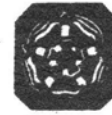




BRITISH HALLMARKING COUNCIL

Annual Report and Accounts
for the year ended 31 December 2009



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Annual Report and Accounts for the year ended 31 December 2009

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

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BRITISH HALLMARKING COUNCIL

REPORT OF THE CHAIRMAN - 2009

Introduction

2009 was a difficult year for the jewellery trade as the market was depressed by a number of factors especially the financial crisis and the high price of gold which had a significant effect on consumers buying habits.

There were additional factors which depressed the market for hallmarking in the UK even further, including internet and television sales, and the increased popularity of unmarked silver fashion jewellery.

So the total number of items marked by the Offices during the year was 16,158,000 which represents a further decline from the total of 18,939,000 in 2008 and a 54% drop from the peak of 35,245,000 items in 2003.

This loss of throughput has forced the Offices to look carefully at their costs which in turn has resulted in a loss of further jobs during the year.

There was some good news, however, when Parliament approved the measure bringing palladium jewellery within the hallmarking regime - a process which will be complete on 1 January 2010 when hallmarking of these items will become compulsory. At the same time a new design of shield for the palladium fineness mark will be introduced - as the initial design provide to be confusing in use.

Also on 1 January 2010 a new form of dealers notice will become available from the Council via the Assay Offices. In addition to updated content the notice will identify the Office providing it, and will be available on line free of charge.

It is intended that these developments, following on from the recent change to the rules relating to the marking of mixed metal items, will further help the trade to negotiate the adverse market conditions which have been experienced.

Sub Offices

There were no requests made to Council to open new sub Offices during the year.

Regulatory Issues

The main topics discussed by Council during the year related to "offshore" marking, and centred on the increasing trend of foreign Assay Offices to mark outside their own home jurisdiction and the inability of the UK Offices to do the same themselves as a result of the provisions of the hallmarking Act 1973.

A particular concern for the Council, and the Assay Offices, has been the activities of the Dutch Waarborg Assay Office which has been providing a service to manufacturers based in China and Thailand for the hallmarking of goods with the Dutch nationals hallmark within manufacturers premises. It has become apparent that in doing so the Waarborg Office has not adhered to procedures which are regarded as necessary by the authorities in the UK including the National Measurement Office, Council and the Assay Offices. At the time of writing this report, at the end of

December 2009, steps were being taken towards withdrawal of recognition of the Waarborg Office mark, with the approval of Lord Drayson, then Minister at the Department of Business Innovation and Skills responsible for hallmarking.

Council is also working with the Assay Offices and the National Measurement Office concerning the possible amendment to the Hallmarking Act 1973 to allow the UK Offices to set up sub Offices outside the UK, subject to satisfactory monitoring and controls.

2009 was the last year of the current Council, and as part of the rotation procedure the three Government appointees who have served for three terms of three years each must retire, to be replaced by new members. As a result, Peter Clapham, Fod Barnes and Adam Green leave the Council at the end of 2009. They will be very much missed. Peter Clapham has served with distinction as the Chairman of the Committee which deals with the establishment and monitoring of sub Offices. Fod Barnes has taken the lead in the preparation of formal and informal economic impact assessments of policies under consideration or implementation by Council. Adam Green has given valuable insights into issues facing the Council, initially from the point of view of the jewellery manufacturer, and latterly from the point of view of the high street jewellery retailer. We shall miss them all, but look forward to the contributions of John Pearce, Robert Grice and Bryn Aldridge who replace them.

Inspection by the Royal Mint

The Queens Assay Master has confirmed that the results of the inspections of all the Offices in 2009 were satisfactory.

Enforcement

The low level of enforcement activity by the Trading Standards Departments continues to be an agenda item for Council meetings. Council members Mike Drewry, Eric Melrose and Adrian Levett are all former very senior Trading Standards Officers, and during the year they advised Council on actions that might be taken to encourage and facilitate enforcement activity. These included taking steps to publicise fraud and the risk of fraud, providing support and resources to Trading Standards Departments, agreeing specific targets and objectives for enforcement in particular localities and the possible creation of a joint Council / TSI / LACORS working party. These possibilities and any other activities which might be beneficial to promote enforcement and which are viable in terms of available resources will be progressed in 2010 and beyond.

The results of the statistical returns from 120 Trading Standards Departments for 2009 are as follows:-

	Premises whose principal business is jewellery (jewellers, goldsmiths, etc)	Premises whose secondary business is jewellery (fashion shops, gift shops, clothes shops, etc)
	Number	Number
1. Number of premises liable to inspection	7866	13236
2. Number of premises visited (Jan-Dec)	1064	1175
3. Offences Detected:	28	1
a) Unhallmarked articles described as gold, silver platinum (Section 1)	2590	537
b) Failure to display notice (Section 11)	108	73

c) Other offences	80	2
4. Verbal advice to Trader	158	121
5. Warning letter to Trader (not formal caution)	68	9
6. Formal caution (issued in accordance with Lord Chancellors guidelines)	7	
7. Information laid	4	2
8. Prosecutions brought	Pending	
a) successful		
b) unsuccessful		
9. No proceedings were concluded		
10. Do you have regular contact with an UK Assay Office? (Please state which)	Yes	No
	19	
Birmingham x 7		
London x 5		
Sheffield x3		
Edinburgh x 4		

Finance

The expenses of the Offices are covered by the Assay Offices pro rata to their respective turnover figures for the preceding year as laid down by the Hallmarking Act. Accordingly it would not be appropriate for Council to have either a permanent surplus of income over expense or to create reserves. The accounts for the year are included in the combined report and accounts.

Prices for Assaying and Hallmarking

Council fixes the maximum charges which may be made for assaying and hallmarking. These were largely left unchanged during 2009 although at the October 2009 meeting of the Council the maximum charges for registration and re registration were increased to £60 and £30 respectively. Details of all the maximum charges are set out in Appendix I to this report.

The Date Letter

The date letter is an optional mark, and the letter for 2010 is I.

Statistics

Details of the number and weight of gold, silver and platinum items dealt with by the Assay Offices and other statistical information are set out in Appendices II and III to this report.

The total number of items marked in the year was 16,158,000.

Auditors

The Comptroller and Auditor General has audited the accounts for the year ended 31 December 2009.

Race Equality Policy

Council has a Race Equality Policy, a copy of which can be obtained from the Secretary.

Publication Scheme

Council has a Publication Scheme for the purposes of the Freedom of Information Act 2000, a copy of which can be obtained from the Secretary.

Conclusion

2009 has been another difficult year for British Hallmarking. The traditional protection that hallmarking offers has been threatened by the possibility that items bearing inferior hallmarks might be on the market in the UK. The Assay Offices have had to deal with a continuing downturn in business whilst at the same time they are being denied the chance to compete internationally. Despite this, hallmarking remains the best protection available for consumers of precious metal items, a protection that becomes more relevant as gold, silver and platinum prices continue to rise.

Thomas K Murray
Chairman

Date : 1 June 2010

BRITISH HALLMARKING COUNCIL

MEMBERS OF THE COUNCIL

The members of the Council who served during the year were:

Chairman

Mr Tom Murray is Law Clerk of the Edinburgh Assay Office. He is a solicitor in Edinburgh. He is a member of the Law Society of Scotland's Investor Protection Committee, and is the Purse Bearer to the Lord High Commissioner. He has a long family connection with hallmarking.

Members appointed by former DTI:

Ms Linda Campbell OBE is Chair of the product authentication and inspection company PAI. She was previously Chief Executive of the United Kingdom Accreditation Service (UKAS) and a Director of the British Standards Institute (BSI). She was awarded an OBE in 2003 for services to accreditation.

Mr Mike Drewry is a former Director of Environmental and Consumer Services for the City of Edinburgh Council. He is a qualified Trading Standards Officer and has held a number of Director level posts in Departments with responsibility for enforcing consumer protection laws and regulations. He is a Council Member of the Trading Standards Institute (TSI) and is one of the Institute's lead officers with responsibility for hallmarking.

Mr Martyn Pugh is a designer/maker of silverware and jewellery. His business supplies collections of silverware and jewellery and individual pieces to clients both nationally and internationally. He is a National Committee Member of the British Jewellery Association (BJA) and a Committee Member of the Association of British Design Silversmiths.

Mr Stefan Waclawski is a Director of the multiple retail jewellers M M Henderson Limited, which has 25 branches mostly in Scotland. He has over twenty-five years retail jewellery experience and is currently responsible, amongst other things, for purchasing, pricing and distribution of gold, silver and diamond jewellery and dealing with the UK Assay Offices.

Mr Fod Barnes is a former Head of Public Affairs at the National Consumer Council. He is a consultant with extensive experience of providing policy advice on consumer related matters to clients at senior level including Ministers and Sectoral Regulators. He has an interest in silversmithing.

Dr Peter Clapham CB is a former Chief Executive of the National Engineering Laboratory, the National Physical Laboratory and National Weights and Measures Laboratory. He is now a consultant specialising in standards, testing and conformity assessment. During the past three years he has chaired the Council's sub Office Applications Committee.

Mr Adam Green has had over thirty years experience in the jewellery manufacturing and retail trade and is presently Managing Director of a family retail jewellery business located in Shrewsbury.

Mr Eric Melrose is the former Director of Planning and Environmental Services for Aberdeenshire Council having held senior management posts directing trading standards and consumer protection activities in Grampian Council. He has chaired the Metrology Panel of LACORS and was the Scottish Champion of the DTI Consumer Direct service in Scotland.

Mr Adrian Levett is the former head of Trading Standards Warwickshire County Council. He has chaired several key national and regional trading standards bodies concerned with service delivery, and is a consultant in change management activities.

Mr Derek Lassetter is a Director of Argex Limited which is a company which supplies silver and semi manufactured silver to the jewellery trade, of which he has more than 30 years experience.

Assay Office Representatives (London):

Mr Dick Melly is the Clerk of the Goldsmiths Company.

Mr Richard Vanderpump was formerly head of the firm of C J Vander, manufacturing silversmiths in Sheffield and antique dealers in silver based in Hatton Garden, although has now retired and has no connection with the trade. He is former Prime Warden of the Goldsmiths Company, and is Chairman of its London Assay Office Management Committee.

Assay Office Representative (Sheffield):

Mr Simon Batiste is the Law Clerk of the Sheffield Office, and a barrister with Chambers in Leeds. He has a long family connection with hallmarking.

Assay Office Representatives (Birmingham):

Ms Kay Alexander is Chairman of the Wardens of the Birmingham Assay Office, and a Broadcaster and Journalist with the BBC.

Assay Office Representative (Edinburgh):

Mr Peter Nussey is a Management Consultant specialising in human resources issues and Managing director of Murrayfield Consultants Limited. He is a member of the Incorporation of Goldsmiths of the City of Edinburgh. Mr Nussey became a member in June 2006.

Co-Opted Members:

Mr Michael Laing OBE is Deacon of the Incorporation of Goldsmiths in Edinburgh. He is a Director of retail jewellers Laing the Jewellers and Parkhouse & Wyatt, and a member of the NAG. He has served on the Education Committee of the NAG for 20 years latterly as Chairman. His OBE was awarded in 2002 for services to hallmarking.

Mr Christopher Jewitt is the Chairman of the Management Committee and Guardians of the Sheffield Assay Office. He is a Director of the Sheffield hand tool manufacturer Footprint Sheffield Limited. He is also a past Master Cutler of the Company of Cutlers in Hallamshire.

Assay Masters (entitled to attend):

Dr Robert Organ is Deputy Warden of the London Assay Office.

Mr Michael Allchin is Assay Master of the Birmingham Assay Office.

Mr Ashley Carson is Assay Master at the Sheffield Assay Office.

Mr Scott Walter is Assay Master at the Edinburgh Assay Office.

APPENDIX 1

THE BRITISH HALLMARKING COUNCIL

MAXIMUM CHARGES

The following charges are the maximum charges fixed by the Council for assaying and hallmarking articles of precious metal:

	Maxima p	Band p
GOLD		
Bracelets, Necklets, Chains under 5 grams	45p + 1.5 p/g	46.5 - 52.5
Bracelets, Necklets, Chains under 10 grams	"	52.5 - 60.0
Bracelets, Necklets, Chains under 30 grams	"	60.0 - 90.0
and for every further 20 grams	"	
Locketts, Brooches	"	
Earrings	"	
Cuff Links	"	
Rings	"	
Other Articles: under 2 grams	"	46.5 - 48.0
under 10 grams	"	48.0 - 60.0
under 20 grams	"	60.0 - 75.0
under 50 grams	"	75.0 - 120.0
and for every further 10 grams	"	
Gold Articles (second-hand)	£6.00	
Minimum charge for any parcel	£20.00	
SILVER		
Articles 20 grams and under	45p + 1.5 p/g	57.0 - 75.0
Over 20 grams per 100 grams	"	
Articles less than 10 grams each submitted in identical batches of more than 50	"	57.0 - 60.0
Chain work: under 15 grams	"	57.0 - 67.5
under 30 grams	"	67.5 - 90.0
30 grams and over	"	
Handles (stamped)	"	
Clad Glasswear	"	
Filled Electroforms, hollow articles less than 20 grams of silver	"	
All second-hand articles	£6.00	
Minimum charge for any parcel	£20.00	
PLATINUM		
Platinum articles will be charged at double the rate applicable to Gold articles		
Minimum charge for any parcel	£20.00	

APPENDIX 2

WEIGHT IN KILOGRAMS OF ARTICLES DEALT WITH BY ALL THE ASSAY OFFICES FOR 2008 AND 2009

(Platinum articles are shown in grams)

QUARTER	GOLD												SILVER		PLATINUM		PALLADIUM	
	999		980		916		750		585		375		2009	2008	2009	2008	2009	2008
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
FIRST	6.5	2.1	0.0	0.0	673	773	1,546	2,101	150	207	4,206	7,330	26,837	29,351	607,684	652,124	0	0
SECOND	4.8	3.4	0.2	0.4	868	1,013	1,857	2,426	164	171	4,173	6,788	29,095	30,783	628,071	677,474	0	0
THIRD	2.0	2.7	1.0	2.3	1,098	976	1,831	2,198	251	182	4,868	7,822	34,322	37,036	635,523	597,297	187,869	0
FOURTH	3.3	3.2	11.6	1.6	840	691	2,364	2,419	424	156	7,793	10,056	42,862	39,568	655,062	600,991	145,636	0
Cumulative total to date	16.5	11.4	12.8	4.2	3,478	3,452	7,597	9,145	989	716	21,040	31,996	133,116	136,738	2,526,340	2,527,886	333,505	0

**NUMBERS OF ARTICLES DEALT WITH BY ALL THE ASSAY OFFICES FOR
2008 AND 2009**

QUARTER	ALL ARTICLES - 1000 units		GOLD ARTICLES - 1000 units		SILVER ARTICLES - 1000 units		PLATINUM ARTICLES - single units		PALLADIUM ARTICLES - single units	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
FIRST	3,175	4,165	1,372	2,330	1,741	1,766	62,753	68,457	0	0
SECOND	3,371	4,057	1,491	2,169	1,814	1,813	65,422	74,824	0	0
THIRD	3,870	4,857	1,569	2,616	2,204	2,171	69,299	70,446	27,427	0
FOURTH	5,743	5,859	2,634	3,217	3,022	2,577	68,597	64,887	17,877	0
TOTAL	16,158	18,939	7,065	10,332	8,782	8,328	266,071	278,614	45,304	0

PERCENTAGE FIGURE FOR THE ABOVE TOTALS FOR EACH ASSAY OFFICE

OFFICE	ALL ARTICLES		GOLD ARTICLES		SILVER ARTICLES		PLATINUM ARTICLES		PALLADIUM ARTICLES	
	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009
LONDON	23	33	13	43	40					
BIRMINGHAM	36	39	34	37	44					
SHEFFIELD	18	21	16	16	15					
EDINBURGH	23	7	37	4	1					

APPENDIX 3

CONVENTION ON THE CONTROL & MARKING OF ARTICLES
OF PRECIOUS METAL
UNITED KINGDOM
YEAR TOTAL 2009

	GOLD	SILVER	PLATINUM	TOTALS
London	1,491,846	382,992	50,286	1,925,124
Birmingham	1,938,391	1,706,440	57,358	3,702,189
Sheffield	1,013,192	897,221	2,346	1,912,759
Edinburgh	41,136	138,392	421	179,949
TOTALS	4,484,565	3,125,045	110,411	7,720,021

BRITISH HALLMARKING COUNCIL

Accounts

31 December 2009

ACCOUNTS 2009

CONTENTS

	Page
Officers and professional advisers	15
Foreword to the accounts	16 - 19
Statement of Council and Accounting Officer's responsibilities	20
Statement on internal control	21 - 22
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	23 - 24
Net Expenditure Account	25
Statement of Financial Position	26
Statement of Cash Flows	27
Notes to the Accounts	28 - 32

ACCOUNTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

Chairman

Thomas K Murray

Secretary and Accounting Officer

David J Gwyther

Bankers

Lloyds TSB Bank Plc
125 Colmore Row
Birmingham
B3 3AD

Solicitors

Martineau
No. 1 Colmore Square
Birmingham
B4 6AA

Auditors

Comptroller and Auditor General
National Audit Office
157 - 197 Buckingham Palace Road
Victoria
London
SW1W 9SP

FOREWORD TO THE ACCOUNTS

Year ended 31 December 2009

Preparation of accounts

The statement of accounts of the British Hallmarking Council has been prepared in a form directed by the Secretary of State with the consent of the Treasury in accordance with the Hallmarking Act 1973 (as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003). The statement has also been prepared in accordance with an Accounts Direction letter dated 21 January 2004 from the former Department of Trade and Industry which requires the annual accounts to show a true and fair view of the income and expenditure and cash flows for the financial year and the state of affairs at the year end and further requires the accounts to be prepared in accordance with Executive Non-Departmental Public Bodies Annual Reports and Accounts Guidance and other guidance which the Treasury may issue from time to time and any other specific disclosures required by the Secretary of State. The Annual Reports and Accounts guidance has been superseded by the Government Financial Reporting Manual

So far as David Gwyther, the Accounting Officer, is aware, there is no relevant audit information of which the Council's auditors are unaware, and the Accounting Officer has taken all steps which he ought to have taken to make himself aware of all relevant audit information and to establish that the Council's auditors are aware of that information.

History, statutory background and principal activities

The British Hallmarking Council was constituted by and is governed by the Hallmarking Act 1973. The British Hallmarking Council is charged with the duty of ensuring that adequate facilities for the assaying and hallmarking of articles of precious metal are available as from time to time required in the United Kingdom, of supervising the activities of assay offices in that behalf, of taking all steps appearing to be open to it for ensuring the enforcement of the law with respect to hallmarking and of advising the Secretary of State with respect to all matters concerning the due execution of this Act including any matter which may be referred to the Council by the Secretary of State.

Financial Reporting Manual disclosure requirements

The Directors Report and Operating and Financial Review information required to be disclosed by the Government Financial Reporting Manual is contained in the Foreword to the Accounts and the Report of the Chairman . A Remuneration Report is also required by the Financial Reporting Manual. All relevant disclosures required are included in note 3 to the accounts - "Staff numbers and related costs" - therefore no separate Remuneration report has been produced.

Results for the year

The results for the year are set out on page 25. The costs of the British Hallmarking Council are funded by contributions from the Assay Offices in London, Birmingham, Sheffield and Edinburgh in accordance with the Hallmarking Act 1973. Any additional income collected by the Council reduces the Assay Offices' contributions.

FOREWORD TO THE ACCOUNTS

Year ended 31 December 2009

(Continued)

Council members

The Council members who have served at any time during the year are as follows:

Mr Tom Murray	Chairman
Peter Clapham	Chairman of sub Office Applications Committee
Fod Barnes	
Adam Green	
Linda Campbell	
Mike Drewry	
Martyn Pugh	
Stephan Waclawski	
Richard Vanderpump	
Kay Alexander	
Simon Batiste	
Michael Laing	
Dick Melly	
Peter Nussey	
Eric Melrose	
Adrian Levett	
Derek Lassetter	
Christopher Jewitt	

FOREWORD TO THE ACCOUNTS

Year ended 31 December 2009

(Continued)

Duties of Council members

The function of the British Hallmarking Council is set out in the Hallmarking Act 1973. Individually Council members contribute to the fulfilment of that function through their participation at meetings - usually three times a year. In addition, Council members may serve on working parties to consider various topics from time to time, and there is also a standing sub- Committee, made up of Council members, to deal with individual applications by Assay Offices for permission to open a sub Office.

Disclosure of Council members' interests

The register of Council members interests, maintained by the Secretary, is open to inspection by the public by prior appointment with the Secretary at Martineau's offices.

Payment policy

The British Hallmarking Council adheres to the principles of the Better Payment Practice Code ('BPPC') as set out below:

- Agree payment terms at the outset of a deal and stick to them;
- explain payment procedures to suppliers;
- pay bills in accordance with any contract agreed with the supplier or as required by law; and
- tell suppliers without delay when an invoice is contested, and settle disputes quickly.

The BPPC target is to pay all undisputed supplier invoices within 30 days, unless other payment terms have been agreed. This target was achieved in relation to 42% (2008 - 45%) of invoices by value because of delays in settling invoices from Martineau in relation to one off projects.

Employees

The British Hallmarking Council does not have any employees.

Auditors

The statement of accounts has been audited by the Comptroller and Auditor General. The auditors are appointed under statute and report to Parliament. The audit fee for the year ended 31 December 2009 is £ 3,000 (£2,500 in 2008). No other services were provided.

Personal data

The Council does not hold personal data and there have been no personal data loss incidents within the year

Future developments

For the 2010 calendar year the specific objectives of the British Hallmarking Council are described in the Chairman's Report - pages 2 to 5.

Post Statement of Financial Position

There are no post statement of financial position events which might affect the understanding of the statement of accounts.

David J Gwyther
Secretary and Accounting Officer
Date: 1 June 2010

Thomas K Murray
Chairman
Date: 1 June 2010

STATEMENT OF COUNCIL AND ACCOUNTING OFFICER'S RESPONSIBILITIES

Year ended 31 December 2009

Under the Hallmarking Act (as amended), the Secretary of State with the approval of Treasury has directed the British Hallmarking Council to prepare a statement of accounts each financial year 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 Council's state of affairs at the period end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Secretary of State, including relevant accounting and disclosure requirements, and apply 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 departure in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to do so.

The Accounting Officer for the former Department of Trade and Industry appointed the Secretary of the Council as Accounting Officer. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for keeping proper records, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in "Managing Public Money".

STATEMENT ON INTERNAL CONTROL

Year ended 31 December 2009

Scope of responsibility

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

My appointment as Accounting Officer was confirmed by the former Department of Trade and Industry, the Council's then sponsoring Department ('the Department'), on 16 January 2004. The appointment letter sets out the specific responsibilities of the Accounting Officer in respect of internal control matters.

On 10 June 2003, the Council approved its Code of Practice ('the Code'). The Code is based on Cabinet Office Guidance on 'Codes of Practice for Board Members of Public Bodies' (February 2000) and was prepared in consultation with the Department. The Code incorporates my responsibilities as Accounting Officer towards the overall management of the Council, its procedures and financial matters.

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 risk to the achievement of Council 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 at the British Hallmarking Council for the year ended 31 December 2009 and up to the date of approval of the annual accounts, and accords with Treasury guidance.

Capacity to handle risk and the risk and control framework

The Council is a small operation and internal control procedures have been designed with this in mind. The following arrangements are in place, which demonstrate the Council's capacity to handle the risks to its operations:

- Council meetings, which I attend, are usually held three times a year to discuss the activities of the Council and to review or assess the impact of existing and proposed legislation on the Council. Representatives from the Assay Offices and the Department regularly attend Council meetings.
- The annual budget is approved by the Council. Martineau prepare and maintain accounting records under my supervision and any payments made to this firm for all services provided are independently approved by the Chairman and disclosed separately in the financial statements.

- Actual expenditure is reviewed in comparison with the annual budget by the Council and is approved by the Council when the statement of accounts is approved.
- The Council does not have an internal audit function or audit committee but the Council will consider matters impacting on internal control and the financial statements. This arrangement is considered sufficient for the size and extent of the Council's operations.

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 Council members 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 Council and a plan to address weaknesses and ensure continuous improvement of the system is in place.

A Corporate Statement was agreed between Council and DTI and signed in January 2005. Following the transfer of sponsorship from DTI to the National Weights & Measures Laboratory and subsequent Machinery of Government changes between DTI DIUS and DBIS, a new Corporate Statement was agreed with the National Measurement Office and signed on 5 March 2010. A copy is available from me.

David J Gwyther
Secretary and Accounting Officer
Date: 1 June 2010

BRITISH HALLMARKING COUNCIL

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the British Hallmarking Council for the year ended 31 December 2009 under the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000. These comprise the Net Expenditure Account, Statement of Financial Position, the Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Council, Accounting Officer and auditor

The Council and Accounting Officer are responsible for preparing the Annual Report and the financial statements in accordance with the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000 and the Accounts Direction made by the Secretary of State, with the approval of HM Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Council and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements 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 have been properly prepared in accordance with the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000 and the accounts direction issued by the Secretary of State, with approval of HM Treasury. I report to you whether, in my opinion, the information, which comprises the Report of the Chairman, Members of the Council and the Foreword to the Accounts, included in the Annual Report 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 British Hallmarking Council 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 British Hallmarking Council'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 form an opinion on the effectiveness of British Hallmarking Council'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. This other information comprises the Appendices. 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 opinions

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. It also includes an assessment of the significant estimates and judgments made by the Council and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the British Hallmarking Council'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 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.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000 and directions made thereunder by the Secretary of State, with the approval of HM Treasury, of the state of the British Hallmarking Council's affairs as at 31 December 2009 and of its results and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000 and directions made thereunder by the Secretary of State, with the approval of HM Treasury; and
- information, which comprises the Report of the Chairman, Members of the Council and the Foreword to the Accounts included within the Annual Report, is consistent with the financial statements.

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.

Amyas C E Morse

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Date: 7 June 2010

Net Expenditure Account
for the year ended 31 December 2009

	Note	2009 £	2008 £
Expenditure			
Staff costs	3	-	-
Depreciation		-	-
Other expenditures		(65,813)	(99,764)
	4	<hr/>	<hr/>
Income			
Income from Activities	5	65,808	99,342
Other income		-	25
		<hr/>	<hr/>
		65,808	99,367
Net expenditure		(5)	(397)
Interest receivable		<hr/>	<hr/>
		5	397
Net Expenditure after interest		<hr/>	<hr/>
		-	-

Statement of Changes in Taxpayers Equity

There is no Statement of Changes in Taxpayers Equity because no gains or losses were made (2008 £nil).

**Statement of Financial Position
as at 31 December 2009**

	Note	2009 £	2008 £	2007 £
Current assets:				
Trade and other receivables	6	15,104	19,629	23,185
Other assets	6	1,640	-	7,459
Cash and cash equivalents	7	6,100	2,710	18,458
Total current assets		22,844	22,339	49,102
Total assets		22,844	22,339	49,102
Current liabilities:				
Trade and other payables	8	22,844	21,951	49,102
Other liabilities	8	-	388	-
Total current liabilities		22,844	22,339	49,102
Assets less liabilities		-	-	-
Reserves		-	-	-

The financial statements on pages 25 to 26 were approved by the Council on 26 March 2010 and were signed on its behalf by:

(Signed)

Thomas K Murray
Chairman
Date: 1 June 2010

(Signed)

David J Gwyther
Secretary and Accounting Officer
Date: 1 June 2010

Statement of Cash Flows
for the year ended 31 December 2009

	Note	2009 £	2008 £
Cash flows from operating activities			
Net Surplus after cost of capital and interest		-	-
Decrease in trade and other receivables		2,885	11,015
Increase/(Decrease) in trade and other payables		505	(26,763)
		<u>3,390</u>	<u>(15,748)</u>
Net cash inflow/(outflow) from operating activities		3,390	(15,748)
Net financing		-	-
Net increase(decrease) in cash and cash equivalents in the period		3,390	(15,748)
Cash and cash equivalents at the beginning of the period	7	<u>2,710</u>	<u>18,458</u>
Cash and cash equivalents at the beginning of the period	7	<u>6,100</u>	<u>2,710</u>

Notes to the British Hallmarking Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the British Hallmarking Council for the purpose of giving a true and fair view has been selected. The particular policies adopted by the British Hallmarking Council have been applied consistently in dealing with items that are considered material to the accounts. The date of transition to IFRS for the British Hallmarking Council has been 1 January 2008. As a result of applying IFRS there has been a nil impact upon the reported results, position and cash flows of the Council.

1.1 Account convention

These accounts have been prepared under the historical cost convention

1.2 Funding

The activities of the Council are funded by the Assay Offices. Charges are levied in proportion to the relevant sales of the Assay Offices in the previous financial year, net of any other income received, such as income from notices.

1.3 VAT

Expenditure is recognised net of recoverable Value Added Tax. Amounts due to, or from HM Revenue and Customs in respect of VAT are included in payable, or receivable within the statement of financial position.

2. Analysis of Net Expenditure by Segment

	2009 Segment 1 £	2009 Total £	2008 Segment 1 £	2008 Total £
Gross Expenditure	65,813	65,813	(99,764)	(99,764)
Income	65,808	65,808	99,367	99,367
Net Expenditure	(5)	(5)	(397)	(397)
Total Assets	-	-	-	-

The Council only has one segment of activity, namely regulation of hallmarking.

3. Staff numbers and related costs

Staff costs comprise:

	2009 £	2008 £
Emoluments of Chairman - Tom Murray	NIL	NIL
Emoluments of Secretary and Accounting Officer - David J Gwyther	NIL	NIL

There were no employees of the Council during 2009. The current Chairman, Mr Tom Murray, is a solicitor in private practice with Gillespie MacAndrew. At the Council meeting dated 11 November 2005, it was agreed the Gillespie MacAndrew's fee in respect of Mr Murray's services should be increased to £14,000 per annum with effect from the date of his appointment, 11 March 2004. The formal duties of the Chairman are set out in the Hallmarking Act 1973 and include conducting meetings of Council and liaising with the Secretary of State. The Chairman does not have set hours of work, nor a target for total hours of work. His remuneration is set by the Council on the basis of a recommendation by an informal committee of Council members. The Chairman is elected by the Council.

The Secretary of the Council during 2009 was Mr David Gwyther, a solicitor and partner in private practice with Martineau in Birmingham. Mr Gwyther received no remuneration from the Council for the work he carries out. His time is charged by Martineau at an agreed rate which was £260 per hour. The amount of Martineau's charges in respect of Mr Gwyther's time varies from year to year in accordance with the time spent. In 2009 the amount was £16,096 (£28,534, 2008). The Secretary is appointed by the Council for an undefined period by the Council.

Martineau have provided secretarial and accounting services to the Council since its formation on terms agreed from time to time. During the year, Martineau were engaged to provide book-keeping services for £1,150 (£1,150, 2008), and to provide accounts preparation services for £1,750 (£1,750, 2008).

Save for the Chairman's remuneration, and an allowance of £75 per hour paid to the members of the sub-Offices' Application Committee, Dr Peter Clapham, and Mr Adrian Levett (the amounts of which during the year amounted to £325 and £375 respectively), no payments are made to Council members in respect of their time, although they are reimbursed for their travelling expenses.

4. Other Expenditure

	2009	2008
	£	£
Running costs	<u>65,813</u>	<u>99,764</u>
Running costs are analysed as follows:		
Chairman's remuneration	14,000	14,000
Chairman's expenses	199	853
Council members' expenses	4,385	6,227
Less: re-charged to sub-offices	(832)	(1,310)
Audit fee	3,000	2,500
Secretarial costs and expenses	16,096	28,534
Other professional charges	27,189	46,926
Other expenses	<u>1,776</u>	<u>2,034</u>
	<u>65,813</u>	<u>99,764</u>

5. Income

Income is analysed as follows:-

	2009	2008
	£	£
Contributions from Assay Offices:-		
London	14,360	25,863
Birmingham	23,603	40,425
Sheffield	11,919	19,318
Edinburgh	<u>14,474</u>	<u>11,640</u>
	64,356	97,246
Sales of notices	1,452	2,096
Other income	<u>-</u>	<u>25</u>
	<u>65,808</u>	<u>99,367</u>

6. Trade receivables and other current assets

	2009	2008	2007
	£	£	£
Amounts falling due within one year:			
Amounts due from Assay Offices	15,104	19,629	23,185
VAT	<u>1,640</u>	<u>-</u>	<u>7,459</u>
	<u>16,744</u>	<u>19,629</u>	<u>30,644</u>

7. Cash and cash equivalents

	2009 £	2008 £	2007 £
Balance at 1 January	2,710	18,458	2,317
Net change in cash and cash equivalent balances	3,390	(15,748)	16,141
Balance at 31 December	6,100	2,710	18,458

The following balances at 31 December were held at:

Commercial banks	6,100	2,710	18,458
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8. Trade payables and other current liabilities

	2009 £	2008 £	2007 £
Amounts falling due within one year:			
VAT	-	388	-
Trade payables	22,844	21,951	49,102
Due to Sub-offices	-	-	-
	22,844	22,339	49,102

9. Capital commitments

The Council has no capital commitments (2008 £Nil).

10. Commitments under leases

The Council has no leasing commitments (2008 £Nil).

11. Related-party transactions

- 11.1 With effect from 1 March 2000 the London Assay Office has taken over responsibility for distribution of Hallmarking notices. Included in "sale of notices" is £1,452 (2008 - £2,096) received from the London Assay Office in respect of commission on sale of notices.
- 11.2 Amounts payable to Martineau in respect of the year were £43,285 (2008 - £74,860). David Gwyther, the Council's Secretary and Accounting Officer, is a partner in Martineau. All invoices submitted by Martineau are approved by the Chairman prior to payment.
- 11.3 The Chairman is a Solicitor in private practice with Gillespie MacAndrew and the Council pays Gillespie MacAndrew in respect of Mr Murray's remuneration. Gillespie MacAndrew's fee in respect of Mr Murray's remuneration for the year was £14,000 (2008 - £14,000).

12. Third-party assets

The Council has no third party assets.

13 Subsequent events

There are no reportable subsequent events. The accounts were authorised for issue by the Accounting Officer on 7 June 2010, the date on which the accounts were certified by the Comptroller and Auditor General.



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