoHS enforcement team.

The RoHS regulations went live on 1 July 2006. The RoHS team immediately commenced formal enforcement activity.

NWML has a rolling cycle of activity including requests for information, test purchasing, screen-testing and formal third party testing. Due to the technical complexity of RoHS, NWML has actively engaged with multiple organisations sometimes outside the EU.

The RoHS work is operated under an MOU with the former DTI Sustainable Development Directorate. Income, as agreed under the MOU for 2006 - 2007 rose by 21% to £350,000 from 2005 - 2006 income of £290,000. The increase reflected the ramp-up of operational enforcement activity following implementation of the RoHS Regulations during the 2006 - 2007 period.

### RoHS income for last five years and planned income to 2010 - 2011



## LEGISLATION

The Legislation Team is responsible for producing national policy on measuring instruments in use for trade and produces legislation to protect the consumer and competitiveness of the marketplace. By far

the most important project the legislation team has been working on during 2006 - 2007 was the Measuring Instruments Directive (MID). The aim of the MID is to create a single market in measuring instruments for the benefit of manufacturers and, ultimately, consumers, across Europe. It covers a number of different measuring instrument types including water meters, petrol pumps and automatic weighing instruments. The UK is required to implement the Directive, and NWML is responsible for doing so for those instruments under its regulatory control.

### Significant dates

The deadline set by the Commission for the implementation of the Directive was 30 April 2006. The Regulations were made on 28 April 2006; the provisions relating to the setting up of Notified Bodies came into force on 30 May 2006, and the remaining provisions came into force on 30 October 2006.

During the period of the report NWML has produced guidance notes to accompany each of the MID Regulations and these can be found on the NWML website and were available from the 31 March 2007.

### Simplification of regulation

NWML is also working on the simplification of regulation in order to reduce burdens on industry, as part of the Cabinet Office's review of information obligations. An analysis of legislation for information burdens has been carried out and a written contribution to the simplification plan has been compiled. Another aspect of work being done to reduce burdens on industry is through a Regulatory Reform Order, which NWML is taking forward to allow self verification by approved verifiers of equipment following adjustment. Also NWML is at the consultation stage of amendment to the NAWI Regulation to permit half approved verifiers to subsequently verify equipment.

## ENFORCEMENT

NWML's Enforcement Team work in partnership with local Trading Standards departments as well as with the organisations that work to support the wider enforcement role. These include notified bodies conducting conformity assessment activities and approved verifiers who ensure weighing and measuring equipment is accurate before being put on the market.

## Projects carried out

- The annual Metrology Seminar for Trading Standards Officers, which was jointly organised by NWML, the Trading Standards Institute (TSI) and LACORS, took place on 4th December 2006. During this one day event, TSOs were able to hear feedback from research undertaken about enforcement through the eye of the consumer. Feedback from delegates showed that overall 90% were very satisfied with the event.
- NWML has worked closely with TSI to implement the OIML D14 on Training and qualification of legal metrology personnel through the new Diploma in Consumer Affairs and Trading Standards (DCATS) which will provide a framework for trading standards officers to achieve the statutory weights and measures qualification. A high level of competence of Weights & Measures officers in the UK is essential to the delivery of enforcement services. The work supports UK manufacturers, processors and other support services.
- The Enforcement Team together with the Communications Team developed a web-based tool to facilitate the location of suitable and competent service providers for the conformity assessment of different instrument types. The tool is designed to help manufacturers and users of weighing and measuring equipment to place their instruments on the market under MID and provides access to notified bodies for conformity assessment. The tool can also be used to identify notified bodies for NAWI re-verification.

## The future for NWML

From April 2007, NWML takes over regulatory responsibility for supervision of the British Hallmarking Council and work on Packaged Goods and Units of Measurement, previously dealt with by Consumer and Competition Policy Directorate (CCP) DTI. This latter change will provide a single point of enquiry for stakeholders on all weights and measures issues. This work will be incorporated into next year's and future programmes. On the 28 June 2007 NWML became part of the new Department for Innovation, Universities and Skills (DIUS).



# NWML Staff and Remuneration Report

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## Director - Communications



Niall Boyle

## Director - Finance & Resources



Iain MacGregor

## Director - Regulations



Martin Birdseye  
(now retired)



- Customer Relations**  
1. James Devenish  
**Marketing & Communications**  
2. Anne Kearney



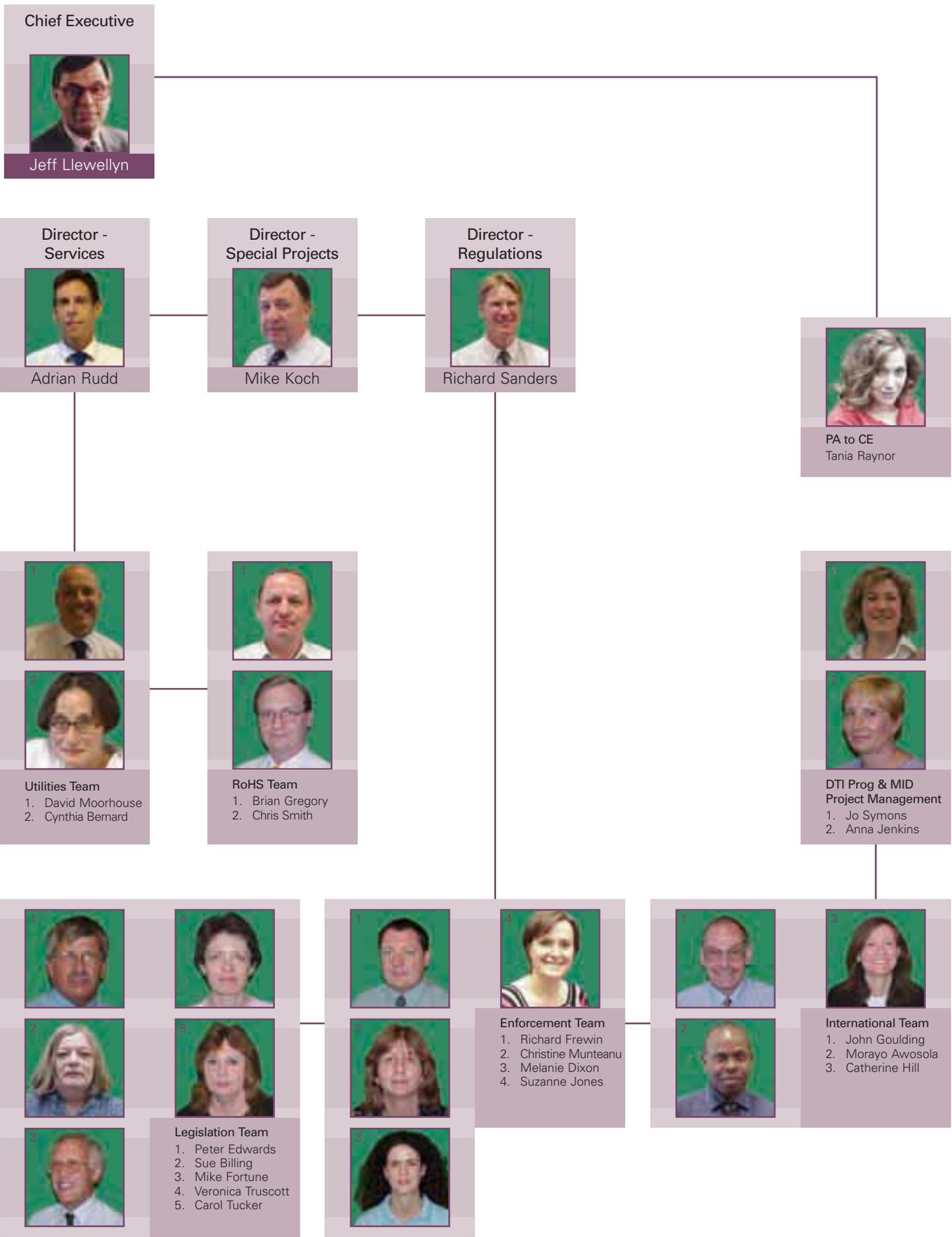
- Finance**  
1. Sarah Glasspool  
2. Clare Purdey  
3. Barbara Erman  
4. Nina Glissold  
**IT**  
5. Dan Shipp  
**HR**  
6. Zélie Armstrong  
**Records/Reception**  
7. David Williams  
8. Nina Clark  
9. Ann Alexander  
10. Maria Finnis



- Type Approval Team**  
1. Paul Dixon  
2. Gavin Stones  
3. Richard Hackney  
4. Marek Bokota  
5. Nick Willans  
(now retired)  
6. Gregory Glas  
7. Kevin Gilbert  
8. Gordon Yates  
9. Pauline Brice



- Calibration Team**  
1. John Pain  
2. Bob Hynds  
3. Ivor James  
4. Alan Tuck  
5. Robert Harper



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## Remuneration Policy

The Remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on senior salaries.

In reaching its recommendations, the Review Body is to have regard to the following considerations;

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- The funds available to departments as set out in the Government's departmental expenditure limits;
- The Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

The only senior civil servant is Jeff Llewellyn the Chief Executive. For all other staff members their remuneration is determined by the DTI staffing and pay system.

## Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be made on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the senior managers covered by this report hold appointments which are open-ended.

# NWML Staff and Remuneration Report (continued)

Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Dr Jeff Llewellyn was appointed on a five year contract commencing 21 January 2002 (extended to 31 August 2007).

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk)

The salary and pension entitlements of the senior managers are as follows:

**Dr Jeff Llewellyn**  
Chief Executive

**Mike Koch**  
Director (Member of Executive Team until 31.12.06)

**Mr Adrian Rudd**  
Director from 01.04.06

**Mr Iain MacGregor**  
Director

**Mr Richard Sanders**  
Director

**Mr Martin Birdseye**  
Director (Retired 31-12-06)

**Mr Niall Boyle**  
Director

Salary including performance pay (£k) (previous year in brackets)	75 - 80 (70 - 75)	40 - 45 (55 - 60 full year equivalent)	70 - 75*	45 - 50 (45 - 50)	55 - 60 (50 - 55)	40 - 45 (50 - 55) 55 - 60 full year equivalent	45 - 50 (40 - 45)
Real increase in pension and related lump sum at age 60 (£k)	0 - 2.5 Plus lump sum of 0 - 2.5	0 - 2.5 Plus lump sum of 2.5 - 5	0 - 2.5 Plus lump sum of 2.5 - 5	0 - 2.5 Plus lump sum of 0 - 2.5	0 - 2.5 Plus lump sum of 2.5 - 5	0 - 2.5 Plus lump sum of 0 - 2.5	0 - 2.5 Plus lump sum of 2.5 - 5
Accrued pension at age 60 at 31/3/07 and related lump sum (£k)	25 - 30 Plus lump sum of 85 - 90	25 - 30 Plus lump sum of 75 - 80	15 - 20 Plus lump sum of 50 - 55	20 - 25 Plus lump sum of 60 - 65	15 - 20 Plus lump sum of 50 - 55	10 - 15 Plus lump sum of 30 - 35	0 - 5 Plus lump sum of 5 - 10
CETV at 31/3/06 (nearest £k)	689	598	222	457	232	221	32
CETV at 31/3/07 (nearest £k)	695	621	244	491	250	236	40
Real increase in CETV (nearest £k)	4	15	19	13	13	14	7
Employer contribution to partnership pension account including risk benefit cover- to nearest £100	0 - 2.5	0 - 2.5	0 - 2.5	0 - 2.5	0 - 2.5	0 - 2.5	0 - 2.5
Benefits in kind rounded to nearest £100.	0	0	0	0	0	0	0

\*This includes a relocation allowance

## Agency Steering Board

The non-executive members were entitled to the following fee:

Name	Fee (£k)
Mr P Douglas	0-5
Miss A Brimelow	0-5
Mr R Burrows	0-5
Mr N Hunter	0-5

Mr P Mason, Ms S Coe and Mr D Evans were members of the Steering Board during 2006/07 and were salaried employees of DTI.

Full year numbers

NWML	1
DTI	3
Private sector	3
	7

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## Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This presentation is based on payments made by NWML and thus recorded in these accounts.

## Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employees' contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may give up (commute) some of their pension to provide a lump sum. Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as classic.

The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement). The accrued pension quoted is the pension the member is entitled to receive when they reach 60, or immediately on ceasing to be an active member of the scheme if they are already 60.

Further details about the CSP arrangements can be found at the website:  
[www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

### Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or

arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and from 2003 - 2004 the other pension details include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements for which the Cabinet Office's Civil Superannuation Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### The Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. NWML is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2003. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)). For 2006 - 2007 employers' contributions of £335,898 were payable to the PCSPS (2005 - 2006 - £300,658) at one of four rates in the

# NWML Staff and Remuneration Report (continued)

range 17.1 to 25.5 per cent of pensionable pay, based on salary bands (the rates in 2005 - 2006 were between 16.2% and 24.6%). The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2007 - 2008 the salary bands will be revised but the rates will remain the same. The contribution rates are set to meet the cost of the benefits accruing during 2006 - 2007 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of nil were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of nil, 0.8 per cent of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were nil.

Contributions prepaid at that date were nil.

## Early retirement

NWML meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early retirement and normal retirement date. None was paid on behalf of NWML in 2006 - 2007. No member of NWML staff retired under the scheme in 2006 - 2007 and there was no future liability as at 31 March 2007.



**Dr Jeff Llewellyn**

Date: 29 June 2007

*Chief Executive and Accounting Officer*

Each year NWML agrees its key public targets with Ministers following discussion and agreement of its Corporate Plan. The targets cover finance, customer satisfaction and delivery issues and reflects the Laboratory's overall strategic priorities.

NWML has a collective bonus scheme for performance-related payments to staff. The achievement of the primary financial target triggers this bonus and the other Ministerial targets form the basis for evaluating the level of the performance bonus awarded.

## Target and Out-turns 2006 - 2007

### Financial Target

To report a break even in the Income and Expenditure Account for 2006 - 2007.

*The target was achieved. A surplus of £463k was reported.*

### Efficiency Target

To meet the targets in the NWML Efficiency Delivery Plan (during 2006 - 2007 to reduce staff levels by 2.5% and increase output by 3.8%).

*The target was achieved. Staff levels were reduced by 4.9% and output increased by 9.4%.*

### Customer Satisfaction Target

To satisfy all its customers as demonstrated by at least 55% of them reporting that they are very satisfied with NWML's provision of services.

*This target was not achieved. 51% customers were very satisfied.*

### Operational Targets

- To complete all type approval work (new patterns, variants, amendments, renewals, additions, Test Certificates, & OIML Certificate of Conformity) within 45 working days.

*The target was achieved. 100% complete.*

- In respect of type approvals (new patterns only) to achieve an average time per job of better than 30 working days.

*The target was achieved. Average of 18 working days reported.*

- To complete calibration jobs within the time requested by customers, with at least 95% of all jobs (including preparation of certificates) completed within 18 working days of acceptance of the work and an average completion time of less than 13 days.

*The target was achieved. 99% completed with an average time of 4 days.*

- In respect of approved verification to complete the evaluation of the application and supporting quality documentation within 30 working days (6 weeks) of receipt for at least 80% of applications.

*The target was achieved. 100% completed.*

- To complete 87% of the milestones scheduled for year 2 of the National Measurement System (NMS) legal metrology programme by their due dates.

*The target was achieved. 91% completed.*

- To meet ROHS Regulations enforcement contract delivery targets by dates specified in the Memorandum of Understanding (MoU) with DTI.

*The target was achieved. 100% completed.*

- To complete implementation of the MID by 30 October 2006.

*The target was achieved. 100% completed.*

- To complete 80% of the milestones scheduled for year 1 of the Ofgem Work Programme by the due dates.

*The target was achieved.*

### Questions delegated to the Chief Executive target

Chief Executive to reply within 10 working days to all letters from Members of Parliament delegated to him for reply.

*The target was achieved. One letter was received and replied to within the target time.*

# Ministerial Targets (continued)

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## Targets set for 2007 - 2008

### Financial target

To report a break even in the Income and Expenditure Account for 2007 - 2008.

### Customer satisfaction target

To satisfy all its customers as demonstrated by at least 55% of them reporting that they are very satisfied with NWML's provision of services.

### Delivery targets

- To complete all type approval work (variants, amendments, renewals, additions, Test Certificates and OIML Certificate of Conformity) within 45 working days.
- In respect of type approvals (new patterns only) to achieve an average time per job of better than 30 working days.
- To complete calibration jobs within the time requested by customers, with at least 95% of all jobs (including preparation of certificates) completed within 15 working days of acceptance of the work and an average completion time of less than 10 working days (tighter target).
- In respect of approved verification to complete the evaluation of the application and supporting quality documentation within 30 working days of receipt for at least 80% of applications.
- To complete 87% of the milestones scheduled for 2007 - 2008 of the National Measurement System (NMS) Legal Metrology Programme by the due dates.
- To complete 85% of the milestones scheduled for 2007 - 2008 of the Ofgem Programme by the due dates (tighter target).
- To meet ROHS Regulations enforcement contract delivery targets by dates specified in the Memorandum of Understanding with the former DTI.

- Chief Executive to reply within 10 working days to all letters from Members of Parliament delegated to him to reply.
- By end of March 2008 to have consulted interested parties and produced plans for simplifying the Weights and Measures regulation in the areas of enforcement, traceability of standards and levels of prescription.

### Efficiency target

To increase output hours year on year by 3% per FTE staff member.



# the ACCOUNTS

# NWML Accounts

## Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, the Secretary of State with the consent of the HM Treasury has directed the Agency to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency, the income and expenditure, total recognised gains and losses, and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual, and in particular to:

- observe the Accounts Direction issued by HM Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Accounting Officer of the Department of Trade and Industry has designated the Chief Executive as Accounting Officer of the National Weights and Measures Laboratory.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in Government Accounting.

## Accounting Officer's Statement on Internal Control in NWML

### Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of NWML's policies, aims and objectives, whilst safeguarding the public funds and Agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

NWML is a net running cost Agency and is now part of the Department for Innovation, Universities and Skills. Ministers approve NWML's Corporate Plan each year. The Corporate Plan identifies what are to be considered as the key risks for the Agency.

### I am advised by:

- The NWML Steering Board, which includes an independent Chairman, two independent members, and senior officials from the former DTI. It is attended by myself and meets three times a year and advises on strategic issues.
- The Audit Committee, which reports to the Steering Board, includes two independent members with one of whom is chairman and myself. Meetings are attended by the Finance Director of NWML, the former DTI Internal Audit and the External Auditors, NAO. The Audit Committee meets three times a year.
- The Agency Executive Team also meets on a quarterly basis to discuss performance and risk management issues which could impact on NWML achieving objectives.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can

therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of NWML's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in NWML for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### Capacity to handle risk

The Executive Team has overall responsibility for risk management and this is set out in its Terms of Reference. Members are responsible for promoting the consideration of risk within their directorates and for embedding the management of risk in all local systems. Responsibility for risk management has been further devolved to the Business Team Managers who report monthly through the balanced scorecard system their assurance about internal control in their respective areas of responsibility. All staff have received risk management training and have been advised where to find all Agency risk registers and supporting documentation and guidance.

### The risk and control framework

A system is in place requiring Business Team Managers and Directors to review risk management and internal control on a regular basis. All Business Team Managers (BTMs) and Directors maintain a risk register and are required to report their satisfaction with their level of internal control through the monthly balanced scorecard procedure. I meet with the BTMs on a monthly basis to discuss their balanced scorecard declarations. In addition all of the BTMs and Directors have provided an annual declaration that I have considered in the preparation of this statement.

An Agency risk register is well established and the key risks are reviewed at least annually. The risks are prioritised using the

likelihood of the risk occurring and its effect as criteria in assessing the level of priority. A control strategy for each of the key risks has been drawn up and is regularly updated. Each of the Business Teams and the support Directorates has their own risk register. The consideration of risk is an integral part of the preparation of all project initiation documents (PIDS) for the Legal Metrology programme work. The Restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) and other major projects. The Legal Metrology programme alone represents about 66% of the Agency's work. RoHS accounts for a further 8%.

The Agency works with the Internal Audit Unit formally from DTI operating to Government Internal Audit Standards. The work of Internal Audit is informed by an analysis of risk to which NWML is exposed, and the annual audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Audit Committee and approved by myself. At the end of each financial year the Head of Internal Audit (HIA) provides me with a report on the internal audit activity at NWML. This report contains an opinion on the adequacy and effectiveness of NWML's internal controls and the management processes that are in place to control risk.

### Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within NWML who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Steering Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system in place.

The Audit Committee with one of the non executive directors of the Steering Board as

# NWML Accounts (continued)

chairman, has considered risk management and internal control at its last three meetings and the Chairman has made progress reports to me and to the NWML Steering Board. A dedicated Audit Committee meeting was held in February 2007 to challenge the annual declarations made by Directors and Business Team Managers.

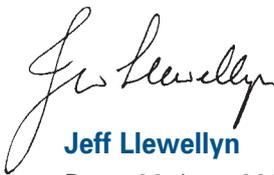
Many of the Laboratory's operational systems are accredited by UKAS and in support of this, NWML has its own schedule of internal audits. NWML is also accredited for ISO 9001 and is an Investor in People (IIP).

The Agency Executive Team consider risk at every Executive Team meeting and guidance on risk management is available in the NWML quality system.

During the year, risk management systems and guidance on risk issues have been enhanced. The embedding of risk management across the whole organisation has been more challenging and the following actions are planned for 2007/08:-

### Further action planned on risk management

- Awareness Campaign to continue and include subject of Risk Appetite.
- Small staff survey to ascertain staff understanding of risk by December 2007.
- Overall review of Risk Management by December 2007. Paper to Executive Team Meeting in January 2008.



**Jeff Llewellyn**

Date: 29 June 2007

*Chief Executive and Accounting Officer.*

## The Certificate and Report of the Controller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the National Weights and Measures Laboratory for the year ended 31 March 2007 under the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account and Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Agency, the Chief Executive and auditor

The Agency and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Introduction by the Chief Executive, Directors' Report, Organisational Structure, Highlights of the Year, the Management Commentary and Ministerial Targets, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have

been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the

financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### **Opinions:**

#### **Audit Opinion**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2007, and of the surplus, total recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- The information given within the Annual Report, which comprises the Introduction by the Chief Executive, Directors' Report, Organisational Structure, Highlights of the Year, the Management Commentary and Ministerial Targets, is consistent with the financial statements.

#### **Audit Opinion on Regularity**

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

#### **Report**

I have no observations to make on these financial statements.

#### **John Bourn**

*Comptroller and Auditor General  
National Audit Office*

157-197 Buckingham Palace Road  
Victoria London SW1W 9SP

Date: 3 July 2007

# NWML Accounts (continued)

## Income and Expenditure Account for the year ended 31 March 2007

	Notes	2007	2006
		£'000	£'000
<b>Income</b>			
Income from activities	2	<b>4,072</b>	<b>3,628</b>
<b>Expenditure</b>			
Staff costs	3	2,187	2,030
Other operating costs	4	1,422	1,405
Total operating costs for the year		<b>3,609</b>	<b>3,435</b>
<b>Surplus for the financial year</b>		<b>463</b>	<b>193</b>

*All income and expenditure are derived from continuing operations.*

## Statement of Total Recognised Gains and Losses for the year ended 31 March 2007

	2007	2006
	£'000	£'000
Surplus for the financial year	463	193
Net gain on revaluation of fixed assets current year	9	11
Total recognised gains for the financial year	<b>472</b>	<b>204</b>

*The notes on pages 40 to 49 form part of the accounts*

## Balance sheet as at 31 March 2007

	Notes	2007	2006
		£'000	£'000
<b>Fixed assets</b>			
Tangible fixed assets	5	1,224	1,185
Intangible fixed assets	6	61	82
		<b>1,285</b>	<b>1,267</b>
<b>Current assets</b>			
Stocks	7	53	54
Debtors	8	342	280
Cash at bank and in hand	9	1,525	1,532
		<b>1,920</b>	<b>1,866</b>
Creditors: amounts falling due within one year	10	(353)	(216)
<b>Net current assets</b>		<b>1,567</b>	<b>1,650</b>
<b>Total assets less current liabilities</b>		<b>2,852</b>	<b>2,917</b>
<b>Taxpayers' Equity</b>			
General fund	11	2,760	2,821
Revaluation reserve	12	92	96
		<b>2,852</b>	<b>2,917</b>



**Dr Jeff Llewellyn**

Date: 29 June 2007

Chief Executive and Accounting Officer

The notes on pages 40 to 49 form part of the accounts

## Cash flow statement for the year ended 31 March 2007

	Notes	2007	2006
		£'000	£'000
Net cash inflow from operating activities	13(a)	844	489
Capital payments	13(b)	(78)	(181)
Financing	13(c)	(773)	935
<b>(Decrease)/increase in cash in the period</b>		<b>(7)</b>	<b>1,243</b>

# NWML Accounts (continued)

## Notes to the Accounts for the year ended 31 March 2007

### 1. Statement of accounting policies

These accounts have been prepared in accordance with the 2006-07 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The Agency's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets.

### Tangible fixed assets

Expenditure on tangible fixed assets of over £1,000 are capitalised with the exception of IT equipment where every item is capitalised. Tangible fixed assets are restated to current value each year and published indices appropriate to the category of asset are normally used to estimate value. The increase or decrease in value is transferred to the revaluation reserve unless there has been a permanent diminution in which case it is charged to the operating cost statement in accordance with FRS11. Tangible fixed assets are depreciated on a straight line basis to the residual value over the assets' expected useful life. There is a group of assets which are held for statutory purposes; these are not revalued or depreciated as they are non-

operational and have very long estimated lives. Heritage assets are capitalised and are valued in the same way as other tangible assets.

If any asset becomes out of use due to obsolescence or physical deterioration then it is treated as an impairment in the year that it became out of use. Any impairment is included in the cumulative depreciation; in accordance with FRS11 the gross value is not adjusted.

The stock of furniture and fittings is treated as a permanent asset pool which is revalued each year, but not depreciated; replacement expenditure is charged to the income and expenditure account in the year of purchase.

Asset lives are normally in the following ranges:

### Plant and machinery

from 5 to 30 years

### Scientific equipment

from 5 to 110 years

### Computer equipment and office machinery

from 3 to 10 years

### Motor vehicles

from 5 to 10 years

### Heritage Assets

There is a cost value of approx £155k of heritage assets which are included in tangible fixed assets. Most of these are about 80 years old and were acquired by the former DTI, which were then passed to NWML when it became an Agency. They are mostly weighing and measuring standards which are no longer of operational use due to technological advances and the change from imperial to metric measures. £80k was added to the balance sheet during 2006/07 due to a review of the assets held by NWML.

## Intangible Fixed Assets

Expenditure on purchased software licences over £1000 are capitalised and revalued in the same way as tangible fixed assets. They are amortised on a straight line basis on the shorter of the term of the licence and the useful economic life of the asset.

## Stocks and Work in Progress

Stocks are valued at the lower of cost or net realisable value. Work in progress is valued at the lower of cost, including appropriate overheads, and net realisable value.

## Income

Income comprises services provided to the former DTI and external customers (net of VAT). Income is recognised in the period to which it relates.

## Segmentation

The income is analysed in segments to meet the relevant sections of the statute under which NWML operates. This is a Treasury requirement in order to comply with the "Fees and Charges Guide". Income is also analysed on a geographical basis, in accordance with SSAP25, Segmental Reporting.

## Value Added Tax

NWML is covered under the VAT registration of the Department of Trade and Industry. It recovers VAT on certain contracted-out services, as directed by the Treasury. Irrecoverable VAT is included as expenditure or included in the costs of tangible fixed assets purchased.

## Insurance

No insurance is effected against fire, explosion, common law, third party and similar risks.

## Capital charge

A charge, reflecting the cost of capital utilised by NWML is included in operating

costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets and liabilities, except for cash balances with the Office of the Paymaster General, where the charge is nil.

## Leases

Operating lease rentals are charged to the Income and Expenditure Account on a straight line basis over the term of the lease. NWML has no finance leases.

## Foreign Exchange

Transactions, which are denominated in a foreign currency, are translated into sterling at the exchange rate ruling at the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used. These translation differences are dealt with in the income and expenditure account. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rates ruling as at that date.

## Pensions

Past and present employees are covered by the provisions of the Civil Service Pension Schemes. The defined benefit schemes are unfunded and are non-contributory except in respect of dependents' benefits. NWML recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, NWML recognises the contributions payable for the year.

# NWML Accounts (continued)

## 2. Income

The following information is given to satisfy the disclosure requirements of the HM Treasury Fees and Charges Guide. This requires the disclosure of the financial

objective, full cost, income, surplus or deficit and performance against each objective. The financial objective is to recover the full cost on each market segment as indicated below.

## Legal Metrology

	2007	2007	2007	2006	2006	2006
	Income	Full cost	Surplus/ (Deficit)	Income	Full cost	Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Intradepartmental	3,047	2,725	322	3,005	2,846	159
Intragovernmental	306	253	53	-	-	-
Statutory	619	567	52	437	445	(8)
Commercial	100	64	36	186	144	42
<b>TOTAL</b>	<b>4,072</b>	<b>3,609</b>	<b>463</b>	<b>3,628</b>	<b>3,435</b>	<b>193</b>

## Geographical analysis of income

The geographical analysis of income is as follows:

	2007	2006
	£'000	£'000
UK	3,934	3,500
SE Asia	48	17
EU	34	51
USA	32	23
Africa	10	14
Mexico	6	-
Norway	4	-
West Indies	-	9
Turkey	3	13
Other	1	1
	<b>4,072</b>	<b>3,628</b>

## Staff costs

<b>a) Staff costs</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	1,701	1,584
Social security costs	145	134
Other pension costs	336	301
Agency staff	5	14
<b>Subtotal</b>	<b>2,187</b>	<b>2,033</b>
Less recoveries in respect of outward secondments	-	(3)
<b>Total net costs</b>	<b>2,187</b>	<b>2,030</b>

## b) Average number of full time equivalent staff employed during the year.

	<b>2007</b>	<b>2006</b>
Services	13	14
Regulation	22	19
	<b>35</b>	<b>33</b>
Administration	11	14
	<b>46</b>	<b>47</b>

## 4. Other operating costs

	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Other operating charges comprise:				
Rentals under operating leases		12		12
Accommodation		410		441
Travel and subsistence		70		53
Telecommunications		23		20
IT		171		207
General administrative expenses		431		397
Non-cash items				
Depreciation	122		103	
Amortisation	17		17	
Loss/(Profit) on disposal of fixed asset	6		(8)	
Cost of capital charges	47		48	
Notional Audit fee	20		18	
DTI overheads	84		82	
Permanent diminution in fixed assets	9		15	
		305		275
		<b>1,422</b>		<b>1,405</b>

# NWML Accounts (continued)

## 5. Tangible fixed assets

	Plant and Machinery	Scientific Equipment	Computer equipment and office machinery	Furniture and Fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost/valuation</b>						
At 1 April 2006	510	1,454	374	157	46	2,541
Additions	-	126	34	-	-	160
Revaluation	(1)	9	(17)	3	-	(6)
Disposals	-	(24)	(21)	-	(7)	(52)
At 31 March 2007	509	1,565	370	160	39	2,643
<b>Depreciation</b>						
At 1 April 2006	(384)	(714)	(186)	(33)	(39)	(1,356)
Charge for year	(8)	(68)	(41)	(2)	(3)	(122)
Disposals	-	19	18	-	7	44
Revaluation	1	3	12	(1)	-	15
At 31 March 2007	(391)	(760)	(197)	(36)	(35)	(1,419)
<b>Net book value</b>						
<b>At 31 March 2007</b>	118	805	173	124	4	<b>1,224</b>
<b>At 1 April 2006</b>	126	740	188	124	7	<b>1,185</b>

## 6. Intangible fixed assets

### Purchased software licences

	£'000
<b>Cost/valuation</b>	
At 1 April 2006	155
Additions	-
Revaluation	(9)
Disposals	-
At 31 March 2007	146
<b>Amortisation</b>	
At 1 April 2006	(73)
Charged in year	(17)
Revaluation	5
Disposals	-
At 31 March 2007	(85)
<b>Net book value at 31 March 2007</b>	<b>61</b>
<b>Net book value 1 April 2006</b>	<b>82</b>

## 7. Stocks

	2007	2006
	£'000	£'000
Work in Progress	53	54
	<b>53</b>	<b>54</b>

## 8. Debtors

### (a) Analysis by type

	2007	2006
	£'000	£'000
Trade debtors	112	176
Other debtors	6	1
Prepayments and accrued income	224	103
	<b>342</b>	<b>280</b>

### (b) Intra-Government balances

	2007	2006
	£'000	£'000
Balances with other central government bodies	67	35
Balances with local authorities	18	3
Balances with bodies external to government	257	242
Total debtors at 31 March	<b>342</b>	<b>280</b>

## 9. Cash at bank and in hand

*Balance at 1 April 2006	Net cashflows	Balance at 31 March 2007
£'000	£'000	£'000
1,532	(7)	1,525

\*The balance is held at the office of HM Paymaster General

# NWML Accounts (continued)

## 10. Creditors

### (a) Analysis by type

	2007	2006
	£'000	£'000
Trade creditors	97	55
VAT creditor	17	3
Other creditors	57	37
Accruals and deferred income	182	121
	<b>353</b>	<b>216</b>

### (b) Intra-Government balances

	2007	2006
	£'000	£'000
Balances with other central government bodies	71	89
Balances with local authorities	6	-
Balances with bodies external to government	276	127
	<b>353</b>	<b>216</b>

## 11. General Fund

	2007	2006
	£'000	£'000
Balance at 1 April	2,821	1,523
Contribution (to)/from the DTI	(773)	935
Surplus for the financial year	463	193
Other notional and non-cash costs	151	148
Disposals	-	3
Realised element of revalued assets	18	19
Asset Review	80	-
Balance at 31 March	<b>2,760</b>	<b>2,821</b>

## 12. Revaluation reserve

	2007	2006
	£'000	£'000
Balance at 1 April	96	107
Surplus on revaluation	14	11
Disposals	-	(3)
Realised element of revalued assets	(18)	(19)
Balance at 31 March	<b>92</b>	<b>96</b>

## 13. Note to the cash flow statement

### 13 (a) Reconciliation of surplus to operating cash flow

	2007	2006
	£'000	£'000
Surplus	463	193
Adjustments for non-cash transactions	305	275
Decrease/(Increase) in stocks	1	(27)
(Increase) in debtors	(62)	(19)
Increase in creditors	137	67
<b>Net cash inflow from operating activities</b>	<b>844</b>	<b>489</b>

### 13 (b) Analysis of capital payments

	2007	2006
	£'000	£'000
Payments to acquire tangible fixed assets	(160)	(186)
Less amounts to general reserve	80	-
Payments to acquire intangible fixed assets	-	(9)
Receipt from sale of fixed assets	2	14
	<b>(78)</b>	<b>(181)</b>

### 13 (c) Analysis of financing

	2007	2006
	£'000	£'000
Receipts	2	87
Less:		
Operating costs	771	(1,022)
Capital expenditure	-	-
<b>Financing to/(from) / the DTI</b>	<b>773</b>	<b>(935)</b>

## 14. Capital commitments

There were no capital commitments authorised or contracted as at 31 March 2007.

(2006 – Nil)

# NWML Accounts (continued)

## 15. Commitments under leases

Commitments under operating leases to pay rentals following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Office equipment		
Expiry within 1 year	1	-
Expiry after 1 year but not more than 5 years	2	9
Motor vehicles		
Expiry within 1 year		
Expiry after 1 year but not more than 5 years	-	3
	<b>3</b>	<b>12</b>

## 16. Other financial commitments

NWML has not entered into any non-cancellable contracts.

## 17. Related party transactions

NWML was an Executive Agency of the Department of Trade and Industry, this is regarded as a related party with which the Agency has had various material transactions during the year.

During the year none of the Steering Board members, Executive Team members or associated bodies of these members, members of the key management staff or other related parties have undertaken any material transactions with NWML.

## 18. Post balance sheet events

From April 2007, NWML took over regulatory responsibility for supervision of the British Hallmarking Council and work on Packaged Goods and Units of Measurement, previously dealt with by Consumer and Competition Policy Directorate (CCP) DTI. On the 28 June 2007 NWML became part of the Department for Innovation, Universities and Skills (DIUS). The financial statements were authorised for issue by the Accounting Officer, Jeff Llewellyn, on 17 July 2007.

## 19. Contingent liabilities

There were no contingent liabilities as at 31 March 2007.

## 20. Derivatives and other financial instruments

FRS13 derivatives and other financial instruments, requires disclosure of the role which financial instruments have had during the period, in creating or changing the risk the National Weights and Measures Laboratory faces in undertaking its activities.

Because of the largely non-trading nature of its activities and the way in which it is financed, NWML is not exposed to the

degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS13 mainly applies. NWML has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing NWML in undertaking its activities.

As permitted by FRS13, debtors and creditors which mature or become payable within 12 months of the balance sheet, have been omitted from this note.

### Liquidity risk

NWML makes most of its payments and receipts from its own bank account. This is funded when necessary from the DTI's main bank account so NWML is not exposed to any liquidity risk.

### Interest rate risk

NWML holds its bank account with the Office of Paymaster General and has no investments or financial leases and is therefore not subject to interest rate risk.

### Foreign currency risk

NWML does carry out transactions with the US, S.E. Asia and Europe, but these transactions are small in comparison to transactions within the UK and as such NWML is not exposed to significant foreign currency risk.

# Contacts & Glossary

## Contacts

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### International, Training & Consultancy

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### Legislation

Peter Edwards Manager

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### RoHS

Chris Smith Manager

### Type Approval & Accredited Certification Services

Paul Dixon Manager

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### Utilities

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## Glossary

**ACB** Accredited Certification Body

**AQSIQ** Administration of Quality Supervision, Inspection and Quarantine (in China)

**AWI** Automatic Weighing Instrument

**BSI** British Standards Institute

**CIML** International Committee of Legal Metrology

**CTSA** Consumer & Trading Standards Agency

**DTI** Department of Trade and Industry

**DFID** Department for International Development

**DIUS** Department for Innovation, Universities and Skills

**EMC** Electromagnetic Compatibility

**LACORS** Local Authority Co-ordinating Body for Regulatory Services

**LBRO** Local Better Regulation Office

**MID** Measuring Instruments Directive

**NAWI** Non automatic weighing Instrument

**NEL** National Engineering Laboratory

**NMS** National Measurement System

**NPL** National Physical Laboratory

**NWML** National Weights and Measures Laboratory

**OFT** Office of Fair Trading

**OIML** International Organisation of Legal Metrology

**OSI** Office of Science & Innovation

**RAW OIML** Recommendations for Automatic Weighing Instruments

**RoHS** Restriction of the use of Certain Hazardous Substances

**SQAM** Standards, Quality, Accreditation and Metrology

**TSI** Trading Standards Institute

**TSD** Trading Standards Department

**TSO** Trading Standards Officer

**UKAS** United Kingdom Accreditation Service

**WELMEC** European Cooperation in Legal Metrology

## Statutory and commercial services of NWML

**Calibration** - The process of determining the error associated with a standard or measuring instrument.

**Metrology** - The science of measurement.

**Self Verification** - Verification conducted by a manufacturer, installer or repairer, who has been granted an approval by the Secretary of State to undertake such activities (subject to the requirements and conditions of the approval).

**Testing** - Process and procedure for determining whether or not the equipment under assessment complies with specific criteria.

**Type Approval** - A service to manufacturers of weighing and measuring instruments to ensure conformity of these instruments to the requirements of UK National Regulations or European Directives, enabling them to be used in legally controlled applications.

**Verification** - The testing, passing as fit for use for trade, and stamping (with the prescribed stamp) of equipment.

**Training** - Teaching in a range of metrology related subjects, explaining the concepts and practicalities of the science of measurement, and associated legislation.

**International Consultancy** - NWML provides tailored consultancy packages, mostly to European accession countries or developing countries.

**Type Approval Consultancy** - NWML provides support through the approvals process to assist companies in order to meet the relevant requirements for type approval.

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