



ANNUAL REPORT & ACCOUNTS 2007-2008



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National Weights and Measures Laboratory

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NWML's Mission

To provide the legal metrology infrastructure necessary to facilitate fair competition, support innovation, promote international trade and protect consumers, health and the environment.





Introduction by the Chief Executive

From beginning to end 2007-08 was an exceptionally busy and successful year for NWML. We achieved a substantial surplus and met all but one of our published Ministerial Targets. In a year which required substantial investment in developing the skills of replacement staff, this was an outstanding achievement. However this has not been won at the expense of providing quality services to our customers. I am delighted to be able to report that this year 95.4% of our customers rated they were satisfied or very satisfied with the provision of our services. Their loyalty continues to allow NWML to strengthen its customer relationships.

One of the many highlights early in the year was the transfer to us of the regulatory responsibility for supervision of the British Hallmarking Council and the work on Packaged Goods and Units of Measurement, the latter making NWML a single point of enquiry for stakeholders on all weights and measures issues.

In summer 2007, the former DTI was re-organised and NWML found its new home in DIUS, the Department for Innovation, Universities and Skills. This new Department brought together some functions from the former DTI, including responsibilities for science and innovation, with further and higher education and skills, previously part of the Department for Education and Skills.

In September 2007 I started my new role as Chief Executive of NWML, following

Jeff Llewellyn's retirement. Having already been a member of NWML's Steering Board for 3 years of Jeff's tenure, I was well acquainted with NWML and its work. It is with this knowledge that I thank Jeff for handing over an Agency with a sound and well designed business strategy, a healthy financial position and a firm basis from which to start reappraisal of our measurement legislation.

One of the priority tasks for the year was to make progress with reform of weights and measures legislation. There have been long-standing criticisms that years of piecemeal changes have resulted in an incoherent and complicated body of legislation, difficult for businesses and consumers to comprehend. In addition, the pace of technological change has outstripped developments in legislation. To this end, it was agreed that the best way forward was to embark on a series of working group meetings with a range of stakeholders, including an internal reform policy group, as part of "pre-consultation" work on the reform of the Weights and Measures regime. This resulted in a full report being sent to the Minister at the end of March 2008, suggesting areas where reform would bring benefits. We will continue to refine our thinking on this over the coming months.

It was a successful year for the Agency in terms of performance in carrying out the 2007-08 Legal Metrology Programme, agreed with the National Metrology System (NMS) of DIUS. The ministerial

target for the programme was to achieve 87% of milestones on time or early. In fact NWML met 97.5% of the legal metrology programme milestones on time or early.

One of several areas that required innovative policy-making was that of standard temperature accounting (STA) for retail fuel dispensers. These devices are legal under both European and UK legislation, and as such NWML needed to advise all parties on how they could be tested – particularly for the trading standards officers who must inspect them. Work involved informal consultation with LACORS, TSI, FEF, PRA and UKPIA, and a draft guide has been produced for interested parties.

In July 2005, the Secretary of State for Trade and Industry awarded NWML the contract to set up the UK's national RoHS enforcement body (the restriction of the use of certain hazardous substances in electrical and electronic equipment). I am pleased to be able to report that the successful implementation of our initial MoU, which ended 31 March 2008, has led to its extension with BERR (The Department for Business, Enterprise and Regulatory Reform) for a further three years.

NWML has also maintained its high profile presence internationally, attending the annual CIML (International Committee of Legal Metrology) meeting in Shanghai which was held on the 24th to 26th of October 2007. This provided the successful culmination of several years work as NWML had a number of Recommendations offered for final approval and all were approved, including those for Taximeters, Material Measures of Length and for Discontinuous Totalisers (Hopper Weighers).

NWML has remained active in Europe participating in all nine WELMEC (European Co-operation in Legal Metrology) Working Groups and the 23rd WELMEC Committee meeting in Sinai, Romania, in May 2007.

Throughout the year business levels remained buoyant for the Agency's Certification Services Team as type approval, pre-assessment and Quality Management System certification income exceeded planned income by £130k for the year. The Certification Services Team has adapted

extremely well to the challenges brought about by the Measuring Instruments Directive. New business opportunities are being developed with further exploration of the key North American and Far East markets well underway. This is now beginning to deliver positive results with our customer focussed approach attracting important new business - whilst retaining our valued long term customer base.

The Calibration Team had one of their most successful years, exceeding both financial and operational targets. NWML tested a more diverse range of artefacts than ever before ranging from National Lottery balls to cigars for a leading manufacturer. To satisfy this demand a further automatic balance, for weighing to the highest levels of accuracy, was commissioned. The addition of this equipment has further extended our automated capability and makes NWML a unique facility within the UK.

The legislative process for the formal transfer of gas and electricity metering responsibilities, as part of the Energy Bill, has successfully completed its stages in the Commons and is now in the House of Lords. In the metering area we also continue to contribute to Government's smart metering policy, and are supporting BERR over the next, crucial, phase of the project.

Demonstrating our commitment to developing professional skills in local Government, NWML worked with TSI to ensure the effective delivery of the Diploma in Trading Standards (DTS) and the new Diploma in Consumer Affairs and Trading Standards (DCATS). The metrology components of both examinations represent the requirements for the statutory qualification under section 73 of the Weights and Measures Act 1985.

There have been a number of changes in people at NWML throughout the year. In addition to Jeff Llewellyn, we said farewell to Anne Alexander, Pauline Brice, Nina Clark, Nina Clissold, Richard Hackney and Mike Koch and welcomed Sue Baker, Stephen Bruce and Paul Cole, Lynette Falk, Elizabeth Lalley (subsequently transferred to the Welsh Assembly), Oliver Lashbrook, Gary Mapp and Jean Spraggs.

I would like to thank our Steering Board members Noel Hunter (Chair), David Evans, Roy Burrows and Peter Douglas. The Board has been particularly useful in helping the Agency to evaluate its key responsibilities, its strategic forward look and by advising on new ways of working.

One of the measures of a strong and established organisation is its ability to actively involve itself in productive change while continuously delivering effective policy and services to its stakeholders. I would like to thank all staff for the continued hard work, cooperation and support they have shown me, making me feel welcome in NWML. In turn NWML has taken further steps to demonstrate its commitment to its staff. We have developed a management commitment and are in the process of developing our learning and development strategy to ensure our people have the necessary skills for the future.

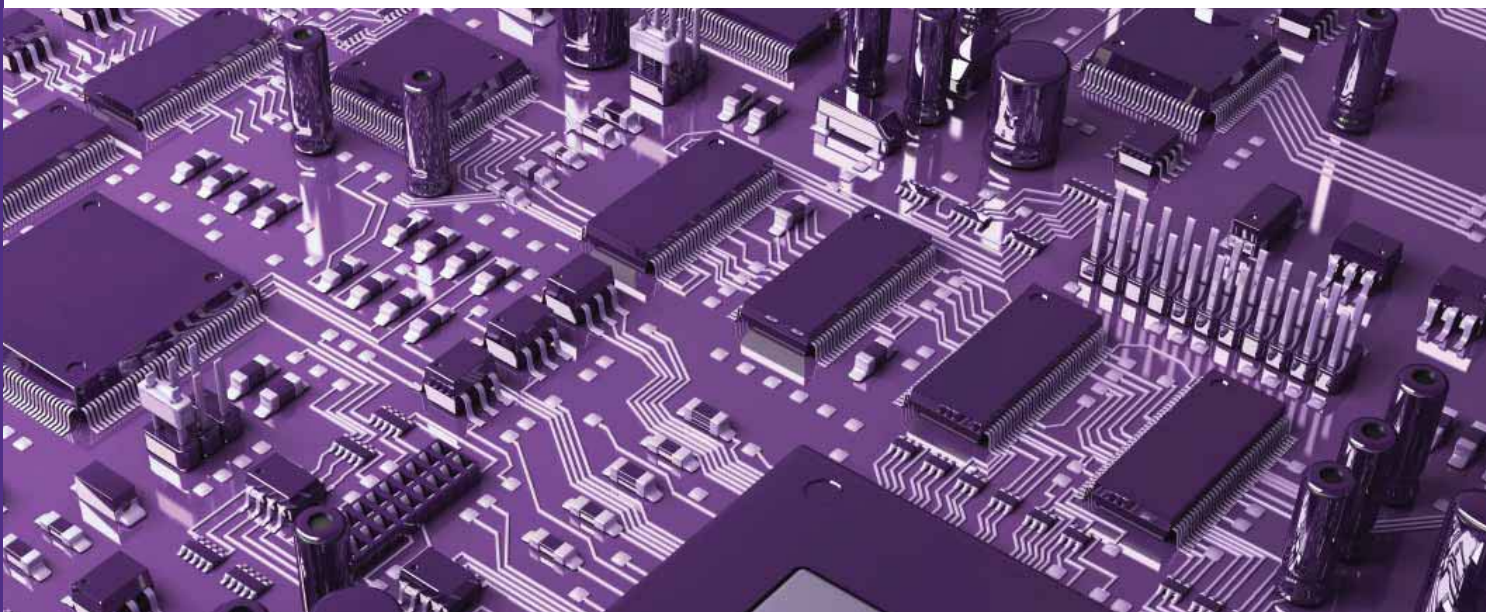
It is because of the commitment of staff that I feel confident that NWML will continue to operate at the forefront of modern, innovative policy-making and provide strong support to UK industry and innovation through the provision of fair, accurate and legal measurement and enforcement services.



Mr Peter Mason

9th July 2008

Chief Executive



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Directors' Report

History and Statutory Background

NWML became an Executive Agency of the Department of Trade and Industry in April 1989 and since June 2007 has been an Executive Agency of the Department for Innovation Universities and Skills (DIUS). NWML has been a net running cost Agency since April 1996 and reports into the Innovation Directorate of DIUS. 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

Each year in the UK, nearly £190 billion worth of retail goods are sold on the basis of the measurement of their quantity¹. This equates to £3.65 billion a week. NWML is responsible for providing services that ensure that the system of weights and measures is fair, accurate and legal. This is a fundamental part of a sustainable trading economy and enables consumers and businesses to be confident that they are getting what they pay for. 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 performs its role by engaging in the following principal activities:

- Preparing weighing and measuring legislation under the Weights and 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 type approval and other certification services

¹ Office for National Statistics Consumer Trends 2008 and Family Spending 2007

NWML Objectives for 2008/09

1. To ensure that Ministers can fulfil their statutory obligations under Weights & Measures and related legislation
2. To promote better regulation and enforcement in legal metrology, both in the UK and internationally
3. To provide world class statutory and commercial metrology services
4. To promote innovation in businesses with which NWML works
5. To satisfy BERR's requirements concerning the effective enforcement of RoHS
6. To ensure that meters used to measure gas and electricity conform to requirements
7. To provide internal services that deliver efficiency savings and meet the other needs of the Agency

NWML's Links with DIUS

NWML contributes to the DIUS-owned Public Sector Agreement (PSA) 4 (Promote world class science and innovation in the UK) mainly through its delivery of the Legal Metrology Programme. This programme supports developments in innovation and competitiveness; enables the successful underpinning of the UK legal metrology infrastructure; provides the necessary level of protection for consumers, industry and retailers by providing competent assessment routes both for measuring instruments and transaction of goods; and assists UK manufacturers to compete in an international market for the sale of their products. NWML also contributes to this PSA through its involvement in the Measurement for Innovators programme, which forms part of the NMS portfolio. Because of the importance of the broader measurement and standards infrastructure NWML also contributes to PSA 6 (Deliver the conditions for business success in the UK).

These connections are reinforced by the links which NWML has to DIUS's Departmental Strategic Objectives (DSOs). DSO 1 (Accelerate the commercial exploitation of creativity and knowledge, through innovation and research) has a direct relevance to the approach the Agency adopts to virtually all its work, and in particular the work that is done by its Certification Services team. NWML contributes to DSO 2 (Improve the skills of the population) and DSO 4 (Pursue global excellence in research and knowledge) through its highly praised training courses and in working with TSI to ensure the effective delivery of the Diploma in Trading Standards and the new Diploma in Consumer Affairs and Trading Standards. Finally DSO 6 (Support other Government objectives which depend on DIUS expertise and remit) provides the basis for NWML's activities on RoHS, utilities metering and various aspects of its international work.

NWML is one of the measurement institutes belonging to DIUS' National Measurement System 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. 2007/08 however was a single contract year and April 2008 saw the start of a new three year programme. This programme accounts for 68.9% of NWML's income.

NWML also realises income from the range of weighing and measuring related services that it offers.

NWML Principal Activities

Weights and Measures Regulation

The purpose of regulating weights and measures is to ensure that consumers have the information on quantity that they need to make informed purchasing decisions and to ensure that businesses can feel confident that they are trading in a fair market place. NWML is responsible for all weights and measures legislation.

International Policy Making

The focus on the impact on businesses and their customers in domestic policy-making also needs to be maintained by NWML within the EU and international standards-making forums. In a globalised economy the UK national interest benefits from the part NWML plays in international organisations dedicated to positively influencing harmonised standards and guidance to provide a level playing field that allows businesses to reduce costs and compete in global markets.

Type Approval

NWML offers a world class type approval service to manufacturers of weighing and measuring equipment, which enables this equipment to be used in legally controlled applications. Manufacturers of new, and often innovative, weighing and measuring instruments are supported by NWML from the design stage and through the type approval process so that they can place their products onto the market as quickly as possible.

Other Certification Services

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

- ISO 9001 certification
- Audit under Section 11A of the Weights and Measures Act 1985
- Self verification under European Directives

Calibration

NWML supports industry and trade by providing a calibration service to UK industry and to local authority trading standards departments. Accurate calibration provides an invaluable service to many in the UK, especially to the pharmaceutical industry where people's health depends on the very accurate measurement methods used. 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.

Skills and Knowledge Training

NWML offers a range of legal metrology training courses, one of which is an annual two week legal metrology training course aimed specifically at senior officers in foreign metrology bodies. NWML's one day training courses have proved popular, particularly the Pre-Packaged Goods course and the MID (Measuring Instruments Directive) Awareness courses.

Weights and Measures Enforcement

Responsibility for the enforcement of weights and measures legislation in England, Scotland and Wales rests with the approximately 200 local authority Trading Standards Departments. NWML works closely with these Departments as it has the lead responsibility for policy on measuring instruments in use for trade and is responsible for the implementation of European Directives on measuring instruments and provides the focus for legal metrology in the UK.

Self Verification

This allows manufacturers, installers and repairers of weighing and measuring equipment to apply to the Secretary of State for approval to conduct their own verification of weighing and measuring equipment under Section 11A of the Weights and Measures Act 1985. NWML grants approvals on behalf of the Secretary of State. This provides greater flexibility for businesses in three areas associated with the testing, passing and stamping of weighing and measuring equipment as fit for use for trade.

RoHS - Protection of Our Environment

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, for the purpose of reducing the amount of harmful waste in electrical and electronic equipment destined for landfill. NWML has delivered RoHS enforcement since the UK Regulations were fully implemented on the 1st July 2006.

Accuracy of Gas and Electricity Meters

NWML is responsible for the design approval, accuracy testing and performance monitoring of gas and electricity meters. With this responsibility comes the assurance 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 2008. 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 £21,000 has been made in the 2007/08 accounts in respect of this. In addition audits were made during 2007/08 by BERR internal audit. A charge to cover all internal audit services of £12,187 was made and is included in the Income & Expenditure Account.

Disclosure of Relevant Audit Information

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.



Management

The Management Board consists of the senior managers within 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 all the laboratory's stakeholders.

During 2007/2008 the Management Board comprised the following personnel:

Peter Mason

Chief Executive
(from 1 September 2007)

Jeff Llewellyn

Chief Executive
(until 31 August 2007)

Niall Boyle

Director, Communications

Sarah Glasspool

Director, Finance
(from 1 February 2008)

Iain MacGregor

Director, Finance and Resources
(until 31 January 2008)

Adrian Rudd

Director, Services

Richard Sanders

Director, Regulation

Steering Board

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

During 2007/08 the Steering Board comprised the following personnel:

Chair

Noel Hunter

Independent Member

Members

Roy Burrows

Independent Member

Peter Douglas

Independent Member

David Evans

Director of Innovation,
DIUS

Peter Mason

Finance and Resource Management
Directorate, former DTI
(until 31 August 2007).
Chief Executive, NWML
(from 1 September 2007)

Jeff Llewellyn

Chief Executive, NWML
(until 31 August 2007)

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 three times a year.

During 2007/08 the Audit Committee comprised the following personnel:

Peter Douglas
Chair

Roy Burrows
Member

Peter Mason
Chief Executive, NWML
(from 1 September 2007)

Jeff Llewellyn
Chief Executive, NWML
(until 31 August 2007)

Staffing and Recruitment at NWML

NWML involves all members of staff in the delivery of the objectives set out in the Corporate Plan. The main channels of internal communication include feedback from the Management Board meetings, office circulars and all staff meetings. Staff are helped to realise their potential through training. NWML has been awarded the Investors in People award as recognition of its commitment to staff.

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 Focus Group, whose members represent a cross section of staff, support new initiatives and ensure equal treatment.

An average of 49 staff were employed by NWML during 2007/08, an increase on the 46 employed during 2006/07. 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 regular internal and external audits.

There were 5 successful external recruitment exercises during 2007-08:

- Full-time Receptionist Range 3 (female)
- Full-time Records & Resources Assistant Range 3 (male)
- 2 Full-time Type Approvals Engineers Range 6 (male)
- Full-time Enforcement Officer Range 8 (male)

(0 ethnic minority, 0 disabled persons)

During 2007-08 three temporary staff were engaged under exceptions permitted by the CSC rules.

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: 97% of invoices were paid within 30 days of receipt of invoice. In 2006-2007, 98% of invoices were paid within 30 days of receipt of invoice. Invoices were settled within an average of 9 days. In 2006-2007, invoices were settled with in 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 2007/08.

Future Developments

NWML is expecting to continue operating on a net running cost Agency basis within DIUS. NWML will continue to provide a strong focus for weights and measures regulation in the UK, seeking to retain its authority and status as a national and international centre of excellence for legal metrology.

Our plans for the future envisages an NWML which carries out a wide range of activities rooted in its expertise in developing policy in legal metrology requirements, supporting the enforcement infrastructure and undertaking certain technical functions, in particular type approval and calibration.

Our vision thus combines:

- responsibility for policy on weights and measures legislation, including representing the UK's interest in negotiations in the EU and participating in the international standards-making process
- a co-ordinating role in ensuring that legislation is adequately enforced, including a contribution to the training and development of the skills required for enforcement
- provision of technical services where we are the most cost effective providers

It is an essential part of this strategy that we look to extend our field of activity beyond legal metrology where it appears that we are better placed than others to carry out a function.

Our communications activities over the coming year will be focused heavily on reaching out to other parts of government so that we can promote greater understanding of the scope of our work in legislative policy, enforcement and service delivery. This will help maximise the effectiveness of existing and possible future cross-government work.

Finally, alongside these clear 'public' functions, we shall be alive to opportunities to spread some of our cost base through further commercial activities. We remain committed, therefore, to pursuing opportunities not only for purely commercial services like calibration but also in the 'internationally mobile' markets for type approval and certification. The technical competence gained from the provision of commercial technical services remains essential to the quality of policy development.

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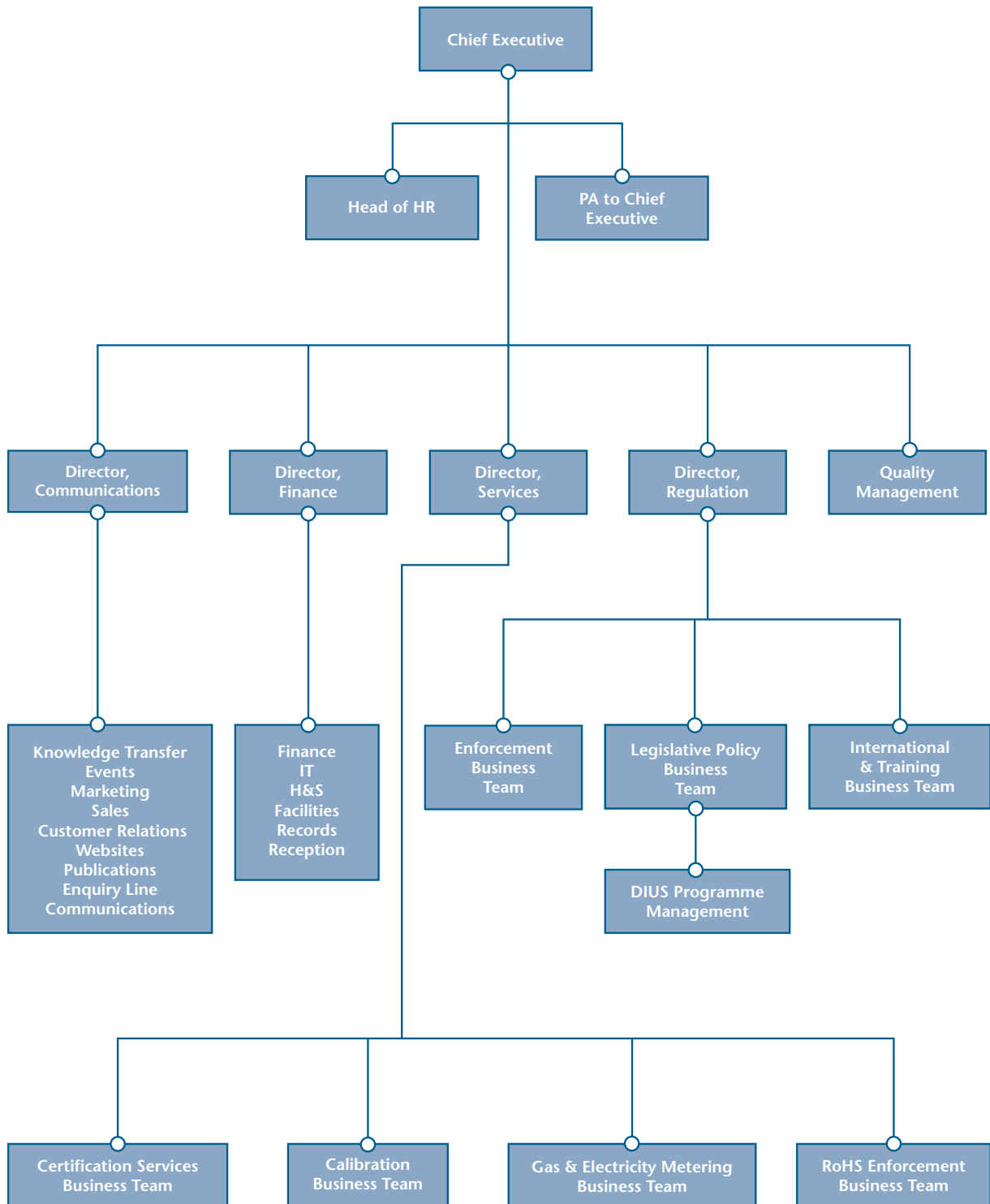
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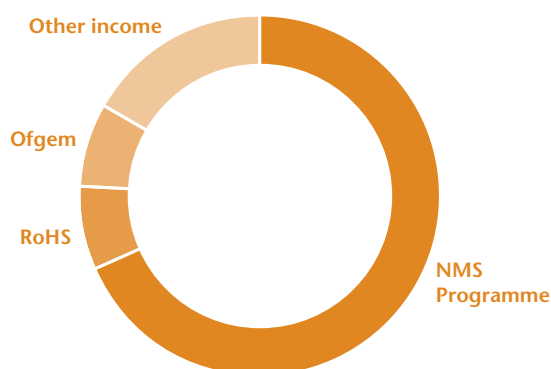
As a net running cost Agency NWML is expected to break even; i.e. our income should cover our total costs. The accounting policies are set out in this Annual Report and Accounts. Fees are set in accordance with the Treasury Fees and Charges Guide. For 2007-2008, fees for some statutory services were set out in Statutory Instrument (SI) 2004/1300. New fees which came into effect from 6 April 2008 are the subject of a new SI (SI 2008/732).

In 2007-2008 NWML made a surplus of £286k. The current Corporate Plan forecasts indicate a modest surplus in each of the next 3 years.

Income

Total income was £4.6m of which 68.9% was from DIUS in the form of the NMS programme.

Income 2007-2008 (£)



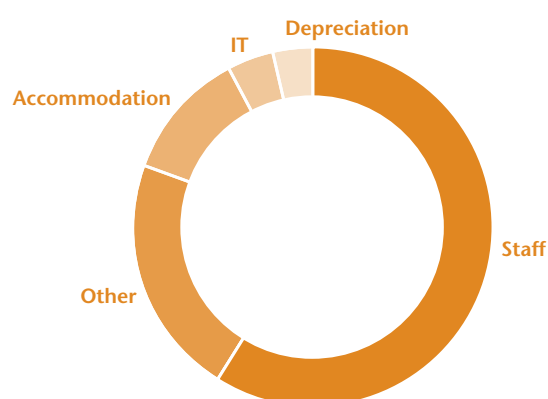
NMS Programme	3,151,548
RoHS	350,000
Ofgem	340,000
Other income	736,481
Total	4,578,029

The geographical analysis of income is as follows:

	2008 £'000	2007 £'000
UK	4,309	3,934
USA	89	32
SE Asia	62	48
EU	53	34
Mexico	17	6
Australia	12	-
Africa	8	10
New Zealand	8	-
Canada	7	-
India	7	-
Norway	-	4
West Indies	3	-
Channel Islands	3	-
Turkey	-	3
Other	-	1
	4,578	4,072

Costs

Costs (a total of £4.3m) were well controlled during the year and the major expenditure headings were Staff: 59%, Accommodation: 12%, IT: 4%, Other: 22% and Depreciation: 3%.



Breakdown of costs 2007-2008 (£)

Staff	2,517,502
Other	928,968
Accommodation	518,374
IT	185,221
Depreciation	141,877
Total	4,291,942

Operations

NWML prides itself on being one of the best Weights and Measures organisations in the world. In particular the turnaround times of Type Approval and Calibration services continue to improve to provide even better delivery and service to our customers. NWML offers a broad range of services including: weights and measures regulatory advice, international policy-making, type approval, calibration, self verification approvals, enforcement functions, (including for RoHS) and responsibilities relating to gas and electricity meters. Throughout the world NWML has built up a strong reputation as a provider of metrology training and consultancy advice.

The main body of work is for two government departments (DIUS and BERR) as well as third party income.

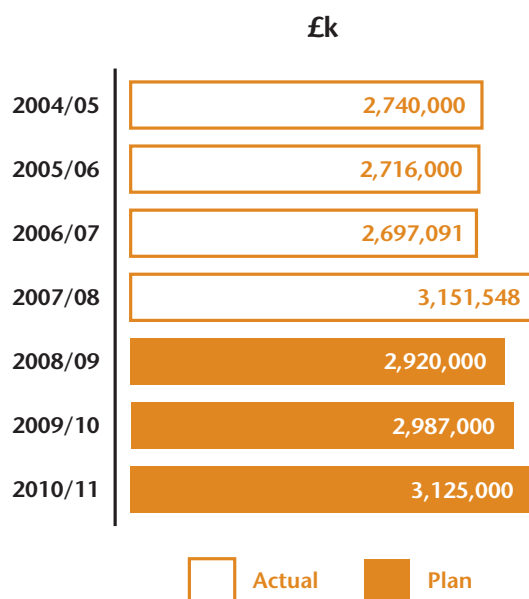
NMS Legal Metrology Programme

NWML is one of the measurement institutes belonging to the DIUS National Measurement System and has just completed its third and final year of the current Programme of work to provide legal metrology advice and services.

The Programme is divided into three themes with a range of projects and associated deliverables under each theme. The themes are Statutory Policy, Statutory Infrastructure, and Stakeholder Management and Knowledge Transfer. This Programme includes our new work on supervision of the Hallmarking Council and work on Packaged Goods and Units of Measurement, previously dealt with by CCP Directorate of DTI (now BERR).

With the exception of one project, NWML completed the Legal Metrology Programme in full for 2007-08 earning £3.15 million. Approximately £2.9 million is expected for the new first year of the 2008 - 11 Legal Metrology Programme and £8.8 million for the whole three-year Programme. This Programme includes the one project not completed as part of the last Programme.

Legal Metrology Programme Income



Certification Services

Certification Services is split into two main areas:

1. Product Certification (Type Examination, Unit Verification and Design Examination)
2. Quality Management System (QMS) Certification

It is also responsible for managing NWML's participation in the NMS Measurement for Innovators scheme.

Product Certification

The Product Certification team is responsible for the type approval of weighing and measuring instruments that are used for legally controlled applications.

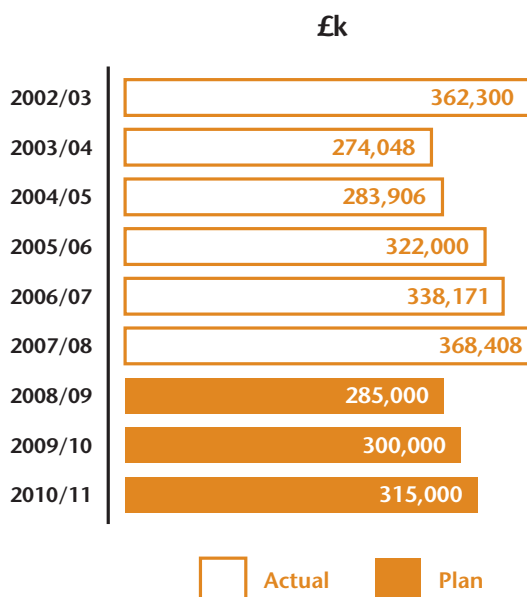
The team acts on behalf of the Secretary of State for the approval of instruments under UK National Legislation. The team is also designated as a Notified Body under the Non-automatic Weighing Instruments and Measuring Instruments Directives. It performs conformity assessment activities under these Directives and issues EC Type Examination, Unit Verification and Design Examination Certificates to manufacturers, which are valid throughout the EC. The team is also the UK Issuing Authority for OIML Certificates which enables manufacturers to gain approval for their instruments outside of Europe. In support of this, NWML is now an Issuing Participant under the OIML Mutual Acceptance Arrangement for Water Meters (OIML R49).

NWML offers a world class product certification service to support manufacturers of weighing and measuring instruments who wish to place their new and innovative products onto the world market. The team offers a responsive, efficient and value for money service to its customers.

There has been a very high level of demand for NWML's Product Certification services during the year. This demand has been driven by manufacturers seeking to gain approval under the two European Directives. Our competitive service has meant that contracts have been won from overseas customers who have previously used alternative Notified Bodies in the past.

We are continuing to develop our services by seeking new markets, with North America and China (Far East) being targeted. A Service Level Agreement has been drawn up with the Vehicle Certification Agency so that they can promote our services in North America. Significant efforts are also being made in China to develop business opportunities.

Type Approval Testing and Pre-assessment income for last five years and planned income to 2010 – 2011



Income for Product Certification was exceptional during the 2007-2008 financial year. Some of this was due to implementation of the MID. NWML saw increased business from manufacturers for new MID approvals, conversion of approvals from national to MID and, in particular, demand from overseas manufacturers for NAWI certification. It is forecast that business levels will return to a steady state as the impact of the MID diminishes. The income targets for 2008 onwards reflects this with sensible levels of organic growth.

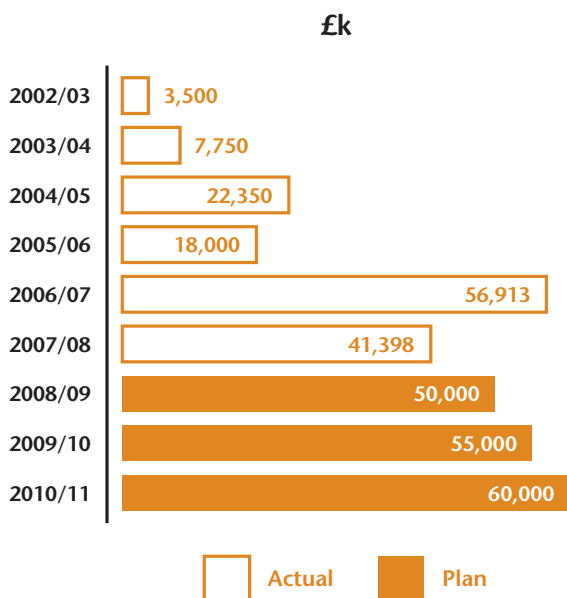
Quality Management System (QMS) Certification

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
- Audit under Section 11A of the Weights and Measures Act 1985
- Self-verification under European Directives
- Other fee levied auditing

The income figure for 2007-2008 fell to £41,398 from 2006-2007 income of £56,913. This is because the income for 2006-2007 was exceptional due to the coming into force of the MID. However, although the income level has fallen, the number of companies certified by NWML has increased through 2007-2008. It is anticipated that the number of companies will continue to grow, especially as our business development activities start to take effect. This growth is reflected in the forecast income.

ACB (Accredited Certification Body) service income for last five years and planned income to 2010 – 2011



Measurement for Innovators

The Measurement for Innovators programme is designed to promote innovation by linking industry with the world class expertise and facilities contained within the UK's National Measurement Institutes – NPL (www.npl.co.uk), LGC (www.lgc.co.uk), NEL (www.flowprogramme.co.uk) and NWML (www.nwml.gov.uk).

NWML can help promote innovation through Consultancies or Secondments. In total, to date, over 130 SMEs have received advice and 50 of these have led directly to the development of new products as a result of the Consultancies offered through the scheme and there have been over 100 secondments to and from UK business, academia and other similar organisations which have been key in developing tacit learning and transferring key skills.

“NWML delivered the skills and advice necessary to ensure the success of our test rig. We really appreciated the support they provided.”

David Ayling, Sales Director,
Straight point (UK) Ltd

Calibration

The Calibration team at NWML provides the following services:

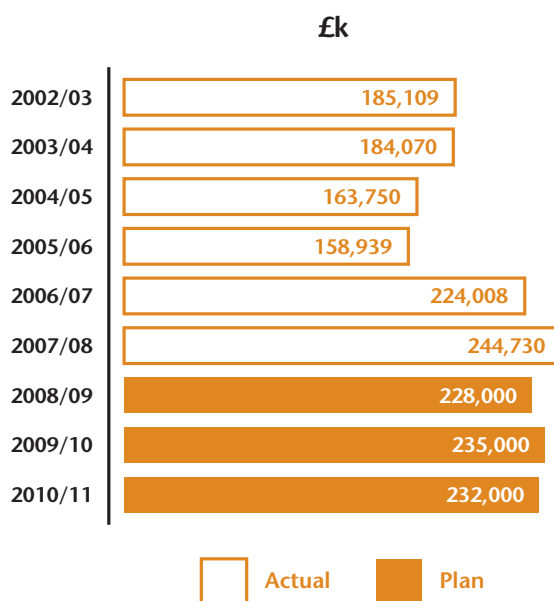
- Fulfil statutory obligations under the Weights & Measures and Coinage Acts
- Maintain technical support infrastructure for trade, covering mass, length and volume measurements
- Provide legally traceable calibration certificates for Local Authorities
- Provide testing and calibration services to other government bodies and commercial organisations
- Issue independently accredited calibration and test certificates traceable to national standards

Recent additions and upgrades to our equipment and facilities have allowed the level of service to our commercial customers to be extended. We can offer our mass clients measurements of up to OIML Class E1 uncertainty and provide our length customers with a facility unique in the UK if not the rest of Europe. To this end we are issuing approximately 350 UKAS calibration certificates each year. We have performed work for large pharmaceutical and manufacturing organisations and more recently the police forensic service and hospitals.

NWML has retained a contract with Camelot for the testing of national lottery balls and machines. This work is being carried out at their premises in Watford.

A more unusual calibration we were asked to perform was at a hospital dispensary in Preston. In order to produce large quantities of common drugs and preparations, the hospital had bought two large mixing tanks. The amounts contained in each tank were determined by dip sticks introduced through the top of each vessel. To ensure the right proportions of drugs were mixed the hospital asked us to calibrate the tanks and then mark the dip sticks at their requested volumes.

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



International Activities, Training and Consultancy

NWML represents the UK's interests in international legal metrology, and is an actively participating member of OIML (the International Organisation of Legal Metrology) 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 by promoting the use of international recommendations, standards infrastructure and mutual acceptance agreements. This harmonisation of global legal metrology benefits UK trade and industry by reducing technical barriers to international trade. The UK holds the Secretariat of five OIML Technical Committees and contributes to the work of thirty two others.

NWML attended the annual meeting of the OIML Committee Members held in 2007 in Shanghai. This was an important meeting for NWML, as it represented the culmination of several years' technical work on three OIML Recommendations that were submitted for approval which they received.

NWML is also actively involved in WELMEC, by providing the UK representative to the WELMEC Committee, and by providing technical specialists who participate in six of the eight WELMEC Working Groups which carry out the work of the WELMEC Committee.

At a meeting in October of WG 2 – Weighing, NWML relinquished the Chairman and Secretary roles due to the impending retirement of the participating NWML staff.

International Consultancy

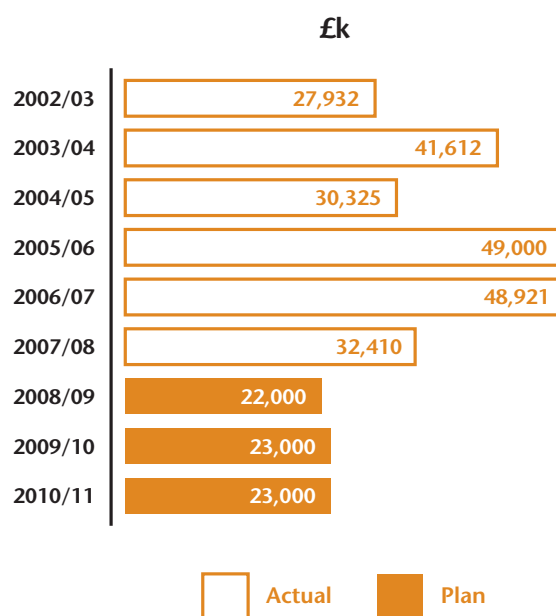
NWML receives regular requests for advice from overseas countries and provides tailored consultancy packages, mostly to European accession countries or developing countries. In particular NWML has been developing a close relationship with China over the last few years and has provided two extended knowledge exchange programmes to senior metrologists from AQSIQ. In 2007 NWML hosted visiting delegations from Vietnam, Brazil, China, Japan, USA and Saudi.

Metrology Training Courses

NWML offers a range of legal metrology training courses, of which the annual two week Legal Metrology Course is aimed primarily at senior officers in foreign metrology bodies. In 2007 the course was attended by metrologists from Botswana and Zambia, and senior Trading Standards Officers from Jersey and Fife. NWML expanded the number of one day training courses it offered in 2007 and has gained agreement from the Trading Standards Institute (TSI) to approve certain courses to qualify for CPPD points under its Continuous Professional and Personal Development Scheme.

Income for 2007-2008 decreased by 34% to £32,410 from 2006-2007 income of £48,921.

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



Utilities

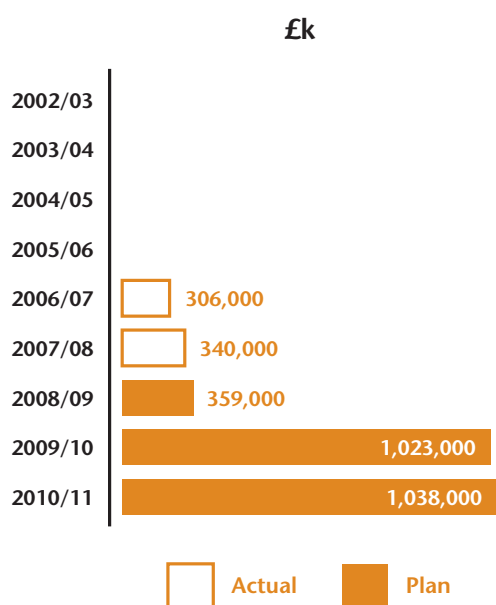
NWML has responsibility for certain metrological functions relating to gas and electricity meters. The statutory responsibility for these functions lies with Ofgem, and a Memorandum of Understanding (MoU) with Ofgem sets out the arrangements for the administrative transfer of these functions to NWML, covering the period 1 April 2006 to 31 March 2009.

The Energy Bill is being used as the vehicle to change primary legislation to permanently transfer the statutory responsibilities for the metrological performance of gas and electricity meters from Ofgem to NWML. This is the highest priority work for the Utilities Business Team as the timescales are dictated by the Bill team and any delay could risk missing the Energy Bill Parliamentary slot. The Bill has now passed its House of Commons stages. No concerns have been raised on the issue of transfer of metering responsibilities, and the Bill is currently progressing through the House of Lords. Subject to Parliamentary process the Bill is expected to receive Royal Assent in November 2008 with formal transfer commencing 1 April 2009.

A nominated laboratory provides the testing facilities for gas and electricity meters under an outsourcing agreement let under competitive terms in 2002. In parallel with the transfer of statutory responsibilities, NWML and Ofgem have been considering the changes necessary to transfer the outsourcing contract and the future funding for this work.

Income for Utilities Business Team is due to increase from 2009–2010 onwards. This reflects the formal transfer of the statutory responsibilities, at which point NWML will become responsible for the outsourcing agreement and the costs of the operational services that support the statutory responsibilities. Up to 2009–2010 those costs are borne directly by Ofgem although, following formal transfer, these funds will be directed through NWML’s own financial management systems.

Ofgem income for 2007-2008 and planned income to 2010-2011



RoHS

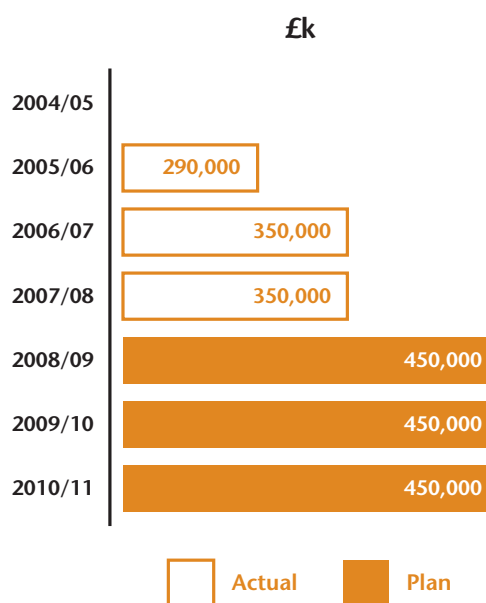
RoHS stands for the restriction of the use of certain hazardous substances in electrical and electronic equipment. It is a European Directive aiming to control the use of certain hazardous substances in the production of new electrical and electronic equipment. It is a partner directive to the

WEEE Directive (Waste in Electrical and Electronic Equipment) that controls the disposal and recycling of electrical and electronic equipment. In the UK the RoHS Directive is implemented through the RoHS Regulations (Statutory Instrument SI2008 No 37).

NWML is the UK’s enforcement authority for RoHS. Over the last year the team have further developed their approach of working with industry to meet the objectives of the Directive while delivering an effective enforcement regime. In the period of this report two cases were brought to justice and a further 30+ cases resulted in positive enforcement actions. The team continued to raise awareness through a programme of providing speakers at conferences, engaging directly with the press, supporting trade associations and providing resources to exhibitions. In addition to presentations delivered in the UK, the team also presented in China, Japan, Europe, and Taiwan.

Operational highlights of the year include working with BERR to amend the Regulations to improve the operational delivery powers and the renegotiation of the Memorandum of Understanding with BERR for NWML to deliver the enforcement authority responsibility for a further 3 years.

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



Legislation

Within NWML, the Legislative Policy Team is responsible for national policy for the whole of the Weights and Measures Act 1985 and on EU legislation covering transactions in goods and weighing and measuring instruments. Legislation is provided to protect the consumer (including small businesses) and to promote competitiveness in the marketplace.

Reform of Weights and Measures Legislation

The main objectives of this reform work were to:

- Ascertain the appetite for reform of the weights and measures regime
- Identify issues of concern to stakeholders
- Propose ideas for reform
- Test these ideas with stakeholders
- Report back to Ministers by the end of March 08

NWML held seven working group meetings with a range of stakeholders, including retailers, equipment manufacturers and the enforcement community, and a series of bilaterals with a range of other organisations including the Federation of Small Businesses (FSB), Confederation of British Industry (CBI), British Retail Consortium (BRC), Office of Fair Trading (OFT), British Chambers of Commerce (BCC), and the Local Better Regulation Office (LBRO). The working group meetings were constructive and brought to light a number of issues of concern to stakeholders and the results were set out in a full report to the Minister.

Three further strands of work were completed:

- a brief economic analysis designed to provide an element of economic underpinning to the regime
- a piece of research into retailer views of the regime, designed to complement the consumer research carried out in 2005 on behalf of the former DTI
- a survey of Trading Standards to understand enforcement activity in this area

The project achieved all of its objectives and identified a number of areas where the regime could be reformed; these include the rules which businesses need to comply with and also how these rules are enforced. A full report of the outcomes of the project was submitted to the Minister at the end of March 2008. It is our intention to further refine the ideas into more specific policy options over the coming months.

Prescription Review

NWML conducted a review of its existing secondary legislation relating to weighing and measuring instruments or "Prescription Review". The consultation was intended to identify projects where existing legislation relating to measuring instruments was no longer required, where the legislation needed to be amended/simplified or where additional regulations might be required. Each legislative change identified would be subject to a full consultation at a later date. The purpose of this review was to seek views on all secondary legislation for measuring instruments. Over 300 organisations were consulted and the document was published on the NWML website. A total of thirty one responses were received from business, including manufacturers and retailers, and representatives of the enforcement agencies.

NAWI Amendment

The Non-automatic Weighing Instruments (NAWI) Regulations 2000 have been amended to allow installers and repairers to subsequently verify instruments. The weighing industry has indicated that this will result in efficiency savings for installers and repairers of NAWIs in connection with self verification because it would enable them to compete with larger businesses undertaking re-qualification activities.

Units of Measure and Loose and Packaged Goods

With effect from April 2007, NWML has had responsibility for all aspects of weights and measures regulation including units of measure, part IV of the Weights and Measures Act 1985 (loose goods) and the Weights and Measures (Packaged Goods) Regulations 2006. This means that NWML is now the national centre of expertise and

excellence for all weights and measures issues. NWML has continued to provide advice and guidance to Trading Standards and business on compliance with the Packaged Goods Regulations, including the publication, in August 2007, of revised guidance and best practice which took into account the feedback we sought and received from business and others on the operation of the new Regulations since they came into force in April 2006.

NWML has represented the UK in a series of negotiations with other Member States and the European Commission on proposals to update the Units of Measurement Directive. We aim to ensure that the revised Directive reflects the UK's needs. Negotiations are continuing but we expect them to be completed later this year with a successful outcome for the UK.

NWML has policy responsibility for quantity labelling, including of foodstuffs. In January 2008 the European Commission published its proposals for a new Regulation on Food Labelling to replace Directive 2000/13/EC. We have been working closely with the Food Standards Agency on a UK response to the European Commission's proposals to ensure that any new Regulation takes account of the interests of UK business and consumers.

British Hallmarking Council

NWML has also taken over sponsorship of the British Hallmarking Council. Hallmarking is a method of safeguarding consumers which involves testing articles made of precious metal and marking them to indicate that they are of a minimum standard of purity. The year proved to be a very busy one in respect of Hallmarking. NWML delivered the policy responsibility in relation to the normal issues of Government representation at the BHC and IHC meetings. In addition, we have dealt with issues of legislative change as a consequence of EU legislation, in particular that of the transposition of the Services Directive and the drafting of the Mutual Recognition Regulation. After much effort a satisfactory outcome was achieved. On the international front the UK has produced a position paper on off-shore and off-site marking, both in relation to Convention and non-Convention countries.

Enforcement

NWML's Enforcement Team works 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.

The team is responsible for all the market surveillance activities undertaken in the UK in accordance with the Non-automatic Weighing Instruments Directive and the Measuring Instruments Directive. In this area of work, the NWML's Enforcement Team assesses the way in which companies place products on the European market and ensure that the products conform to all the legal requirements. The team take action to address any non-conformity and are responsible should any product recalls be necessary. The team co-ordinates at the European level with other Member States' market surveillance authorities.

The team is responsible for the assessment, appointment and ongoing supervision of companies that self verify instruments having manufactured, installed or repaired them. A rolling project of company assessment has continued throughout the year, identifying and actioning any matters that may affect the quality of delivery of self verification services.

We have worked closely with Local Government representatives throughout the year attending and presenting at a wide variety of events and regional forums. This included participation in the initial stages of the LACORS medical weighing project which addresses at a national level the issue of accurate weighing of persons for medical assessment and treatment.

Other activities included a national legal metrology seminar, various co-ordination meetings for national certification bodies and the continuing assessment of the competence of students wishing to become inspectors of weights and measures and work for Local Weights and Measures Authorities.

Personal Data Related Incidents

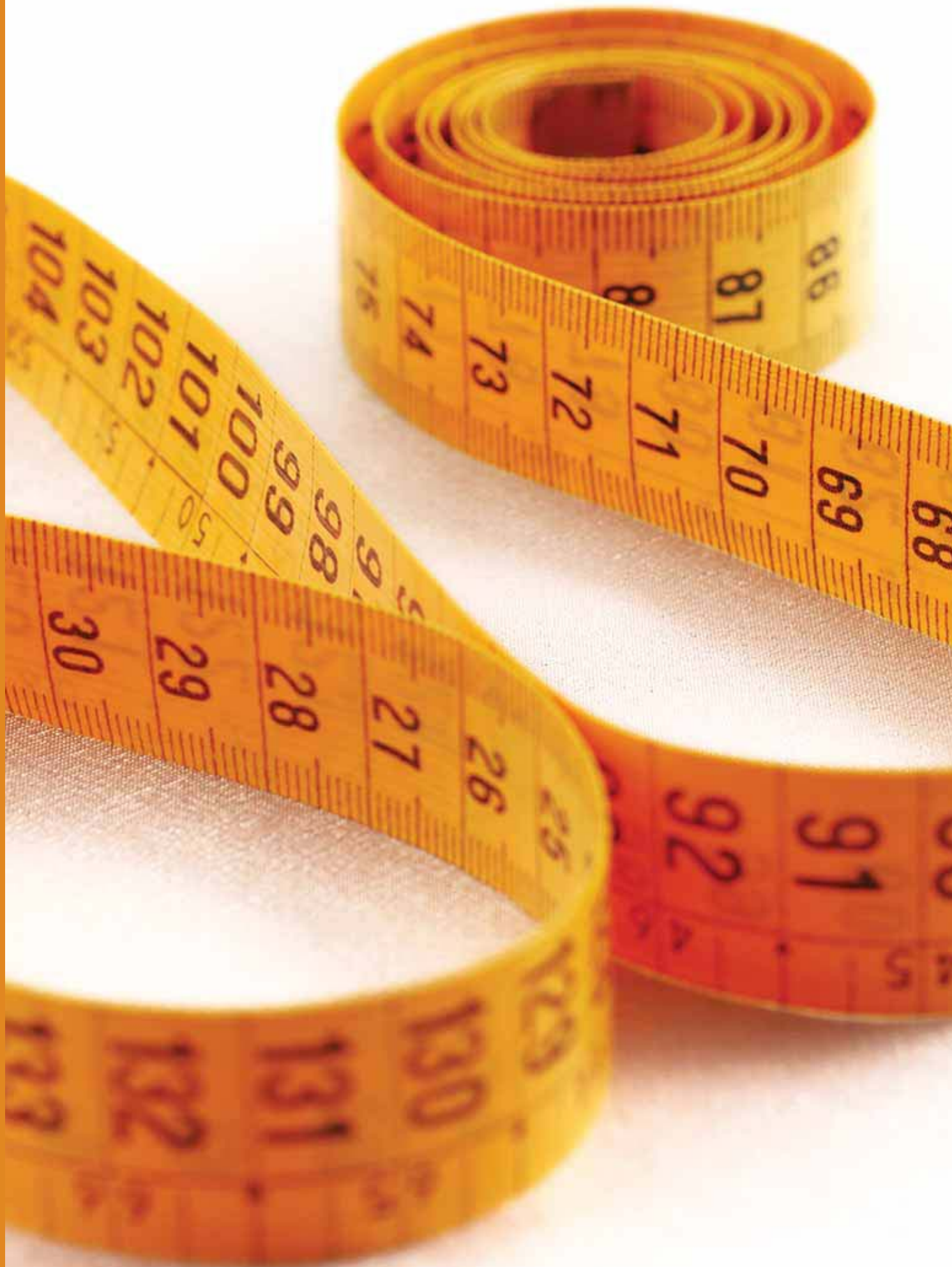
NWML had no protected personal data related incidents during 2007/08 and none during the previous 3 years. During 2007/08 all laptops were encrypted, and removal media confiscated. A new level of security (Protect) was also introduced for records along with guidance to all staff. Planned steps for the coming year include; provision of encrypted memory sticks, guidance for all staff on IT assets and further training for relevant staff. NWML will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvement of its systems.

Looking Forward

The year ahead presents a number of opportunities for the Agency. We expect an increasing level of work for our certification services. We expect to develop our RoHS activities and will be seeking similar opportunities in the future. Following the expected formal transfer of responsibilities for gas and electricity meters we anticipate taking on responsibility for disputed meters. We will also look to extend our field of activity beyond legal metrology where it appears that we are better placed than others to carry out a function. This may include:

- Responsibility for policy development on a wider range of legislation
- Responsibility for other types of instrument covered by the Measuring Instruments Directive
- Enforcement of certain types of legislation
- Collaboration with other public authorities, in particular those involved in type approval

We look forward to the challenge and opportunity that the Hampton Implementation Review will present for the organisation and plans are well advanced for demonstrating we meet the Regulators' Compliance Code. We will be taking forward a number of the recommendations made to reform the weights and measures regime. In addition, we will deliver changes to the specified quantities aspects of the legislation.



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Remuneration Report

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 and 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.

The only senior civil servant is Peter Mason, the Chief Executive. For all other staff members their remuneration is determined by the former 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, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Peter Mason was appointed on a five year term commencing 1 September 2007.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

The Salary and Pension Entitlements

The following section, which is subject to audit, provides details of the remuneration and pension interests of the most senior management (i.e. member of the Management Board) of the Agency.

	Mr Peter Mason Chief Executive (from 1 September 2007)	Dr Jeff Llewellyn Chief Executive (Until 31 August 2007)	Mr Adrian Rudd Director	Mr Iain MacGregor Director (until 31 January 2008)	Mr Richard Sanders Director	Miss Sarah Glasspool Director (from 1 February 2008)	Mr Niall Boyle Director
Salary including performance pay £k (previous year in brackets)	45-50 75-80 full year equivalent	40-45 (75-80) 75-80 full year equivalent	70-75* (70-75)*	40-45 (45-50) 45-50 full year equivalent	55-60 (55-60)	5-10 30-35 full year equivalent	45-50 (45-50)
Accrued pension at pension age at 31/3/08 and related lump sum (£k)	30-35 plus lump sum of 100-105	30-35 plus lump sum of 90-95	15-20 plus lump sum of 50-55	20-25 plus lump sum of 65-70	15-20 plus lump sum of 55-60	0-5 plus lump sum of 5-10	0-5 plus lump sum of 10-15
Real increase in pension and related lump sum at pension age (£k)	0-2.5 plus lump sum of 0-2.5	0-2.5 plus lump sum of 0-2.5	0-2.5 plus lump sum of 0-2.5	0-2.5 plus lump sum of 0-2.5	0-2.5 plus lump sum of 0-2.5	0-2.5 plus lump sum of 0-2.5	0-2.5 plus lump sum of 0-2.5
CETV at 31/3/08 (nearest £k)	773	730	295	561	307	68	56
CETV at 31/3/07 (nearest £k)	657	734	247	487	253	60	40
Real increase in CETV (nearest £k)	4	8	5	13	10	3	8
Employer contribution to partnership pension account (to nearest £100)	0	0	0	0	0	0	0
Benefits in kind (rounded to nearest £100)	0	0	0	0	0	0	0

Due to certain factors being incorrect in last years CETV calculator there may be a slight difference between the final period CETV for 2006/07 and the start of period CETV for 2007/08.

*This includes a pre-existing relocation allowance.

Following a review at the end of 2007 of the way in which the Agency's Corporate Services were delivered, a decision was made to merge the position of Head of Finance and Director of Finance & Resources to create the post of a financially-qualified Finance Director. In consequence, and in accordance with the terms and conditions of the former DTI which still applied, Mr Iain MacGregor was given six months notice of redundancy on 1 January 2008. Mr MacGregor stood down from his position as Director of Finance & Resources and as a member of the Management Board (formerly Executive Team) on 31 January. Miss Sarah Glasspool was appointed Finance Director with effect from 1 February.

Agency Steering Board

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

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

Mr P Mason and Dr David Evans were members of the Steering Board during 2007/08 and were salaried employees of the former DTI and DIUS.

	Full year numbers
NWML	1
Former DTI	2
Private sector	3
	6

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 HM Revenue and Customs as a taxable emolument.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 20 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium**, or **classic plus**); or a 'whole career' scheme (**nuvos**). The statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in

line with changes in the Retail Prices Index (RPI). Members joining from 1 October 2002 may opt for either the defined benefit arrangement or a good quality 'money purchase' stakeholder pension 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**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings 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. **Classic plus** is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 calculated as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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 from a panel of three providers. 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 pension age, or immediately

on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website: 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 to secure pension benefits in another 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 figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits 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 and NWML is unable to identify its share of the underlying assets and liabilities. The scheme Actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). For 2007/08 employers' contributions of £376,060 were payable to the PCSPS (2006/07 - £335,898) at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2008/09 the salary bands will be revised but the rates will remain the same. (The rates will be changing with effect from 1 April 2009). The contribution rates are set to meet the cost of the benefits accruing during 2007/08 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. No member of the senior management have opted to open a partnership pension account.



Mr Peter Mason

9th July 2008

Chief Executive and Accounting Officer



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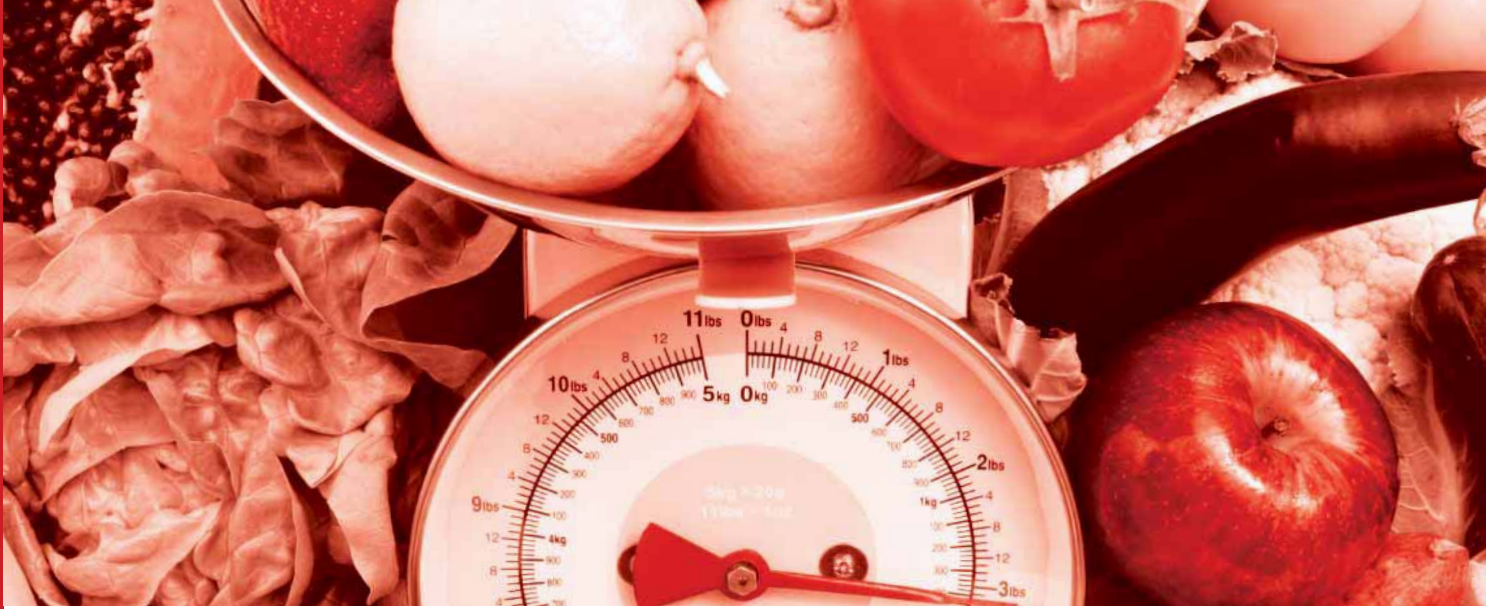
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Ministerial Targets

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 reflect 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.

Targets and Out-turns 2007/2008

Financial Target

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

The target was achieved. A surplus of £286k was reported.

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.

The target was achieved. 57.5% of customers reported that they were very satisfied.

Delivery Targets

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

*This target was achieved.
100% completed within 45 days.*

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

This target was achieved. The average time per job was 24.1 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.

*This target was achieved.
99% completed within 15 working days with an average time of 5 working days.*

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.

*This target was achieved.
100% completed within 30 working days.*

To complete 87% of the milestones scheduled for 2007/08 of the National Measurement System (NMS) Legal Metrology Programme by the due dates.

***This target was achieved.
97.5% of milestones completed
by due dates.***

To complete 85% of the milestones scheduled for 2007/08 of the Ofgem Programme by the due dates.

***This target was achieved.
97% of milestones completed
by due dates.***

To meet ROHS Regulations enforcement contract delivery targets by dates specified in the Memorandum of Understanding with the former DTI.

This target was achieved.

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

***This target was achieved.
No letters covered by this target
were received.***

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.

This target was achieved.

Efficiency Target

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

***This target was not achieved.
An increase of 0.10% was reported.***

Targets set for 2008/2009

Financial Target

To break even, after providing for the Agency bonus scheme, in the Income and Expenditure Account.

Customer Satisfaction Target

To satisfy all its customers as demonstrated by at least 90% of them reporting that they are satisfied with NWML's provision of services.

Delivery Targets

- To complete applications for certification in accordance with agreed customer requirements
- To complete calibration 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
- 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 90% of the scheduled milestones for the year 2007/08 of the National Measurement System (NMS) Legal Metrology Programme by the due dates
- To complete 90% of the scheduled milestones for the year of the Ofgem work programme by the due dates
- To meet ROHS Regulations enforcement contract delivery targets by dates specified in the MOU with BERR
- To meet all administrative, financial and operational obligations under the Measurement for Innovators programme
- Chief Executive to reply within 10 working days to all letters from MPs delegated to him to reply

Efficiency Target

Reduce overhead activity by 3% as measured by hours reported by staff (including agency staff) on activities that are not attributable to performance of customers' agreed work.



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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 NWML 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 NWML, the income and expenditure, 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 Innovation Universities and Skills has designated the Chief Executive as Accounting Officer of NWML.

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 NWML's assets, are set out in *Managing Public Money*, as published by HM Treasury.

Statement on Internal Control

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 departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

In accordance with Managing Public Money I am personally responsible for managing the risks of the Agency and NWML's key risks are set out in its Corporate Plan which is approved by Ministers each year. NWML is a net running cost Executive Agency and reports into the Innovation Directorate of the Department for Innovation, Universities and Skills (DIUS).

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 manage them efficiently, effectively and economically. This system of internal control has been in place in NWML for the year ended 31 March 2008 and up to the date of approval of the annual report and accords with Treasury guidance.

Capacity to Handle Risk

I have appointed a member of the Management Board to act as risk management 'champion' and to be responsible for the maintenance of risk management policies, operations

and profile. Detailed written guidance, which has recently been extensively revised, is provided to managers. This has been supplemented by training in risk management provided to all staff in the Agency.

The Risk and Control Framework

Risk management is built into the Agency's business planning process, which involves all staff in formulating the objectives and activities of the Agency. Risk registers are identified at Business Team level, which are reviewed monthly by the Business Team Managers. The Agency has risk appetite and risk assessment guidance which determines the acceptable level of risk, and any risks which are considered high or very high are considered by the Management Board and included in the Agency's high level risk register. Changes to the Business Team or NWML risk registers are documented.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Agency 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 is in place.

Much of the technical aspects of NWML's functions are subject to external auditing standards, in particular through UKAS accreditation. In addition to this, NWML use internal audit services provided by

BERR Internal Audit, whose programme is considered by NWML's Audit Committee annually. The Audit Committee meets three times a year and considers reports from Internal Audit and the National Audit Office, the Agency's external auditors. The Steering Board of NWML is advised by reports from the Audit Committee.

NWML's controls are cascaded to Business Team level. Operational and financial issues are addressed at monthly meetings attended by both Business Team Managers and the Management Board. Any issues which are seen to be significant are then addressed by the Management Board. Controls are managed through the use of a scorecard derived from the Corporate Plan, which assesses both risk registers and targets at Business Team and Agency levels.

Data Handling Procedures

The cross Government review of data handling procedures has resulted in NWML taking a number of steps to ensure best practice is understood and embedded across the Agency. Data governance arrangements have been strengthened so that all identified data systems have a suitable senior identified data owner in place to ensure the security of data. The Data Security Officer, together with the IT Security Officer, is working with data owners to disseminate centrally produced security information and ensure minimum standards, covering electronic and paper data, are applied. He will also be responsible for reporting any data losses. NWML has also identified all the personal and sensitive data sets across the Agency, set up a sensitive data register and submitted them for inclusion on the DIUS Central Data Register. Internal Audit will be undertaking a review of material holdings of sensitive data, including personal data, in order to provide

the Accounting Officer specific assurance regarding the security of the Agency's information.

NWML is implementing at least the minimum standards with respect to personal data security set out in the document entitled "DIUS Delivery Partners IA Forward Plan 08-09".

Following the loss of an MOD laptop in January 2008, and the Cabinet Secretary's instructions that no unencrypted material containing personal data should be taken outside secured office premises, NWML took the following steps:

- ordered a shutdown of all removable data ports to prevent any personal and sensitive data being downloaded from NWML desktops;
- imposed an immediate ban on removing unencrypted laptops and removable data to NWML offices;
- instigated an immediate recall of all external laptops and removable data to NWML offices;
- installed desktop encryption across NWML resulting in USB ports being re-opened; and
- loaded approved encryption onto non-encrypted laptops.



Mr Peter Mason

9th July 2008

Chief Executive and Accounting Officer

The Certificate and Report of the Comptroller 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 2008 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 Cash Flow 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, the information, which comprises the Directors' Report and Management Commentary, 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 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. This other information comprises the Introduction by the Chief Executive; Organisational Structure; the unaudited part of the Remuneration Report and Ministerial Targets. 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 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

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 2008, and of the surplus, recognised gains and losses and cash flows 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
- information, which comprises the Directors' Report and Management Commentary, 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.

T J Burr

Comptroller and Auditor General

National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS
14th July 2008

Income and Expenditure Account

for the year ended 31 March 2008

	Notes	2008	2007
		£'000	£'000
Income			
Income from activities	2	4,578	4,072
Expenditure			
Staff costs	3	2,518	2,187
Other operating costs	4	1,774	1,422
Total operating costs for the year		4,292	3,609
Surplus for the financial year		286	463

All income and expenditure are derived from continuing operations.

Statement of Total Recognised Gains and Losses

for the year ended 31 March 2008

	2008	2007
	£'000	£'000
Surplus for the financial year	286	463
Net gain on revaluation of fixed assets current year	68	9
Total recognised gains for the financial year	354	472

The notes on pages 50 to 63 form part of the accounts.

Balance Sheet

as at 31 March 2008

	Notes	2008		2007	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	5		1,353		1,224
Intangible fixed assets	6		67		61
Current assets					
Stocks	7	59		53	
Debtors	8	748		342	
Cash at bank and in hand	9	1,695		1,525	
Total current assets		2,502		1,920	
Creditors: amounts falling due within one year	10	(681)		(353)	
Net current assets			1,821		1,567
Total assets less current liabilities			3,241		2,852
Creditors (amounts falling due after more than one year)	10		(10)		-
Provisions for liabilities and charges	11		(30)		-
Net Assets			3,201		2,852
Taxpayers' Equity					
General fund	12		3,049		2,760
Revaluation reserve	13		152		92
			3,201		2,852



Mr Peter Mason

9th July 2008

Chief Executive and Accounting Officer

The notes on pages 50 to 63 form part of the accounts

Cash Flow Statement

for the year ended 31 March 2008

	Notes	2008	2007
		£'000	£'000
Net cash inflow from operating activities	14(a)	362	844
Capital payments	14(b)	(192)	(78)
Financing	14(c)	-	(773)
Increase/(decrease) in cash in the period		170	(7)

Notes to the Accounts

for the year ended 31 March 2008

1. Statement of Accounting Policies

These accounts have been prepared in accordance with the 2007-08 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM 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 FRoM 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 everything over £500 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 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.

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 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 Innovation Universities and Skills. 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. Finance leases are capitalised and depreciation charged to the income and expenditure on a straight line basis in accordance with SSAP21.

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.

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

	2008	2008	2008	2007	2007	2007
	Income	Full cost	Surplus/ (Deficit)	Income	Full cost	Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Intradepartmental	3,152	2,872	280	2,697	2,405	292
Intragovernmental	690	677	13	656	573	83
Statutory	644	623	21	619	567	52
Commercial	92	120	(28)	100	64	36
Total	4,578	4,292	286	4,072	3,609	463

2007 figures have been restated to show RoHS contract has moved from being classified as intradepartmental to being classified as intragovernmental as NWML has moved to DIUS.

Geographical Analysis of Income

The geographical analysis of income is as follows:

	2008	2007
	£'000	£'000
UK	4,309	3,934
USA	89	32
SE Asia	62	48
EU	53	34
Mexico	17	6
Australia	12	-
Africa	8	10
New Zealand	8	-
Canada	7	-
India	7	-
Norway	-	4
West Indies	3	-
Channel Islands	3	-
Turkey	-	3
Other	-	1
	4,578	4,072

3. Staff Costs

a) Staff costs	2008	2007
	£'000	£'000
Wages and salaries	1,933	1,701
Social security costs	163	145
Other pension costs	376	336
Agency staff	46	5
Total	2,518	2,187

b) Average number of full time equivalent staff employed during the year.	2008	2007
Services	16	13
Regulation	21	22
	37	35
Administration	12	11
	49	46

4. Other Operating Costs

Other operating charges comprise:	2008	2008	2007	2007
	£'000	£'000	£'000	£'000
Rentals under operating leases		11		12
Accommodation		518		410
Travel and subsistence		77		70
Telecommunications		17		23
IT		185		171
General administrative expenses		624		431
Non-cash items				
Depreciation	125		122	
Amortisation	17		17	
Loss on disposal of fixed asset	5		6	
Cost of capital charges	51		47	
Notional Audit fee	21		20	
Central overheads	85		84	
Provision provided for in year	30		-	
Permanent diminution in fixed assets	8		9	
		342		305
		1,774		1,422

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
Cost/valuation						
At 1 April 2007	509	1,565	370	160	39	2,643
Additions	-	148	39	14	-	201
Revaluation	31	70	(13)	5	-	93
Disposals	-	(42)	(17)	-	-	(59)
At 31 March 2008	540	1,741	379	179	39	2,878
Depreciation						
At 1 April 2007	(391)	(760)	(197)	(36)	(35)	(1,419)
Charge for year	(8)	(61)	(45)	(10)	(1)	(125)
Disposals	-	35	14	-	-	49
Revaluation	(26)	(11)	8	(1)	-	(30)
At 31 March 2008	(425)	(797)	(220)	(47)	(36)	(1,525)
Net book value						
At 31 March 2008	115	944	159	132	3	1,353
At 1 April 2007	118	805	173	124	4	1,224

Note: Scientific equipment at 31 March 2008 includes a finance lease of which the net book value was £42k and depreciation charge in the year of £2k. There were no finance leases as at 31 March 2007.

6. Intangible Fixed Assets

	Purchased software licences
	£'000
Cost/valuation	
At 1 April 2007	146
Additions	25
Revaluation	(6)
Disposals	(3)
At 31 March 2008	162
Amortisation	
At 1 April 2007	(85)
Charged in year	(17)
Revaluation	4
Disposals	3
At 31 March 2008	(95)
Net book value at 31 March 2008	67
Net book value 1 April 2007	61

7. Stock and Work in Progress

	2008	2007
	£'000	£'000
Work in Progress	59	53
	59	53

8. Debtors

a) Analysis by type	2008	2007
	£'000	£'000
Trade debtors	375	112
VAT debtors	14	-
Other debtors	4	6
Prepayments and accrued income	355	224
	748	342

b) Intra-Government balances	2008	2007
	£'000	£'000
Balances with other central government bodies	440	67
Balances with local authorities	96	18
Balances with bodies external to government	212	257
Total debtors at 31 March	748	342

9. Cash at Bank and in Hand

Balance at 1 April 2007	Net cashflows	Balance at 31 March 2008
£'000	£'000	£'000
1,525	170	1,695

Note: The balance is held at the Office of HM Paymaster General.

10. Creditors

a) Analysis by type

Amounts falling due within one year	2008	2007
	£'000	£'000
Trade creditors	217	97
Intra department creditor	215	-
VAT creditor	-	17
Other creditors	99	57
Accruals and deferred income	131	182
Current part of finance lease	19	-
	681	353
Amounts falling due after more than one year		
Finance lease	10	-
	10	-

b) Intra-Government balances

	2008	2007
	£'000	£'000
Balances with department	215	-
Balances with other central government bodies	87	71
Balances with local authorities	-	6
Balances with bodies external to government	389	276
	691	353

11. Provisions for Liabilities and Charges

A provision has been recognised in the accounts during 2007/08, none of which has been used. It is expected that it will be used during 2008/09. This provision relates to a claim made by an employee of the organisation for injuries sustained on NWML premises. The provision is based on information provided by solicitors and is the estimated cost of settlement including legal costs.

	£'000
Balance at 1 April 2007	-
Provided for in the year	30
Balance at 31 March 2008	30

12. General Fund

	2008	2007
	£'000	£'000
Balance at 1 April	2,760	2,821
Contribution to the former DTI	-	(773)
Intradepartment balance transferred to creditors	(162)*	-
Surplus for the financial year	286	463
Other notional and non-cash costs	157	151
Disposals	3	-
Realised element of revalued assets	5	18
Asset Review	-	80
Balance at 31 March	3,049	2,760

* This includes the contribution (to)/from the former DTI for 2005-06 and 2006-07, which is now payable to DIUS. This has been transferred to the intra department creditor, along with the current year intra department creditor, to correspond with the intra department debtor in the DIUS accounts.

13. Revaluation Reserve

	2008	2007
	£'000	£'000
Balance at 1 April	92	96
Surplus on revaluation	68	14
Disposals	(3)	-
Realised element of revalued assets	(5)	(18)
Balance at 31 March	152	92

14. Note to the Cash Flow Statement

a) Reconciliation of surplus to operating cash flow	2008	2007
	£'000	£'000
Surplus	286	463
Adjustments for non-cash transactions	342	305
(Increase)/Decrease in stocks	(6)	1
(Increase) in debtors	(406)	(62)
Increase in creditors	308	137
Transfer from general reserve	(162)	-
Net cash inflow from operating activities	362	844

b) Analysis of capital payments	2008	2007
	£'000	£'000
Payments to acquire tangible fixed assets	(172)	(160)
Less amounts to general reserve	-	80
Payments to acquire intangible fixed assets	(25)	-
Receipt from sale of fixed assets	5	2
	(192)	(78)

c) Analysis of financing	2008	2007
	£'000	£'000
Receipts	-	2
Operating costs	-	771
	-	773

15. Capital Commitments

There were no capital commitments authorised or contracted as at 31 March 2008.
(2007 – Nil)

16. Commitments Under Leases

16.1 Operating 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.

	2008	2007
	£'000	£'000
Office equipment		
Expiry within 1 year	-	1
Expiry after 1 year but not more than 5 years	6	2
More than 5 years	1	-
Motor vehicles		
Expiry within 1 year	-	-
Expiry after 1 year but not more than 5 years	3	-
	10	3

16.2 Finance leases

Obligations under finance leases are as follows.

Amounts payable:	2008	2007
	£'000	£'000
In the next year	19	-
In the next 2 - 5 years	10	-
	29	-

17. Other Financial Commitments

NWML has not entered into any non-cancellable contracts.

18. Related Party Transactions

NWML is an Executive Agency of the Department for Innovation, Universities and Skills (DIUS), and DIUS 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, Management Board members or associated bodies of these members, members of the key management staff or other related parties have undertaken any material transactions with NWML.

19. Post Balance Sheet Events

There are no post balance sheet events. The financial statements have been authorised for use by the Accounting Officer on 14 July 2008.

20. Contingent Liabilities

There were no contingent liabilities as at 31 March 2008.

21. 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 FRS 13 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 FRS 13, 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 DIUS 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. It has no investments and only one finance lease, incurring no interest charges. It is therefore not subject to interest rate risk.

Foreign Currency Risk

NWML does carry out transactions with the US, Japan 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.

Introduction
Directors' Report
Organisational Structure
Management Commentary
Remuneration Report
Ministerial Targets
NWML Accounts
Contacts and Glossary



Contacts and Glossary

Contacts and Glossary

Contacts

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Website:

www.nwml.gov.uk

Glossary: Abbreviations

ACB Accredited Certification Body

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

AWI Automatic Weighing Instrument

BERR The Department for Business, Enterprise and Regulatory Reform

BSI British Standards Institute

CIML International Committee of Legal Metrology

DFID Department for International Development

DIUS Department for Innovation, Universities and Skills

DTI Department of Trade and Industry

FEF Forecourt Equipment Federation

LACORS Local Authority Co-ordinating Body for Regulatory Services

LBRO Local Better Regulation Office

LGC Independent UK Chemical Analysis Laboratory

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

PRA Petrol Retail Association

RAW OIML Recommendations for Automatic Weighing Instruments

RoHS Restriction of the use of Certain Hazardous Substances

TSI Trading Standards Institute

TSO Trading Standards Officer

UKAS United Kingdom Accreditation Service

UKPIA United Kingdom Petroleum Industry Association

WELMEC European Cooperation in Legal Metrology

Glossary: Technical Terms

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

Affirmation that a weighing or measuring instrument is suitable for use for trade or complies with requirements in a Directive or Act

Verification

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

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