



BRITISH HALLMARKING COUNCIL

Annual Report and Accounts
for the year ended 31 December 2013



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**Accounts presented to Parliament pursuant to Paragraph 19 of Schedule 4 of the
Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000
(Audit of Public Bodies) Order 2003**

Annual Report presented to Parliament by Command of Her Majesty

Ordered by the House of Commons to be printed

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BRITISH HALLMARKING COUNCIL

REPORT OF THE CHAIRMAN - 2013

Introduction

In my second annual report as Chairman of the British Hallmarking Council, it is disappointing to report that the position in the world of hallmarking has not improved significantly during 2013. I regret to report that the total number of articles hallmarked during 2013 shows a small overall decline from 9,323k items in 2012 to 9,156k items in 2013.

The positive message to read into these numbers, however, is that the rate of decline has definitely slowed and that, coupled with the assay offices reporting informally that they ended the year in an improving position, might lead one to believe that growth in the market may not be far away.

That is not to say that the very difficult trading conditions reported by the assay masters do not continue to prevail. Margins remain under extreme pressure and costs are increasing at a higher rate than can be recovered through price increases or greater operational efficiencies, something common to many industrial and service sectors.

All the assay offices have continued to work hard to contain costs, to seek ever better and more efficient ways of doing what they do so well, but there comes a time when one simply cannot do more. So, until the UK economy emerges strongly from the depths of the worst recession in living memory, these annual reports will not contain the good news which we would all wish them to.

Looking at the statistics contained in the appendices to this report, the small fall in the number of palladium items hallmarked following two years of sustained growth is, hopefully, a marking of time rather than a reflection of that metal's market size. The fall in the number of gold and silver articles perhaps reflects the still relatively high price of both metals and so, again hopefully, 2014 may see a reversal in the downwards trend as the price of those raw material continues to fall. It should be noted that platinum is the one metal to show an increase in the number of articles hallmarked.

To counter this difficult market, all the assay offices have continued to pursue other business opportunities, albeit activities related to those core skills where their statutory function lies, such as additional analytical work. However, towards the end of the year, they all reported a falloff in the amount of smelting work which had become an important part of their business models. Whether this is a temporary situation or a longer term trend remains to be seen.

As in previous years, all of the assay offices have reported continuing support for the Trading Standards Departments in their work of monitoring and enforcing compliance with the law in respect of hallmarking. To this end the Touchstone Award was run again in 2013 as is reported below. The success of the Award is such that the assay offices have agreed to underwrite the costs for a further year.

British Hallmarking Council membership

There have been no changes in the membership of the Council during the year. The next cycle of appointments or re-appointments commences during 2015 and will be effective from January 2016.

However I cannot let this report pass without mentioning the departure of one of the NMO representatives, Paul Cole, who retired during the course of the year and attended his last meeting in April. NMO representatives are not members of the Council, but attend its meetings. Paul's association with hallmarking spanned nearer three than two decades: firstly whilst at what was the DTI, now BIS, when the BHC sponsor was that department; secondly when he moved to the NMO shortly before that body became the sponsor for the Council. His considerable knowledge and experience has been invaluable and for that we thank him. We look forward to welcoming his replacement, Fiona Birchall, to her first meeting in spring 2014.

Likewise I would like to highlight the fact that, for the first time for several years, there is to be a change in one of the assay masters: Michael Allchin, Assay Master of the Birmingham Assay Office is to retire in early 2014, so the AGM of the Council held at the Birmingham Office, in October was

his last meeting. On behalf of the Council, I take this opportunity to thank him for his significant contribution to the work of the Council since his appointment. Although not a member of the Council, he has never failed to contribute effectively on behalf of his assay office at its meetings and, importantly, further the interests of the Council and UK Hallmarking generally in a number of national and international arenas. Michael, together with the other three assay masters, was a member of the Council's Technical Committee, which advises and makes recommendations on technical, hallmarking matters referred to it by the Council, where his expertise was highly valued. We wish him all the best for the future and look forward to welcoming his successor, Stella Layton.

UK Sub-Offices and On-Site Hallmarking

The subject of sub-offices and on-site hallmarking is referred to in some detail in the Governance Statement which follows later on in this report. Applications were granted by the Council in 2013 to the Birmingham Assay Office and the London Assay Office in April and October respectively. Birmingham Assay Office was granted approval to open a new sub-office at the premises of Hockley Mint Co. Ltd in Birmingham. London Assay Office was granted approval to open a sub-office at the premises of Allied Gold Ltd in London.

Overseas Marking

As reported in last year's report, the assay offices can now operate on a "level playing field", competing with some of their overseas counterparts who have had the ability for many years to open and operate overseas sub-offices. At the time of writing this report, one application to open an off-shore facility was received during 2013 and subsequently withdrawn, however a further application has been received and will be considered at the April 2014 meeting of Council.

These two applications have enabled the Council's Applications Committee to review both the guidelines and protocols by which applications for off-shore offices are determined and those which apply to on-shore applications. The result has been harmonisation of the procedures so that they are, to all intents and purposes, identical, risk based and "light touch" regulation as is required of all regulators. Balanced against that, of course, is the requirement to ensure that the very high standards of hallmarking achieved by the assay offices are maintained both on and off shore.

Inspection by the Royal Mint

At the date of writing this report, the Royal Mint had not issued its inspection reports.

Enforcement

Section 9(1) of the Hallmarking Act provides "it shall be the duty of every Local Weights and Measures Authority to enforce the provisions of this Act within their area". This means that within each Local Authority, the Trading Standards Department has the responsibility for enforcing hallmarking legislation.

Like many other activities, enforcement is subject to the financial constraints facing all local authorities. In addition, enforcement of hallmarking has to be considered along with the many other enforcement responsibilities which are the duty of the Trading Standards Service. Further, in some regions, the low quantum of fines imposed on offenders by the courts may have the effect of diminishing the deterrent value of enforcement activity.

However, it continues to be the case that enforcement activities undertaken, particularly those involving inspection of retail premises, have proved more efficient when conducted by Trading Standards Service staff in conjunction with staff from the assay offices. Such direct enforcement in the market place ensures fair trading between traders and provides important protection for consumers, essential where without a hallmark, the consumer is generally unable to determine the fineness of an article made from precious metal.

In my report for 2012, I referred to the creation of the Touchstone Award, devised to highlight and encourage Trading Standards Services' enforcement of hallmarking. 2013 saw the second year of the award being presented to a Trading Standards Team for outstanding work: it was awarded to North Ayrshire Council for uncovering and successfully prosecuting fraudulent activities which had caused financial harm and personal distress to a number of consumers. The Touchstone Award was presented by me to North Ayrshire Trading Standards representatives in June at the Trading

Standards Institute Annual Conference dinner and again to the Provost of North Ayrshire Council at a meeting of the full Council in December.

Finance

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

Prices for Assaying and Hallmarking

The Council fixes the maximum charges which may be made for assaying and hallmarking. These were left unchanged during 2013.

Date Letter

The date letter is an optional mark and for 2014 is "P".

Statistics

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

The total number of items marked in the year was 9,156, 000.

General Equality Duty

The Council is subject to the public-sector equality duty under the Equality Act 2010 s149. The Council is therefore required, in the exercise of its functions, to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not. The Council is not a body designated to discharge specific duties under the Equality Act 2010 s149.

Publication Scheme

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

Conclusion

To conclude this report I would like to express my thanks to a number of people: the officers of the assay offices for their support during the course of the last year; the members of the Council for their contribution during 2013 and in particular those who have actively participated in one or other of the Council's sub-committees; the representatives from the National Measurement Office whose guidance on the ways of government continues to be invaluable; and finally but by no means last, our very capable secretary, Geraldine Swanton, without whom the role of chairman would be nigh on impossible and the BHC not so well served.

Signed

Christopher J Jewitt
Chairman for the year ended 31 December 2013.

Date : 7 April 2014

BRITISH HALLMARKING COUNCIL

MEMBERS OF THE COUNCIL

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

Chairman

Mr Christopher Jewitt D.L. is Chairman of Sheffield-based hand tool manufacturing company, Footprint Sheffield Limited. Prior to becoming Chairman, he was Chairman of the Guardians of the Sheffield Assay Office. He is also a past Master Cutler of the Company of Cutlers in Hallamshire and is a Deputy Lieutenant of the County of Yorkshire.

Members appointed by former DTI(now BIS):

Mr Bryn Aldridge is a former Director of Trading Standards and Veterinary Services for the City of London Corporation and is a Code Panel Member for the Retail Energy Association.

Mr Robert Grice was a Trading Standards Professional for nearly 40 years, retiring as Chief Officer of the Service in 2006. He has an MSc in Criminal Justice and following retirement was, for almost six years, an Assistant Divisional Training Officer for West Yorkshire Police in a part-time capacity. Robert is a long-standing Guardian of the Sheffield Assay Office.

Mr Andrew Hinds is a Director of F Hinds and has worked in the business full time since 1989. He is also the Vice Chairman and Board Member of the National Association of Goldsmiths. He is a Freeman of the Worshipful Company of Goldsmiths and Fellow of the Gemmological Association.

Mr Derek Lassetter has been involved with the manufacture and supply of precious metals to the jewellery and silversmithing trades in the UK and overseas for over 40 years. A former Director of Argex Ltd and Manager at Johnson Matthey, he retains a consultant interest in the trade in addition to serving as a Board Member of a Housing Association and as an independent member of an NHS Medical Research Ethics Committee.

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

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

Ms Helen O'Neill is a director of The PMC Studio Ltd, the distributor of Precious Metal Clay in the UK and Ireland. Following a degree in European Business, she worked in international marketing for 20 years in various industry sectors. Currently she is also National Committee Member of the British Jewellers' Association (BJA).

Mr John Pearce is a professional jewellery designer and manufacturer. He founded Johnny Rocket Ltd in 1997 and has developed the company so that it is now a very well known brand in celebrity circles.

Mr David Sanders is a former senior trading standards officer who has acted for various authorities.

Mr David Thurston was formerly Head of Legal Services for Sainsbury's and a trustee of its pension scheme before being appointed as a founder board member of the Local Better Regulation Office. He is a magistrate and family court justice in Sussex. He holds degrees in law and natural sciences

Assay Office Representatives (London):

Mr Dick Melly is the Clerk of the Goldsmiths Company.

Mr Grant Macdonald is the Chairman of the Worshipful Company of Goldsmiths Assay Office management committee. He is managing director of Grant Macdonald (Silversmiths) Ltd, London

Assay Office Representative (Sheffield):

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

Assay Office Representatives (Birmingham):

Ms Kate Hartigan is the Chairman of the Guardians of the Birmingham Assay Office, and Managing Director for Schaeffler.

Assay Office Representative (Edinburgh):

Mr John Stirling is law clerk to Edinburgh Assay Office and a solicitor in Edinburgh.

Co-Opted Members:

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

Mr Chris Heaton is Chairman of the Guardians of the Sheffield Assay Office. He is a Chartered Accountant and a Main Board Director of OSL Group Holdings, with responsibility for its automotive divisions. He is also a Director of Charterfields Limited, an international asset valuers headquartered in Sheffield.

Assay Masters (entitled to attend):

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

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

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

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

THE BRITISH HALLMARKING COUNCIL

MAXIMUM CHARGES

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

	Maxima P	Band P
GOLD		
Bracelets, Necklets, Chains under 5 grams	45p + 1.5 p/g	46.5 - 52.5
Bracelets, Necklets, Chains under 10 grams	"	52.5 - 60.0
Bracelets, Necklets, Chains under 30 grams	"	60.0 - 90.0
and for every further 20 grams	"	
Locketts, Brooches	"	
Earrings	"	
Cuff Links	"	
Rings	"	
Other Articles: under 2 grams	"	46.5 - 48.0
under 10 grams	"	48.0 - 60.0
under 20 grams	"	60.0 - 75.0
under 50 grams	"	75.0 - 120.0
and for every further 10 grams	"	
Gold Articles (second-hand)	£6.00	
Minimum charge for any parcel	£20.00	
SILVER		
Articles 20 grams and under	45p + 1.5 p/g	57.0 - 75.0
Over 20 grams per 100 grams	"	
Articles less than 10 grams each submitted in identical batches of more than 50	"	57.0 - 60.0
Chain work: under 15 grams	"	57.0 - 67.5
under 30 grams	"	67.5 - 90.0
30 grams and over	"	
Handles (stamped)	"	
Clad Glasswear	"	
Filled Electroforms	60p + 2.0 p/g	
All second-hand articles	£6.00	
Minimum charge for any parcel	£20.00	
PLATINUM		
Platinum articles will be charged at double the rate applicable to Gold articles		
Minimum charge for any parcel	£20.00	

APPENDIX 2

WEIGHT IN KILOGRAMS OF ARTICLES DEALT WITH BY ALL THE ASSAY OFFICES FOR 2012 and 2013

QUARTER	GOLD												SILVER		PLATINUM		PALLADIUM	
	999		980		916		750		585		375		2013	2012	2013	2012	2013	2012
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012						
FIRST	18	15	0	0	652	737	1,085	1,239	85	109	2,543	2,802	13,391	17,540	486	513	185	199
SECOND	10	15	1	2	799	783	1,256	1,368	83	93	2,523	3,193	14,111	18,073	518	553	208	298
THIRD	11	2	1	1	999	746	1,440	1,284	111	90	2,938	2,964	17,813	18,541	599	477	184	180
FOURTH	4	12	0	0	895	672	1,904	1,562	129	125	4,416	3,635	20,732	21,776	574	449	161	160
Cumulative total to date	43	44	2	3	3,345	2,938	5,685	5,453	408	417	12,420	12,594	66,047	75,930	2,177	1,992	738	837

**NUMBERS OF ARTICLES DEALT WITH BY ALL THE ASSAY OFFICES FOR
2012 AND 2013**

QUARTER	ALL ARTICLES -1000 units		GOLD ARTICLES - 1000 units		SILVER ARTICLES - 1000 units		PLATINUM ARTICLES - single units		PALLADIUM ARTICLES - single units	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
FIRST	1,807	2,029	795	886	925	1,050	59,764	62,666	27,261	30,287
SECOND	1,861	2,150	832	1,038	933	1,006	63,977	60,623	32,335	45,736
THIRD	2,314	2,257	1,029	1,004	1,185	1,162	69,989	63,279	30,674	27,779
FOURTH	3,174	2,888	1,443	1,219	1,646	1,593	63,835	54,494	20,750	21,587
TOTAL	9,156	9,324	4,099	4,147	4,689	4,811	257,565	241,062	111,020	125,389

PERCENTAGE FIGURE FOR THE ABOVE TOTALS FOR EACH ASSAY OFFICE

OFFICE	ALL ARTICLES	GOLD ARTICLES	SILVER ARTICLES	PLATINUM ARTICLES	PALLADIUM ARTICLES
	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>
LONDON	31	35	28	38	22
BIRMINGHAM	32	35	28	41	44
SHEFFIELD	21	24	18	17	30
EDINBURGH	16	6	26	4	4

**CONVENTION ON THE CONTROL & MARKING OF ARTICLES
OF PRECIOUS METAL**

UNITED KINGDOM

YEAR TOTAL 2013

	GOLD	SILVER	PLATINUM	PALLADIUM	TOTALS
London	681,906	517,984	31,928	6,977	1,238,795
Birmingham	516,684	387,469	35,355	9,529	949,037
Sheffield	544,942	491,714	13,473	6,625	1,056,754
Edinburgh	7,643	130,945	0	0	138,588
TOTALS	1,751,175	1,528,112	80,756	23,131	3,383,174

BRITISH HALLMARKING COUNCIL

Accounts

31 December 2013

ACCOUNTS 2013

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ACCOUNTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

Chairman

Christopher Jewitt

Secretary and Accounting Officer

Geraldine Swanton

Bankers

Lloyds TSB Bank Plc
125 Colmore Row
Birmingham
B3 3AD

Solicitors

SGH Martineau LLP
No. 1 Colmore Square
Birmingham
B4 6AA

Auditors

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

FOREWORD TO THE ACCOUNTS

Year ended 31 December 2013

Preparation of accounts

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

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

History, statutory background and principal activities

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

Financial Reporting Manual disclosure requirements

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

Results for the year

The results for the year are set out on page 24. The costs of the British Hallmarking Council are funded by contributions from the assay offices in London, Birmingham, Sheffield and Edinburgh in accordance with the Hallmarking Act 1973. Any additional income collected by the Council reduces the Assay Offices' contributions.

FOREWORD TO THE ACCOUNTS

Year ended 31 December 2013

(Continued)

Council members

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

Bryn Aldridge
Simon Batiste
Robert Grice
Kate Hartigan
Chris Heaton
Andrew Hinds
Christopher Jewitt
Derek Lassetter
Adrian Levett
Grant Macdonald
Dick Melly
Eric Melrose
Tom Murray
Helen O'Neill
John Pearce
David Sanders
John Sterling
David Thurston

Chairman

Chairman of Sub-Office Applications Committee

FOREWORD TO THE ACCOUNTS
Year ended 31 December 2013
(Continued)

Duties of Council members

The function of the British Hallmarking Council is set out in the Hallmarking Act 1973. Individually Council members contribute to the fulfilment of that function through their participation at meetings - usually twice a year. In addition, Council members may serve on working parties to consider various topics from time to time, and there is also a standing sub-Committee, made up of Council members, to deal with individual applications by assay offices for permission to open a sub Office. The members of the Council's Technical sub-Committee are the four assay members who are not members of the Council.

Disclosure of Council members' interests

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

Payment policy

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

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

The BPPC target is to pay all undisputed supplier invoices within 30 days, unless other payment terms have been agreed. This target was achieved in relation to 41% (2012 23%) of invoices by value because of delays in settling invoices from SGH Martineau LLP.

Employees

The British Hallmarking Council does not have any employees.

Auditors

The statement of accounts has been audited by the Comptroller and Auditor General. The auditors are appointed under statute and report to Parliament. The audit fee for the year ended 31 December 2013 is £ 3,000 (£3,000 in 2012). No other services were provided.

Personal data

The British Hallmarking Council is registered as a data controller under number Z3489143. There have been no personal data loss incidents during the year 2013.

Future developments

For 2014, the specific objectives of the British Hallmarking Council are described in the Council's Corporate Statement.

Post-Statement of Financial Position

There are no events after the reporting period which might affect the understanding of the statement of accounts.

Going Concern

The British Hallmarking Council remains a going concern.

Geraldine Swanton

Secretary and Accounting Officer

Date: 7 April 2014

Christopher Jewitt

Chairman

Date: 7 April 2014

STATEMENT OF COUNCIL AND ACCOUNTING OFFICER'S RESPONSIBILITIES
Year ended 31 December 2013

Under the Hallmarking Act 1973 (as amended), the Secretary of State with the approval of Treasury, has directed the British Hallmarking Council to prepare a statement of accounts each financial year in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Council's state of affairs at the period end and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Secretary of State, including relevant accounting and disclosure requirements, and apply accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departure in the financial statements; and
- prepare the financial statements on a going-concern basis, unless it is inappropriate to do so.

The Principal Accounting Officer for the Department for Business Innovation & Skills appointed the Secretary of the Council as Accounting Officer on 13 February 2012, with effect from 3 October 2011. Her relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for keeping proper records, are set out in HM Treasury's "Managing Public Money" Chapter 3.

GOVERNANCE STATEMENT

Year ended 31 December 2013

Scope of responsibility

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

My appointment as Accounting Officer was confirmed by the Department for Business, Innovation & Skills, the Council's sponsoring Department (BIS), on 13 February 2012. The appointment letter sets out the specific responsibilities of the Accounting Officer in respect of internal control matters.

On 26 March 2010, the Council adopted the Model Code of Practice for Board Members of Advisory Non-Departmental Public Bodies issued by the Cabinet Office, which was replaced by the Model Code of Conduct for Board Members of Public Bodies, June 2011 and adopted by the Council on 7 April 2014 ("the Code"). The Code is based on Cabinet Office Guidance on 'Codes of Practice for Board Members of Public Bodies' issued in 2004 ("the Guidance"). The Guidance incorporates my responsibilities as Accounting Officer towards the overall management of the Council, its procedures and financial matters.

Governance structure

The composition of the Council is determined by the Hallmarking Act 1973 Schedule 4. The maximum number of members is nineteen and the minimum is sixteen. Ten members are appointed by the Secretary of State, at least three of whom have experience of consumer protection, four of whom are engaged in trading or manufacture of precious metal and the others are of independent status. Six members of the Council are assay-office appointees, two from the Birmingham and London Assay Offices and one each from the Sheffield and Edinburgh Assay Offices. Two further members are co-opted to the Council and such members are usually recommended by the Sheffield and Edinburgh Assay Offices. The assay masters and other employees of the four assay offices are entitled to attend and speak at Council meetings, but may not vote.

The Council meets twice a year, in April and October. Members' attendance or non-attendance is noted at each meeting and documented in the minutes.

At the date of my appointment to the Council, there were two sub-committees, the Applications Committee and the Education & Enforcement Committee. The latter was an *ad hoc* committee which met to consider specific enforcement issues that arose and devised initiatives to raise public awareness of the hallmarking regime. It was dissolved by the Council in April 2013, because the view of Council was that matters within the Committee's remit, in particular enforcement, were better dealt with by the full Council.

The Application Committee is made up of four Secretary-of-State-appointed members of the Council and its remit is to consider applications by the assay offices to set up sub-offices or otherwise engage in off-site hallmarking (e.g. on customers' premises) and to make recommendations accordingly to the Council. Hence, while the Council grants or refuses applications with respect to setting up sub-offices in accordance with the Hallmarking Act 1973 s13(2)(e), responsibility for the administration of the approvals scheme has been delegated to the Applications Committee. The Applications Committee has issued criteria and protocols for setting up sub-offices, as well as for component and off-shore marking, all of which were approved by the Council. In April 2012, the Council further delegated authority to the Applications Committee to consider applications for temporary sub-offices, in accordance with the Council's powers of delegation under the Hallmarking Act 1973 Schedule 4 par 15. In October 2012, the Council accepted the Applications Committee's recommendation (i) to apply to applications for sub-offices overseas the current control process for new UK sub-offices/component marking and (ii) to apply the control processes in (i) to existing sub-offices. The Applications Committee provides a report of its activities at each meeting of the Council.

Schedules 1 and 2 of the Hallmarking Act 1973 make detailed provision for various technical aspects of the hallmarking regime. From time to time, queries arise concerning the practical application of those provisions, which can only be properly addressed by individuals with the relevant, technical hallmarking expertise. At its October 2012 meeting, the Council approved in principle the creation of a Technical Committee in accordance with the Hallmarking Act 1973 Schedule 5 paragraph 15, to address those technical matters in the relevant Schedules. Terms of reference for the Technical Committee were agreed by the Council at its meeting on 15 April 2013. The Technical Committee's remit is to consider and make recommendations to the Council regarding the interpretation and application of the provisions relating to the technical aspects of hallmarking as set out in the Hallmarking Act 1974 Schedules 1 and 2; to consider and make recommendations on any specific, technical matters referred to it by the Council; and to make decisions on such technical matters within its remit as are specifically delegated to it by the Council. The Technical Committee, whose members are the four assay masters, will be required to report to the Council at its April and October meetings.

Review of Council performance

A system of appraisal of individual members appointed by the Secretary of State has been developed and is conducted by the Chairman. These members are assessed by the Chairman in respect of their understanding of the statutory obligations of the Council, their contribution to the discharge of those responsibilities, attendance at meetings, preparedness, participation in debates, acceptance of collective responsibility. As the Council meets only twice a year, the appraisals are conducted every three years to inform the Secretary of State's decision whether to reappoint the individual member for another term.

Risk and the purpose of the system of internal control

The Chairman, at the beginning of this Annual Report and Accounts, highlights some of the potential risks posed to the hallmarking regime and, hence, indirectly to the Council. The amendment to the Hallmarking Act 1973 permitting overseas hallmarking is a new opportunity for the assay offices to extend their activities, but will also challenge the systems and protocols developed by the Council to ensure that the high standards of hallmarking are maintained in the assay offices' overseas facilities. Finally, budget constraints on local authorities as a result of reduced funding, together with the low quantum of fines sometimes imposed for hallmarking offences, have reduced the appetite amongst some Trading Standards Departments for enforcement of hallmarking legislation.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risk to the achievement of Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the British Hallmarking Council for the year ended 31 December 2013 and up to the date of approval of the annual accounts, and accords with Treasury guidance.

Capacity to handle risk and the risk and control framework

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

- Council meetings, which I attend, are usually held twice a year to discuss the activities of the Council and to review or assess the impact of existing and proposed legislation, together with relevant government policy, on the Council. Representatives from the assay offices and the National Measurement Office (NMO), an executive agency for BIS, regularly attend Council meetings.
- The Chairman and I work closely throughout the year to monitor Council-related matters and to appraise Council members accordingly. We also liaise regularly with the assay offices to keep abreast of issues relevant to hallmarking. The Chairman and I are in

frequent contact with the NMO to ensure that there is a proper flow of information and government policies affecting the Council are appropriately implemented.

- The annual budget is approved by the Council. SGH Martineau LLP prepare and maintain accounting records under my supervision and any payments made to this firm for all services provided are independently approved by the Chairman and disclosed separately in the financial statements. Invoices for payment to this firm approved by the Chairman are supported by detailed narratives of expenditure.
- Actual expenditure is reviewed in comparison with the annual budget by the Council and is approved by the Council when the statement of accounts is approved.
- The Council does not have an internal audit function or audit committee but the Council will consider matters which have an impact on internal control and the financial statements. This arrangement is considered sufficient for the size and extent of the Council's operations.
- Assay offices are required annually to issue viability statements indicating their ability to provide hallmarking services for the next twelve months, and by implication, to generate income to apply to the Council's costs.
- The Council has no staff or assets and hence its contractual arrangements and related payments are minimal. The vulnerability of the Council to fraud is therefore correspondingly low. Any payments to third parties are approved by me and are made to known contacts. Payments made to SGH Martineau LLP are, as already indicated, supported by detailed narratives and approved by the Chairman.

Review of effectiveness

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

A Corporate Statement was agreed between Council and the National Measurement Office and signed on 5 March 2011. A copy of the latest Corporate Statement 2014, which will shortly be submitted for approval to the National Measurement Office, but has not yet been signed at the date given below, is available from me.

Geraldine Swanton
Secretary and Accounting Officer

Date: 7 April 2014

BRITISH HALLMARKING COUNCIL

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

I certify that I have audited the financial statements of the British Hallmarking Council for the year ended 31 December 2013 under the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Council, Accounting Officer and auditor

As explained more fully in the Statement of the Council and Accounting Officer's Responsibilities, the Council and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the British Hallmarking Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the British Hallmarking Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the British Hallmarking Council's affairs as at 31 December 2013 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion the information given in the Report of the Chairman and the Foreword to the Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements

Amyas C E Morse
Comptroller and Auditor General

Date 28 April 2014

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

**Statement of Comprehensive Net Expenditure
for the year ended 31 December 2013**

	Note	2013 £	2012 £
Expenditure			
Staff costs	3		-
Other expenditures	4	<u>(66,475)</u>	<u>(73,669)</u>
Income			
Income from Activities	5	66,467	73,663
Other income		<u>-</u>	<u>-</u>
		<u>66,467</u>	<u>73,663</u>
Net expenditure		(8)	(6)
Interest receivable		<u>8</u>	<u>6</u>
Net Expenditure after interest		<u>-</u>	<u>-</u>

Statement of Changes in Taxpayers Equity

	2013 £	2012 £
Balance at 1 January	-	-
Net expenditure	-	-
Balance at 31 December	-	-

The notes on pages 27-30 form part of these accounts.

**Statement of Financial Position
as at 31 December 2013**

	Note	2013 £	2012 £
Current assets:			
Trade and other receivables	6	3,674	3,884
Other assets	6	3,745	-
Cash and cash equivalents	7	31,805	30,728
Total current assets		<u>39,224</u>	<u>34,612</u>
Total assets		<u>39,224</u>	<u>34,612</u>
Current liabilities:			
Trade and other payables	8	39,224	31,695
Other liabilities	8	-	2,917
Total current liabilities		<u>39,224</u>	<u>34,612</u>
Assets less liabilities		<u>-</u>	<u>-</u>
Reserves		<u>-</u>	<u>-</u>

The financial statements on pages 24 and 25 were approved by the Council on 7 April 2014 and were signed on its behalf by:

(Signed)

**Christopher Jewitt
Chairman**

Date: 7 April 2014

(Signed)

**Geraldine Swanton
Secretary and Accounting Officer**

Date: 7 April 2014

**Statement of Cash Flow
for the year ended 31 December 2013**

	Note	2013 £	2012 £
Cash flows from operating activities			
Net Surplus after cost of capital and interest		-	-
(Increase)/Decrease in trade and other receivables		(3,535)	11,866
Increase in trade and other payables		4,612	11,751
Net cash inflow from operating activities		1,077	23,617
Net financing			
Net increase(decrease) in cash and cash equivalents in the period		1,077	23,617
Cash and cash equivalents at the beginning of the period	7	30,728	7,111
Cash and cash equivalents at the end of the period	7	31,805	30,728

The notes on pages 27-30 form part of these accounts.

Notes to the British Hallmarking Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the British Hallmarking Council for the purpose of giving a true and fair view has been selected. The particular policies adopted by the British Hallmarking Council have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Account convention

These accounts have been prepared under the historical cost convention.

1.2 Funding

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

1.3 VAT

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

2. Analysis of Net Expenditure by Segment

	2013 Hallmarking £	2013 Total £	2012 Hallmarking £	2012 Total £
Gross Expenditure	(66,475)	(66,475)	(73,669)	(73,669)
Income	66,467	66,467	73,663	73,663
Net Expenditure	<u>(8)</u>	<u>(8)</u>	<u>(6)</u>	<u>(6)</u>
Total Assets	-	-	-	-

Hallmarking is the Council's only segment of activity.

3. Staff numbers and related costs

Staff costs comprise:

	2013 £	2012 £
Emoluments of Chairman – Christopher Jewitt	<u>NIL</u>	<u>NIL</u>
Emoluments of Secretary and Accounting Officer - Geraldine Swanton	<u>NIL</u>	<u>NIL</u>

There were no employees of the Council during 2013. The current Chairman, Mr Christopher Jewitt, is Chairman of Sheffield-based hand tool manufacturing company, Footprint Sheffield Limited. At the Council meeting dated 11 November 2005, it was agreed the Chairman's fee should be £14,000. The formal duties of the Chairman are set out in the Hallmarking Act 1973 and include conducting meetings of Council and liaising with the Secretary of State. The Chairman does not have set hours of work, nor a target for total hours of work. His remuneration is set by the Council on the basis of a recommendation by an informal committee of Council members. The Chairman is elected by the Council.

The Secretary of the Council, Ms Geraldine Swanton, is a senior associate solicitor in private practice with SGH Martineau LLP in Birmingham. The Secretary is appointed by the Council for an undefined period. Ms Swanton received no remuneration from the Council for the work she carried out. Ms Swanton's time was charged by SGH Martineau LLP at an agreed rate of £215 per hour. The amount of SGH Martineau LLP's charges in respect of the Secretary's time varies from year to year in accordance with the time spent. In 2013 the amount was £26,230 (£26,089, 2012).

SGH Martineau LLP have provided secretarial and accounting services to the Council since its formation on terms agreed from time to time. During the year, SGH Martineau LLP were engaged to provide book-keeping services for £1,150 (£1,150, 2012), and to provide accounts preparation services for £1,750 (£1,750, 2012).

Save for the Chairman's remuneration, and an allowance of £75 per hour paid to the members of the sub-Offices' Application Committee, Eric Melrose, Adrian Levett and Derek Lassetter (the amounts of which during the year amounted to £150 per member), no payments are made to Council members in respect of their time, although they are reimbursed for their travelling expenses.

4. Other Expenditure

	2013	2012
	£	£
Running costs	<u>66,475</u>	<u>73,669</u>
Chairman's remuneration	14,000	14,000
Chairman's expenses	1,381	1,053
Council members' expenses	2,420	3,106
Less: re-charged to sub-offices	(450)	-
Audit fee	3,000	3,000
Secretarial costs and expenses	26,909	35,392
Other professional charges	18,218	14,966
Other expenses	<u>997</u>	<u>2,152</u>
	<u>66,475</u>	<u>73,669</u>

5. Income

Income is analysed as follows:-

	2013	2012
	£	£
Contributions from Assay Offices:-		
London	21,653	20,047
Birmingham	18,257	25,699
Sheffield	15,793	15,595
Edinburgh	10,764	12,322
	<hr/>	<hr/>
	66,467	73,663
Other income	-	-
	<hr/>	<hr/>
	66,467	73,663

6. Trade receivables and other current assets

	2013	2012
	£	£
Amounts falling due within one year:		
Amounts due from Assay Offices	3,674	3,884
Intra-government	3,745	-
	<hr/>	<hr/>
	7,419	3,884

7. Cash and cash equivalents

	2013	2012
	£	£
Balance at 1 January	30,728	7,111
Net change in cash and cash equivalent balances	1,077	23,617
	<hr/>	<hr/>
Balance at 31 December	31,805	30,728

The following balances at 31 December were held at: Commercial banks 31,805 30,728

8. Trade payables and other current liabilities

	2013	2012
	£	£
Trade payables amounts falling due within one year:		
Intra-government	-	3,148
External to government	29,450	31,464
Amounts due to Assay offices	9,774	-
	<hr/>	<hr/>
	39,224	34,612

9. Capital commitments

The Council has no capital commitments (2012 £Nil).

10. Commitments under leases

The Council has no leasing commitments (2012 £Nil).

11. Related-party transactions

- 11.1 The sponsoring body of the Council is the National Measurement Office which is an executive agency for the Department of Business Innovation and Skills ("BIS"), both of which are regarded as related parties. During the year, the Council has had a number of material transactions with BIS.
- 11.2 The BHC recharges expenditure in-year to the four assay offices. The total recharge income due from each assay office is based on the office's share of total assay office turnover multiplied by expenditure (less interest income).
- 11.3 Amounts payable to SGH Martineau LLP in respect of the year were £45,127 (2012 - £49,179). Geraldine Swanton, the Council's Secretary and Accounting Officer, is a senior associate in SGH Martineau LLP. All invoices submitted by SGH Martineau LLP are approved by the Chairman prior to payment.
- 11.4 The Chairman of the Council is Chairman of the Sheffield-based hand tool manufacturing company, Footprint Sheffield Limited and the Council pays Mr Jewitt remuneration for the year of £14,000 (2012 - £14,000).

12. Third-party assets

The Council has no third party assets.

13 Events After the Reporting Period

Under IAS10, there were no reportable subsequent events. The accounts were authorised for issue by the Accounting Officer on 28 April 2014, the date on which the accounts were certified by the Comptroller and Auditor General.

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