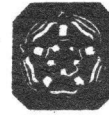


BRITISH HALLMARKING COUNCIL

Annual Report and Accounts
for the year ended 31 December 2011



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for the year ended 31 December 2011

**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

11 June 2012

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BRITISH HALLMARKING COUNCIL

REPORT OF THE CHAIRMAN - 2011

Introduction

Last year I reported a continuing decline in the number of items marked - down to 14, 926,518 from the peak of 35, 245, 000 items in 2003.

During 2011 the Assay Masters continued to report adverse trading conditions based on the same causes as in previous years, and in particular as a result of the very high price of gold which depressed sales of new items of jewellery. The consequent reduction in processing of gold items by the Assay Offices was approximately 23%. The price of silver has also risen significantly, which has manifested itself in a reduction in assaying and hallmarking of silver items of approximately 29%. The outturn for 2011 was 10, 862,000 for all items marked. This total indicates a further decline of approximately 26 % on the 2010 total.

Within the total is a total of all palladium items marked of 106,759 which is a slight decrease from last year's total of 107,322. Palladium has nevertheless continued to be an attractive alloy for jewellery manufacture, in only its second year of compulsory hallmarking. Similar to last year, the Assay Offices reported that a consequence of the increase in the price of precious metals is an increase in smelting-related work.

The effect of the reduced volumes on the Assay Offices has been to continue emphasis on cutting costs, including labour costs. They have all taken action towards cost reduction, while at the same time retaining sufficient capacity to perform their primary consumer protection function of testing and certifying the metal quality of jewellery before it is submitted for sale. Further, the four Assay Offices underwent satisfactory audits by the Queen's Assay Master (see below).

All of the Assay Offices have reported continuing support for the Trading Standards Departments in their work on monitoring and enforcing compliance with the law. Council regards this as important work, and, to support the activities of the Assay Offices, Council has an Education and Enforcement Committee, chaired by Mike Drewry, the lead Trading Standards representative Council member. In addition, 2011 revealed a unified approach by the various law enforcement agencies to policing money-laundering offences and illegal importation of jewellery, as well as to trade mark infringements and hallmarking.

In October, David Gwyther retired as Secretary and Accounting Officer of the Council. David held that office for over 10 years and Geraldine Swanton, a solicitor with SGH Martineau LLP at its Birmingham office, was appointed in his place. I also retired as Chairman on 31 December 2011 and have been succeeded by Christopher Jewitt, who until then was a co-opted member of the Council.

Future role

The Government's "Red-Tape Challenge" sought the views of the public with regard to whether the hallmarking regime represented an onerous or overly bureaucratic form of regulation. The response of the general public, including the jewellery trade, was unequivocal. Far from construing it as onerous, the many respondents concluded that the regulation exercised by the Council supported the precious metal and jewellery business and protected the consumer, without incurring costs for the public purse. This is achieved by an approach to regulation that is consultative, risk-based and light touch.

The Public Bodies Act 2011 received Royal Assent on 14 December 2011. That legislation confers power on the Secretary of State to modify the constitution and functions of various bodies, including the Council. This legislation therefore provides the Council with the opportunity to enhance its role. In particular, it has potential to confer power on the Council to update the technical aspects of the hallmarking regime provided for in the schedules to the Hallmarking Act. That would obviate the need for time-consuming secondary legislation and would enable the regime to keep a pace of changes in the technology. Council also hopes to be able to play a greater part in the representation of the UK at the International Hallmarking Convention.

Overseas Marking

Proposals to amend the Hallmarking Act culminated in a draft Legislative Reform Order being distributed to the Assay Offices and the Council at the end of 2011. Currently, the Hallmarking Act permits the Assay Offices to apply hallmarks only in the UK. The proposed changes would remove this geographical restriction and allow hallmarks to be struck in other jurisdictions, thereby also reducing any competitive disadvantage suffered by the Assay Offices vis-à-vis their EEA counterparts. The draft Legislative Reform Order proposes to confer power on the Council to authorise an Assay Office to conduct hallmarking overseas and to approve a hallmark for use overseas, which is distinguishable from hallmarks currently applied in the four UK Assay Offices. Other, less significant, changes are also proposed, such as providing sponsors and manufacturers with a wider choice of sponsors' marks than currently permitted by the Hallmarking Act and permitting articles of silver, gold and platinum to be coated with platinum without first obtaining the consent in writing of an Assay Office. The latter provision seeks to correct for an existing anomaly.

Public consultation on the proposed amendments will close in April 2012.

UK sub-Offices and on-site hallmarking

There were no applications in 2011 to open permanent sub-offices. The Council however granted applications by the London and Sheffield Assay offices to open temporary sub-offices for discrete hallmarking services on customers' premises. An application by the Birmingham Assay Office to extend its sub-office at Argos was approved by the Council.

In December 2011, the Applications Committee approved a set of protocols governing the provision discrete hallmarking services that do not amount to the creation of a sub-office. Those protocols seek to ensure that the requisite supervision and control are exerted by the Assay Offices conducting hall-marking on third party, usually customers', premises.

Inspection by the Royal Mint

The Queen's Assay Master has confirmed that the results of the inspections of all the Assay Offices in 2011 were satisfactory

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.

Experience has shown that enforcement activities, particularly those involving inspection of retail premises, is most efficiently conducted by Trading Standards Service staff in conjunction with staff from the Assay Offices, and in practice almost all inspectional work of retail premises is intelligence led or complaint based. Examples of the success of this partnership approach are numerous. They include complaints from reputable traders in a South London Borough resulting in a joint inspectional visit to a jeweller who had over 5,500 gold items of jewellery on the premises, none of which were hallmarked and were being sold as all 22ct. Enforcement direct in the market place ensures fair trading between traders and provides important protection for consumers. Other intensive enforcement activities have been undertaken and these are currently being prosecuted by the courts.

Another factor emphasising the importance of hallmarking and related enforcement activity is the current high price of precious metals, in particular gold. The temptation to indulge in fraudulent trading practices by unscrupulous traders has never been greater, given that the cost of the metal is invariably a significant proportion of the cost of the finished article.

One area of marketing of precious metals giving cause for concern is the sale of items claiming to be made from precious metals on the internet. Regulation of this market place is proving difficult in that many consumers are unaware that they have been defrauded and in addition tracing the perpetrators of internet crime is far from easy. In order to combat this growing problem, several meetings have taken place throughout the year involving Trading Standards, the Assay Offices, Police and Her Majesty's Revenue and Customs to devise joint methods of resolving the problem of cyber trading.

During 2011 a new Council initiative, the Touchstone Award, was devised to highlight and encourage Trading Standards enforcement of hallmarking. This award, which is fully supported by the UK Assay Offices, is to be presented to the Trading Standards Department, which has demonstrated the most innovative initiative undertaken in relation to hallmarking enforcement 2011 and will be presented in June 2012. It is hoped that the acknowledgement of exceptional consumer protection work will act as an incentive to Trading Standards Departments to re-evaluate how they enforce the hallmarking regime, which has protected consumers for over 700 years.

The Trading Standards Service is also seeking to engage generally with traders selling gold, silver and precious metals and continuing to advise on good business practice. Additionally the Trading Standards Service itself is exploring ways of rewarding departments and individuals for innovative work in relation to hallmarking. This remit includes not only enforcement, but educational and information activities. It is hoped that this will widen the scope of engagement with legitimate businesses.

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 Council to have either a permanent surplus of income over expense or to create reserves. The accounts for the year are included in the combined report and accounts.

Prices for Assaying and Hallmarking

Council fixes the maximum charges which may be made for assaying and hallmarking. These were left unchanged during 2010, with the exception of the price maximum relating to electroforms for silver. The Council approved the application for an increase to 60p + 2.0p/g.

Date Letter

The date letter is an optional mark, and the date letter for 2012 is "n".

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 10, 862,000.

Auditors

The Comptroller and Auditor General has audited the accounts for the year ended 31 December 2011.

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

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

Although it seems likely that market conditions will prove challenging for some time to come, Council looks forward to continuing to work with the Assay Offices and the trade to meet those challenges, and I am grateful to members of the Council for their contribution in this.

Signed

Thomas K Murray
Chairman for the year ended 31 December 2011.

Date : 2 April 2012

BRITISH HALLMARKING COUNCIL

MEMBERS OF THE COUNCIL

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

Chairman

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

Members appointed by former DTI:

Ms Linda Campbell OBE is Chair of the product authentication and inspection company PAI. She was previously Chief Executive of the United Kingdom Accreditation Service (UKAS) and a Director of the British Standards Institute (BSI). She was awarded an OBE in 2003 for services to accreditation. Linda retired at the end of 2011.

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

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

Mr Stefan Waclawski is a Director of the multiple retail jewellers M M Henderson Limited, which has 15 branches in Scotland. He has over thirty-five years retail jewellery experience and is responsible, amongst other things, for purchasing, pricing and distribution of gold, silver and diamond jewellery and dealing with the UK Assay Offices.

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

Mr Robert Grice was a Chief Officer of South Yorkshire Trading Standards prior to his retirement after 40 years of service. He holds an MSc in Criminal Justice and is Assistant Divisional Training Officer for West Yorkshire Police. He is a Guardian of Sheffield Assay Office.

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

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

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

Assay Office Representatives (London):

Mr Dick Melly is the Clerk of the Goldsmiths Company.

Sir Jerry Wiggin is a former Member of Parliament and Prime Warden of the Goldsmiths Company. Sir Jerry was the sponsor of the Hallmarking Bill through the House of Parliament in 1973.

Assay Office Representative (Sheffield):

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

Assay Office Representatives (Birmingham):

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

Assay Office Representative (Edinburgh):

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

Co-Opted Members:

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

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

Assay Masters (entitled to attend):

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

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

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

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

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 and for every further 20 grams	"	60.0 - 90.0
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 and for every further 10 grams	"	75.0 - 120.0
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
2010 AND 2011**

(Platinum articles are shown in grams)

QUARTER	GOLD												SILVER		PLATINUM		PALLADIUM	
	999		980		916		750		585		375		2010	2011	2010	2011	2010	2011
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
FIRST	16.4	7.8	0.0	0.7	866	733	1,657	1,265	246	248	3,899	3,029	28,374	26,255	680,235	505,922	283,311	223,146
SECOND	3.9	11.5	0.1	0.1	828	820	1,750	1,420	294	88	3,376	2,540	31,408	21,012	641,518	490,243	293,071	200,835
THIRD	3.6	12.0	0.2	0.2	840	756	1,820	1,687	194	101	4,179	3,451	33,540	23,679	557,620	486,627	170,280	161,359
FOURTH	1.4	5.2	0.1	0.1	738	595	2,099	1,610	295	97	5,801	3,816	39,736	25,468	530,861	455,982	135,490	122,924
Cumulative total to date	25.3	36.5	0.4	1.1	3,272	2,904	7,325	5,982	1,028	533	17,256	12,835	133,058	96,413	2,410,234	1,938,774	882,152	708,264

**NUMBERS OF ARTICLES DEALT WITH BY ALL THE ASSAY OFFICES FOR
2010 AND 2011**

QUARTER	ALL ARTICLES -1000 units		GOLD ARTICLES - 1000 units		SILVER ARTICLES - 1000 units		PLATINUM ARTICLES - single units		PALLADIUM ARTICLES - single units	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
FIRST	3,217	2,794	1,256	1,062	1,859	1,638	66,809	61,652	34,794	31,702
SECOND	3,227	2,266	1,209	929	1,920	1,244	68,832	61,588	29,647	30,895
THIRD	3,640	2,739	1,349	1,142	2,199	1,511	69,383	61,509	22,098	25,171
FOURTH	4,787	3,064	2,056	1,313	2,648	1,678	62,041	54,021	20,783	18,991
TOTAL	14,870	10,862	5,871	4,445	8,625	6,071	267,065	238,770	107,322	106,759

PERCENTAGE FIGURE FOR THE ABOVE TOTALS FOR EACH ASSAY OFFICE

OFFICE	ALL ARTICLES 2011	GOLD ARTICLES 2011	SILVER ARTICLES 2011	PLATINUM ARTICLES 2011	PALLADIUM ARTICLES 2011
LONDON	23	33	17	40	12
BIRMINGHAM	32	37	28	37	40
SHEFFIELD	20	25	15	19	46
EDINBURGH	25	5	40	4	2

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

**UNITED KINGDOM
YEAR TOTAL 2011**

	GOLD	SILVER	PLATINUM	PALLADIUM	TOTALS
London	850,385	328,777	35,831	1,585	1,216,578
Birmingham	1,236,606	832,457	54,992	1,199	2,125,254
Sheffield	680,082	548,646	12,516	1,189	1,242,433
Edinburgh	25,480	77,302	12	1	102,795
TOTALS	2,792,553	1,787,182	103,351	3,974	4,687,060

BRITISH HALLMARKING COUNCIL

Accounts

31 December 2011

ACCOUNTS 2011

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ACCOUNTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

Chairman

Thomas K Murray

Secretary and Accounting Officer

Geraldine Swanton (appointed 3 October 2011)

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 2011

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 this Act including any matter which may be referred to the Council by the Secretary of State.

Financial Reporting Manual disclosure requirements

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

Results for the year

The results for the year are set out on page 23. 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 2011

(Continued)

Council members

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

Mr Tom Murray	Chairman
Adrian Levett	Chairman of sub-Office Applications Committee
Linda Campbell	
Mike Drewry	Chairman of the Education and Enforcement Committee
Martyn Pugh	
Stephan Waclawski	
Kay Alexander	
Simon Batiste	
Michael Laing	
Dick Melly	
Peter Nussey	
Eric Melrose	
Derek Lassetter	
Christopher Jewitt	
Bryn Alridge	
Robert Grice	
John Pearce	
Sir Jerry Wiggin	

FOREWORD TO THE ACCOUNTS
Year ended 31 December 2011
(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.

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 SGH Martineau LLP's offices.

Payment policy

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

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

The BPPC target is to pay all undisputed supplier invoices within 30 days, unless other payment terms have been agreed. This target was achieved in relation to 31% (2010 - 25%) of invoices by value because of delays in settling invoices from SGH Martineau LLP and further delays due to the change of authorised signatories on the bank mandate as a result of the appointment of a new Secretary and Accounting Officer.

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 2011 is £ 3,000 (£3,000 in 2010). No other services were provided.

Personal data

The Council, as a non-profit-making organisation, is exempt from the notification requirements of the Data Protection Act 1998. Personal data is processed by the Council for the purposes of maintaining a record of Council membership and for administering the activities of members, those entitled to attend its meetings and/or who have regular contact with it. There have been no personal data loss incidents within the year

Future developments

For the 2012 calendar year the specific objectives of the British Hallmarking Council are described in the Chairman's Report - pages [1 to 4].

Post-Statement of Financial Position

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

Geraldine Swanton

Secretary and Accounting Officer

Date: 2 April 2012

Thomas K Murray

Chairman

Date: 2 April 2012

STATEMENT OF COUNCIL AND ACCOUNTING OFFICER'S RESPONSIBILITIES

Year ended 31 December 2011

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

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

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

The 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.

STATEMENT OF INTERNAL CONTROL

Year ended 31 December 2011

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 ("the Code"). The Code is based on Cabinet Office Guidance on 'Codes of Practice for Board Members of Public Bodies' (February October 2004 ("the Guidance")). The Guidance incorporates my responsibilities as Accounting Officer towards the overall management of the Council, its procedures and financial matters.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risk to the achievement of Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the British Hallmarking Council for the year ended 31 December 2011 and up to the date of approval of the annual accounts, and accords with Treasury guidance.

Capacity to handle risk and the risk and control framework

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

- Council meetings, which I attend, are usually held twice a year to discuss the activities of the Council and to review or assess the impact of existing and proposed legislation on the Council. Representatives from the Assay Offices and the National Measure Office, an executive agency for BIS, regularly attend Council meetings.
- 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.
- Actual expenditure is reviewed in comparison with the annual budget by the Council and is approved by the Council when the statement of accounts is approved.
- The Council does not have an internal audit function or audit committee but the Council will consider matters impacting on internal control and the financial statements. This arrangement is considered sufficient for the size and extent of the Council's operations.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of Council members who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and

other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Council and a plan to address weaknesses and ensure continuous improvement of the system is in place.

A Corporate Statement was agreed between Council and DTI and signed in January 2005. Following the transfer of sponsorship from DTI to the National Measurement Office and subsequent Machinery of Government changes between DTI, DIUS and BIS, a new Corporate Statement was agreed with the National Measurement Office and signed on 5 March 2011. A copy is available from me, as is a copy of the 2012 Corporate Statement which has been agreed between the Council and the National Measurement Office but has not yet been signed at the date given below.

Geraldine Swanton
Secretary and Accounting Officer

Date: 2 April 2012

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 2011 under the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of 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 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 material inconsistencies with the audited financial statements. 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 2011 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 report of the Chairman, Members of the Council 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 Statement of Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Date

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

**Statement of Comprehensive Net Expenditure
for the year ended 31 December 2011**

	Note	2011 £	2010 £
Expenditure			
Staff costs	3	-	-
Depreciation		-	-
Other expenditures		(69,397)	(82,870)
	4		
Income			
Income from Activities	5	69,390	82,865
Other income		-	-
		69,390	82,865
Net expenditure			
Interest receivable		(7)	(5)
		7	5
Net Expenditure after interest			
		-	-

Statement of Changes in Taxpayers Equity

	2011 £	2010 £
Balance at 1 January	-	-
Net expenditure	-	-
Balance at 31 December	-	-

**Statement of Financial Position
as at 31 December 2011**

	Note	2011 £	2010 £
Current assets:			
Trade and other receivables	6	14,584	27,717
Other assets	6	1,166	-
Cash and cash equivalents	7	7,111	10,684
Total current assets		<u>22,861</u>	<u>38,401</u>
Total assets		<u>22,861</u>	<u>38,401</u>
Current liabilities:			
Trade and other payables	8	22,861	36,243
Other liabilities	8	-	2,158
Total current liabilities		<u>22,861</u>	<u>38,401</u>
Assets less liabilities		<u>-</u>	<u>-</u>
Reserves		<u>-</u>	<u>-</u>

The financial statements on pages 22-23 were approved by the Council on 2 April 2012 and were signed on its behalf by:

(Signed)

**Thomas K Murray
Chairman**

Date: 2 April 2012

(Signed)

**Geraldine Swanton
Secretary and Accounting Officer**

Date: 2 April 2012

**Statement of Cash Flow
for the year ended 31 December 2011**

	Note	2011 £	2010 £
Cash flows from operating activities			
Net Surplus after cost of capital and interest			-
Decrease/(Increase) in trade and other receivables		11,967	(10,973)
Increase/(Decrease) in trade and other payables		(15,540)	15,557
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		(3,573)	4,584
Net financing		-	-
Net increase(decrease) in cash and cash equivalents in the period		(3,573)	4,584
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period	7	10,684	6,100
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period	7	7,111	10,684
		<hr/>	<hr/>

Notes to the British Hallmarking Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2011-12 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

	2011 Segment 1 £	2011 Total £	2010 Segment 1 £	2010 Total £
Gross Expenditure	(69,397)	(69,397)	(82,870)	(82,870)
Income	69,390	69,390	82,865	82,865
Net Expenditure	<u>(7)</u>	<u>(7)</u>	<u>(5)</u>	<u>(5)</u>
Total Assets	-	-	-	-

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

3. Staff numbers and related costs

Staff costs comprise:

	2011 £	2010 £
Emoluments of Chairman - Tom Murray	<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 2011. The current Chairman, Mr Tom Murray, is a solicitor in private practice with Gillespie MacAndrew. At the Council meeting dated 11 November 2005, it was agreed the Gillespie MacAndrew's fee in respect of Mr Murray's services should be increased to £14,000 per annum with effect from the date of his appointment, 11 March 2004. The formal duties of the Chairman are set out in the Hallmarking Act 1973 and include conducting meetings of Council and liaising with the Secretary of State. The Chairman does not have set hours of work, nor a target for total hours of work. His remuneration is set by the Council on the basis of a recommendation by an informal committee of Council members. The Chairman is elected by the Council.

The Secretary of the Council until 3 October 2011 was Mr David Gwyther and thereafter Ms Geraldine Swanton, a solicitor and senior associate in private practice with SGH Martineau LLP in Birmingham. Mr Gwyther and Ms Swanton received no remuneration from the Council for the work they carried out. Mr Gwyther's time was charged by SGH Martineau LLP at an agreed rate of £260 per hour and Ms Swanton's was £220. 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 2011 the amount was £11,020 (£19,543, 2010). The Secretary is appointed by the Council for an undefined period by the Council.

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, 2010), and to provide accounts preparation services for £1,750 (£1,750, 2010).

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, and Adrian Levett (the amounts of which during the year amounted to £225 and £150 respectively). No payments are made to Council members in respect of their time, although they are reimbursed for their travelling expenses.

4. Other Expenditure

	2011	2010
	£	£
Running costs	69,397	82,870
Chairman's remuneration	14,000	14,000
Chairman's expenses	200	579
Council members' expenses	3,929	6,490
Less: re-charged to sub-offices	(2,933)	(613)
Audit fee	3,000	3,000
Secretarial costs and expenses	32,835	23,706
Other professional charges	17,242	32,203
Other expenses	1,124	3,505
	<u>69,397</u>	<u>82,870</u>

5. Income

Income is analysed as follows:-

	2011	2010
	£	£
Contributions from Assay Offices:-		
London	16,474	17,685
Birmingham	22,479	28,255
Sheffield	14,119	16,103
Edinburgh	16,318	20,822
	<hr/>	<hr/>
	69,390	82,865
Sales of notices	-	-
Other income	-	-
	<hr/>	<hr/>
	69,390	82,865
	<hr/>	<hr/>

6. Trade receivables and other current assets

	2011	2010
	£	£
Amounts falling due within one year:		
Amounts due from Assay Offices	14,497	27,717
VAT	1,166	-
Prepayments	87	-
	<hr/>	<hr/>
	15,750	27,717
	<hr/>	<hr/>

7. Cash and cash equivalents

	2011	2010
	£	£
Balance at 1 January	10,684	6,100
Net change in cash and cash equivalent balances	(3,573)	4,584
	<hr/>	<hr/>
Balance at 31 December	7,111	10,684
	<hr/>	<hr/>
The following balances at 31 December were held at:		
Commercial banks	7,111	10,684
	<hr/>	<hr/>

8. Trade payables and other current liabilities

	2011	2010
	£	£
Amounts falling due within one year:		
VAT	-	2,158
Trade payables	22,861	36,243
Due to Sub-offices	-	-
	<hr/>	<hr/>
	22,861	38,401
	<hr/>	<hr/>

9. Capital commitments

The Council has no capital commitments (2010 £Nil).

10. Commitments under leases

The Council has no leasing commitments (2010 £Nil).

11. Related-party transactions

- 11.1 No commission was received in 2011 (2010 - £Nil) from the Assay Offices in respect of commission on sale of notices as notices. These are now available free electronically as well as in printed form, and the Council has decided that no commission shall be charged to the Offices on printed copies sold in 2011 or henceforth as it is perceived to be not cost effective to do so.
- 11.2 Amounts payable to SGH Martineau LLP in respect of the year were £49,302 (2010 - £55,909). 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.
- 11.3 The Chairman is a Solicitor in private practice with Gillespie MacAndrew and the Council pays Gillespie MacAndrew in respect of Mr Murray's remuneration. Gillespie MacAndrew's fee in respect of Mr Murray's remuneration for the year was £14,000 (2010 - £14,000).

12. Third-party assets

The Council has no third party assets.

13 Subsequent events

There were no reportable subsequent events. The accounts were authorised for issue by the Accounting Officer on 29 April 2012, the date on which the accounts were certified by the Controller and Auditor General.



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