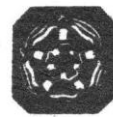


BRITISH HALLMARKING COUNCIL

Annual Report and Accounts
for the year ended 31 December 2015



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for the year ended 31 December 2015

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

5 July 2016

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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

Shakespeare 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

BRITISH HALLMARKING COUNCIL

("The Council")

REPORT 2015

1. INTRODUCTION

The Government Financial Reporting Manual has required a significant change in the presentation the Annual Report and Accounts for 2015.

2. PERFORMANCE REPORT

a. Overview

Chairman's statement

During the year to which this report refers, the Council's sponsoring body has been the National Measurement & Regulation Office ("NMRO") which is an executive agency for the Department of Business Innovation and Skills ("BIS"). I take this opportunity to thank the staff, both past and present, of the NMRO with whom we have worked closely for many years.

Overall the Council has continued to meet its main objectives and its performance, given its limited remit and resources, has, in my view, been satisfactory. The increasing amount of legislation, initiatives, surveys and reviews with which the Council is expected to comply or be involved with is however becoming a significant concern. Clearly many of them are necessary and in the interests of good governance but generally they appear to be relevant to much larger organisations with staff, wider remits, much greater levels of expenditure and where the risks are significantly greater.

Finally, for the second year running it is pleasing to note that whilst it is a small increase, the market for hallmarked articles has increased during 2015. This is after a long and sustained period of decline which the Assay Offices have found both difficult and challenging to contend with. The detailed figures are shown later on in this report at Appendix 2, but to summarise, 2013 saw a decline from 9,324k items in 2012 to 9,156k items, whereas 2014 saw a significant uplift to 10,453k articles. 2015 has seen a smaller increase in volume to 10,564k articles.

Signed

Christopher J Jewitt

Chairman for the year ended 31 December 2015

Date: 29 April 2016

Functions of the British Hallmarking Council (“the Council”)

The Council is an Executive Non-Departmental Public Body established and governed by the Hallmarking Act 1973. The Council's sponsoring body for 2015 was the NMRO which was an executive agency for the Department of Business Innovation and Skills (“BIS”). Further to the Written Statement presented to the House of Commons on Thursday 10 March 2016, NMRO has been brought together with the Better Regulation Delivery Office, a directorate of BIS and ceased to be an Executive Agency on 31 March 2016. At the time of drafting this report, the Government indicated that changes to this arrangement are likely to be made with the possibility that the responsibility of sponsorship of the Council may transfer to BIS.

The Council is funded entirely by the UK's four Assay Offices according to a formula prescribed by the HA. The Council has neither staff nor premises and meets twice a year in Assay Offices' premises by rotation. The statutory functions of the Council are set out in the Hallmarking Act s13 and are as follows:

- to ensure that adequate facilities for assaying and hallmarking of precious metal are available as from time to time required in the UK and supervising the activities of Assay Offices accordingly;
- to take all steps appearing to be open to the Council for ensuring the enforcement of the law with respect to hallmarking;
- to advise the Secretary of State with respect to all matters concerning the application of the HA including any matter which may be referred to the Council by the Secretary of State;
- to advise the Secretary of State on: making of orders and regulations under the Hallmarking Act; amending the law as it affects hallmarking, whether directly or indirectly, including advice as to the application of some or all of the provisions of the Hallmarking Act to any metal other than gold, silver, platinum and palladium;
- to fix the maximum charges for assaying and hallmarking of articles of precious metal manufactured in or intended for sale in the UK;
- to advise the Secretary of State on any need for the establishment of a further Assay Office or for the closure of, or amalgamation with, another Assay Office;
- to assist those enforcing the Hallmarking Act by the provision of such technical and other services of the Council as may be available, to appoint such officers as the Council considers appropriate to act as inspectors and otherwise for detecting offences and enforcing the HA by or on behalf of the Council, and, otherwise than in Scotland, to institute proceedings accordingly
- to authorise any assay office to carry on its business in whole or in part (subject to any conditions which may be specified by the Council) in such place, whether in the UK or elsewhere, as may be specified by the Council additional to the place at which the Assay Office is otherwise authorised;
- to make temporary or permanent arrangements between assay offices whereby facilities specified in any case by the Council need not be afforded at an assay office but are afforded at another or others;
- to issue directions or regulations to Assay Offices (all or any individual Assay Office) as to the equipment and procedures to be provided and adopted in the assaying and hallmarking precious metals and in relation to other matters on which directions/regulations may be issued by the Council under the Hallmarking Act;
- to do anything with the Council's statutory powers which is calculated to facilitate the discharge of any or all of its functions.

Key risks

The Council's key risks are set in a draft risk register, which at the time of drafting this report has not been submitted to the Council for its approval. Those risks include dissolution of the Council, ensuring the adequacy of hallmarking facilities and loss of an officer of the Council. No risk has been identified as having both high impact and a high likelihood of occurring.

Because the Council is classified as a Non-Departmental Public Body and part of Central Government, it is included in a myriad of initiatives and requests for information by various Government Departments. It is also intended to be subject to a number of additional statutory duties, such as the business impact target, which is not yet in force. Given its constitution (i.e. a body comprising members), responding to those requirements can be a burden on the Council's limited resources. This risk is also identified in the draft risk register.

There is a continuing programme of change within the BIS (BIS 2020), the Council's ultimate sponsoring Department, and the effects of this remain to be seen and cannot be quantified at this stage.

Performance summary

The Council has achieved the objectives it set for itself and agreed with the NMRO as set out in the Council's Corporate Statement for 2015. The objectives related to governance matters identified in the Triennial Review of the Council conducted by BIS; raising the profile of hallmarking in order to improve compliance and enforcement by means of the Touchstone Award - the Council does not itself engage in enforcement activity, which is the duty of Trading Standards Departments; and devising a process for recognising the equivalence of EEA hallmarks which come within the definition of an approved hallmark under the Hallmarking Act s2(1)(d)(ii). The Council also approved applications for three assay sub-offices. Its procedure for considering a complaint against a refusal by an Assay Office to hallmark an article was invoked and the matter was considered by the Council's Technical Committee. The complaint was not upheld. The Council fixes the maximum charges which may be made for assaying and hallmarking. These were left unchanged during 2015.

b. Performance analysis

Performance measures

The Council measures its performance by setting itself specific objectives for each year in consultation with the NMRO. The objectives for 2015 were to:

- review and implement the recommendations of the Triennial Review of the Council by BIS;
- continue to support the assay offices and Trading Standards Departments in monitoring compliance with, and enforcement of, the HA and in raising awareness. In particular, the Council would make efforts to encourage wider knowledge of, and involvement in, the Touchstone Award by Trading Standards teams;
- continue implementing the process of establishing the equivalence of EEA hallmarks with a view to publishing in the long term a revised list of approved national marks, as well as ensuring that the list of countries covered by the International Hallmarking Convention and published on the Council web site is up to date. This included working with the Technical Committee of the Council and the NMRO.

The Council's performance against the objectives above is amenable to clear measurement of the achievement of those objectives. Further, representatives of the NMRO attend Council meetings and the Chairman and Secretary meet separately once a year with those representatives to discuss Council performance, including achievement of the specific objectives.

The Chairman and Secretary produced a framework document and a risk register, which were submitted to the NMRO for consideration. Those documents will be submitted to the Council for its approval at its meeting in April 2016. Those documents were remaining requirements of the Triennial Review to be fulfilled by December 31 2015. The Council had already begun publishing the agendas and minutes of its meetings on its website.

In June 2015, the Touchstone Award was presented to Manchester City Council for survey-led enforcement activity which was conducted jointly with the police. The initiative not only revealed many areas of non-compliance with the HA amongst targeted jewellers, but also breaches of the Companies Act 2006 and in some cases theft and fraud. The presentation was made at the annual dinner of the Trading Standards Institute (TSI), which takes place during the TSI annual conference. Two members of the Council take responsibility for promoting and administering the Touchstone award.

The Council does not itself exercise the power to enforce the Hallmarking Act. The Hallmarking Act s9(1) 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. It continues to be the case, however, 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.

A process was devised by the Council's Technical Committee for considering the equivalence of EEA hallmarks and work with the NMRO or any successor sponsor will continue in 2016 to up-date the list of countries regarded as equivalent. The process was approved by the Council and published on its website.

As indicated above, one of the Council's statutory functions is to consider applications to open assay sub-offices. Two applications were submitted in 2015 to open off-shore, off-site sub-offices. One was an application by Sheffield Assay Office to open a sub-office in New York and the other application was by Birmingham Assay Office to open a sub-office in Mumbai. Both applications were approved by the Council. London Assay Office also made a successful application to establish a sub-office at Graff Diamonds Ltd, London. The Council's Applications Committee considers applications, using the Council's revised guidelines and protocols. The risk-based and "light-touch" approach, which is required of all regulators in the performance of their duties, has ensured that the applications are dealt with efficiently and cost-effectively wherever a sub-office may be located.

The Council via the Secretary receives numerous telephone and email queries from members of the public usually relating to the application of hallmarking law or concerns about jewellery purchased which did not appear to be hallmarked. All queries are responded to.

The Council has the power to consider complaints against assay offices which refuse to hallmark items and can issue directions in response to a complaint. The Council has a complaints procedure which was invoked by a retailer in 2015. Such complaints, which are very rare, are considered by the Council's Technical Committee which makes a recommendation to the Council. In this case, the complaint was not upheld.

The Council's primary function is to ensure that there are adequate facilities for hallmarking as required in the UK from time to time. The Royal Mint conducts annual inspections of the assay offices and provides a copy of their report to the Council. This assists the Council in assessing its performance in respect of this function. The Royal Mint conducted its inspection of the hallmarking and assaying operations of the four Assay Offices in October 2015. It concluded that their methods and procedures were satisfactory.

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.

Signed

Geraldine Swanton

Secretary for the year ended 31 December 2015.

Date : 29 April 2016

3. ACCOUNTABILITY REPORT

(a) Corporate Governance Report

Secretary's Report

Council members

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

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

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.

The Chairman and other members of the Council, together with their category of membership, are provided at p15. The Hallmarking Act Schedule 4 provides that the Council should consist of no fewer than 16 and no more than 19 members. Ten members are appointed by the Secretary of State and six are appointed by the assay offices, with a provision for two co-opted members. There are no individual members who have authority or responsibility for directing or controlling the Council's activities during the year. The Chairman has a casting vote (Hallmarking Act, Schedule 4 par 12). Council members are required to act in accordance with the Cabinet Office's Model Code of Practice for Members of Public Bodies. Further details are provided in the Governance Statement below. The Council has no employees.

Disclosure of Council members' interests

All members complete declaration-of-interest forms. Members who are appointed by the Assay Offices declare an interest accordingly. One member, who owns a jewellery retail business, also declares it as an interest. There are no company directorships or other significant interests which are likely to conflict with the discharge of Council membership. The register of Council members' interests is open to inspection by the public by prior appointment with the Secretary at the Offices of Shakespeare 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 30% (2014 40%) of invoices by value because of delays in settling invoices from Shakespeare Martineau LLP.

Personal data and whistleblowing

The Council is registered as a data controller under number **Z3489143**. There have been no personal data loss incidents during the year 2015.

The Council has no employees or workers and hence the Public Interest Disclosure Act 1998 does not apply to it. There have, in any event, been no incidents analogous to whistleblowing during 2015

Statement of Council and Accounting Officer's responsibilities year ended 31 December 2015

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.

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

GOVERNANCE STATEMENT YEAR ENDED 31 DECEMBER 2015

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 or overseas) 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

In response to the Triennial Review, a draft risk register is to be submitted to the Council for approval. Once approved, it will be available on the Council's website (<https://www.gov.uk/government/organisations/british-hallmarking-council>). As indicated above, those risks include dissolution of the Council, ensuring the adequacy of hallmarking facilities and loss of an officer of the Council. The increasing demands of servicing Government initiatives and proposed new statutory duties are becoming a burden on Council's resources. The continuing program of change announced by BIS 2020 and the changes to the NMRO provide a degree of uncertainty that cannot be quantified as yet by the Council at the time of drafting this report. The Council will engage with BIS to assess any risks that may be posed arising from the programme of change, for example any changes to its classification as a public sector body.

An amendment to the Hallmarking Act 1973 permitting overseas hallmarking provided an opportunity for the assay offices to extend their activities, and the systems and protocols developed by the Council to ensure that the high standards of hallmarking are maintained in the assay offices' overseas facilities have to date proved adequate. The Applications Committee intends to amend its application document to include principles of control to be adhered to by Assay Offices where overseas offices are not run through subsidiary companies not wholly owned by the assay office in question. 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 2015 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 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 & Regulation Office (NMRO), 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 up to date with issues relevant to hallmarking. The Chairman and I are in frequent contact with the NMRO 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. Shakespeare Martineau LLP prepares 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.
- The Chairman's honorarium is paid via the NMRO's payroll system in order to comply with the Cabinet Office guidance on off-payroll arrangements.
- 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 Shakespeare 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 copy of the latest Corporate Statement 2016 will shortly be available on the Council's website (<https://www.gov.uk/government/organisations/british-hallmarking-council>).

In accordance with the Macpherson Review, I confirm that, in view of the processes outlined above, the Council has a quality assurance framework in place which is used for all business critical models. Given its constitution, size and the nature of its functions, the Council has not considered it appropriate or proportionate to publish separately a list of business critical models.

b. Remuneration report (audited)

There were no staff employed by the Council during 2015 (or in previous years).

The current Chairman, Mr Christopher Jewitt, is Chairman of Sheffield-based hand tool manufacturing company, Footprint Sheffield Limited. The Chairman is paid an honorarium of £14,000 per annum as agreed at a Council meeting dating 11 November 2014. In and around August 2014, the Chairman's remuneration was required by BIS to be paid via a payroll system in accordance with the Cabinet Office guidance on off-payroll arrangements. An arrangement was therefore made to make the payments to the Chairman via the NMRO's payroll, which attracts Employer's National Insurance charges as an additional cost to the Council. 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.

Members of the Applications Committee are paid £75 per hour for work connected with sub-office applications and the payment is usually made by the Assay Office submitting the relevant application.

The Secretary of the Council, Ms Geraldine Swanton, is a legal director in private practice with Shakespeare 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 Shakespeare Martineau LLP at an agreed rate of £215 per hour. The amount of Shakespeare Martineau LLP's charges in respect of the Secretary's time varies from year to year in accordance with the time spent. In 2015 the amount was £40,303 (£46,691 2014).

c. Going Concern

The British Hallmarking Council remains a going concern. This is confirmed by the provision of a viability report from each of the four assay offices indicating that they have sufficient funds to provide hallmarking services for 2016 and by inference, to fund the expenses of the Council.

d. Parliamentary Accountability: regularity of expenditure (audited)

The Council's expenses are estimated at its April meeting each year in accordance with the Hallmarking Act 1973 (Schedule 4 paragraph 18(1)). The expenses incurred are met out of the contributions paid by the four Assay Offices in accordance with the allocations prescribed by Hallmarking Act 1973 Schedule 4 paragraph 18(2.). The Hallmarking Act 1973 (Schedule 4 paragraph 20) permits the payment of travelling and/or subsistence and/or other allowances to members or to any member of a committee. The Council's Standing Orders provide that will members' reasonable travelling, hotel and other out-of-pocket expenses incurred in the proper performance of Council-related activities will be reimbursed. Members are required to submit all expenses claims to the Secretary for approval and to support those claims with receipts. The Council may pay to the Chairman such remuneration as it sees fit (Hallmarking Act 1973 (Schedule 4 paragraph 20)). The current allowance is £14,000 per annum. The Hallmarking Act 1973 (Schedule 4 paragraph 21) further permits the appointment of the Secretary on such terms as to remuneration as the Council sees fit. Shakespeare Martineau LLP, the Secretary's employer, invoices the Council for the Secretary's time spent in discharging the role on an agreed hourly rate. Invoices, supported by detailed narratives, are submitted to the Chairman, for approval before payment. There have been no instances of irregular payments.

e. 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 2015 is £3,150 (£ 3,150 in 2014). No other services were provided.

Signed

Geraldine Swanton

Secretary for the year ended 31 December 2015.

Date : 29 April 2016

BRITISH HALLMARKING COUNCIL

MEMBERS OF THE COUNCIL

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

Chairman

Mr Christopher J Jewitt D.L. is Chairman of the Sheffield hand tool manufacturing company, Footprint Sheffield Limited, a fourth generation family business now run by his sons. Through the company he is a member of the BSI Standing Committee for Hand Tools. He has also held several non-executive or equivalent roles in a number of organisations in the Sheffield City Region including Sheffield University, the South Yorkshire Community Foundation, Sheffield Chamber of Commerce and Industry and Sheffield Industrial Museums Trust. Prior to becoming Chairman of the BHC, he was Chairman of both the Management Committee and the Guardians of the Sheffield Assay Office. He is also a past Master Cutler of the Company of Cutlers in Hallamshire, an Honorary Doctor of Sheffield Hallam University and a Deputy Lieutenant for the County of South Yorkshire.

Members appointed by 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 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 retired from the Council in April 2015.

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 a Management Accountant with extensive general management experience, and is also a Trustee and Treasurer of the Birmingham Botanical Gardens and Glasshouses. She is Chairman of the Birmingham Assay Office.

Ms Carol Brady is the Chairman of the Board of the Trading Standards Institute. Ms Brady was appointed on 13 October 2014.

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.

Ms Stella Layton 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.

National Measurement and Regulation Office

Peter Edwards, Assistant Director, and **Fiona Birchall**, Policy Officer, both of the Regulation Policy Team, regularly attend Council meetings.

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	

**NUMBERS OF ARTICLES DEALT WITH BY ALL THE ASSAY OFFICES FOR
2014 AND 2015**

QUARTER	ALL ARTICLES -1000 units		GOLD ARTICLES - 1000 units		SILVER ARTICLES - 1000 units		PLATINUM ARTICLES - single units		PALLADIUM ARTICLES - single units	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
FIRST	2,205	2,237	1,066	1,034	1,047	1,119	64,711	59,453	27,344	24,499
SECOND	2,509	2,249	1,243	1,066	1,165	1,080	72,624	66,205	27,876	36,502
THIRD	2,484	2,624	1,228	1,271	1,165	1,264	68,385	65,242	23,213	23,933
FOURTH	3,366	3,343	1,683	1,689	1,589	1,565	74,168	66,707	19,894	22,301
TOTAL	10,564	10,453	5,220	5,060	4,966	5,028	279,888	257,607	98,327	107,235

PERCENTAGE FIGURE FOR THE ABOVE TOTALS FOR EACH ASSAY OFFICE

OFFICE	ALL ARTICLES	GOLD ARTICLES	SILVER ARTICLES	PLATINUM ARTICLES	PALLADIUM ARTICLES
	<i>2015</i>	<i>2015</i>	<i>2015</i>	<i>2015</i>	<i>2015</i>
LONDON	32	36	26	39	21
BIRMINGHAM	30	31	29	41	42
SHEFFIELD	23	27	20	14	33
EDINBURGH	15	6	25	6	4

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

UNITED KINGDOM

YEAR TOTAL 2015

	GOLD	SILVER	PLATINUM	PALLADIUM	TOTALS
London	944,220	701,572	27,491	3,079	1,676,362
Birmingham	730,509	536,453	57,778	1,858	1,326,598
Sheffield	803,384	568,681	6,205	4,421	1,382,691
Edinburgh	925	94,962	11	1	95,899
TOTALS	2,479,038	1,901,668	91,485	9,359	4,481,550

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 2015 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. I have also audited the information in the Remuneration Report and the Parliamentary Accountability disclosures that is described in that report as having been audited.

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 2015 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 parts of the Remuneration Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000; and
- the information given in the Performance Report and Accountability Report 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 and parts of the Remuneration Report and the Parliamentary Accountability disclosures to be audited 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.

Sir Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

6 May 2016

**Statement of Comprehensive Net Expenditure
for the year ended 31 December 2015**

	Note	2015 £	2014 £
Income			
Income on Activities	5	<u>71,117</u>	<u>72,510</u>
Expenditure			
Operating Expenditure	6	<u>(71,127)</u>	<u>(72,517)</u>
Net operating expenditure		(10)	(7)
Interest receivable		<u>10</u>	<u>7</u>
Net expenditure for the year		<u>-</u>	<u>-</u>

Statement of Changes in Taxpayers Equity

	2015 £	2014 £
Balance at 1 January	-	-
Net expenditure	-	-
Balance at 31 December	-	-

The notes on pages 25-27 form part of these accounts.

**Statement of Financial Position
as at 31 December 2015**

	Note	2015 £	2014 £
Current assets:			
Trade and other receivables	7	1,880	15,012
Other current assets	7	-	520
Cash and cash equivalents	8	34,141	12,897
Total current assets		<u>36,021</u>	<u>28,429</u>
Total assets		<u>36,021</u>	<u>28,429</u>
Current liabilities:			
Trade and other payables	9	36,021	28,429
Total current liabilities		<u>36,021</u>	<u>28,429</u>
Assets less liabilities		<u>-</u>	<u>-</u>
Reserves		<u>-</u>	<u>-</u>

The financial statements on pages 22 and 23 were approved by the Council on 15 April 2016 and were signed on its behalf by:

(Signed)

Geraldine Swanton
Secretary and Accounting Officer

Date: April 2016

**Statement of Cash Flows
for the year ended 31 December 2015**

	Note	2015 £	2014 £
Cash flows from operating activities			
Net operating cost		-	-
(Increase)/Decrease in trade and other receivables	7	13,652	(8,113)
Increase/(Decrease) in trade and other payables	9	7,592	(10,795)
		<hr/>	<hr/>
Net cash inflow /(outflow) from operating activities		21,244	(18,908)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents in the period		21,244	(18,908)
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period	8	12,897	31,805
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period	8	34,141	12,897
		<hr/>	<hr/>

The notes on pages 25-27 form part of these accounts.

Notes to the British Hallmarking Accounts

1. 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 the Government Financial Reporting Manual and other guidance which the Treasury may issue from time to time and any other specific disclosures required by the Secretary of State.

2. Statement of accounting policies

These financial statements have been prepared in accordance with the 2015-16 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.

2.1 Account convention

These accounts have been prepared under the historical cost convention.

2.2 Income

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.

2.3 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.

3. Analysis of Net Expenditure by Segment

Hallmarking is the Council's only segment of activity, as such financial results are as shown on the Statement of Comprehensive Net Expenditure.

4. Staff numbers and related costs

No staff were employed by the Council during 2015 (see Remuneration Report on page 13).

5. Income

Income is analysed as follows:-

	2015 £	2014 £
Contributions from Assay Offices:-		
London	22,125	23,620
Birmingham	20,667	19,918
Sheffield	18,994	17,229
Edinburgh	9,331	11,743
	<hr/> 71,117	<hr/> 72,510

6. Operating Expenditure

	2015 £	2014 Represented £
Chairman's remuneration	15,559	14,875
Chairman's expenses	2,408	1,222
Council members' expenses	5,595	3,502
Less: re-charged to assay offices for Application	(1,678)	(693)
Committee expenses		
Audit fee	3,150	3,150
Secretarial costs and expenses	40,303	46,691
Other professional charges	4,550	2,900
Other expenses	1,240	870
	<hr/> 71,127	<hr/> 72,517

Shakespeare Martineau LLP have provided secretarial and accounting services to the Council since its formation on terms agreed from time to time. During the year, Shakespeare Martineau LLP were engaged to provide book-keeping services for £2,250 (£1,150, 2014), and to provide accounts preparation services for £2,150 (£1,750, 2014). There has been a re-classification of the Secretarial costs and expenses and Other professional charges therefore the figures for 2014 have been re-stated. This is in order to improve understandability of the accounts.

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, Derek Lassetter and from April 2015, Bryn Aldridge, no payments are made to Council members in respect of their time, although they are reimbursed for their travelling expenses.

7. Trade receivables and other current assets

	2015 £	2014 Represented £
Amounts falling due within one year:		
Trade Receivables	1,755	15,012
Other receivables	-	520
Prepayments	125	-
	<hr/> 1,880	<hr/> 15,532

8. Cash and cash equivalents

	2015 £	2014 £
Balance at 1 January	12,897	31,805
Net change in cash and cash equivalent balances	21,244	(18,908)
	<hr/>	<hr/>
Balance at 31 December	34,141	12,897
The following balances at 31 December were held at:		
Commercial banks	34,141	12,897

9. Trade payables and other current liabilities

	2015 £	2014 Represented £
Trade payables amounts falling due within one year:		
Trade payables	21,862	28,429
Other payables	10,659	-
VAT, other taxation and social security	3,500	-
	<hr/>	<hr/>
	36,021	28,429

10. Related-party transactions

10.1 The sponsoring body of the Council is the National Measurement & Regulation Office which is an executive agency for the Department of Business Innovation and Skills ("BIS"), both of which are regarded as related parties. BHC have had material transactions with their sponsor body in 2015 as the Chairman is paid by NMRO who recharge this expense to BHC.

10.2 The Council 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. Events After the Reporting Period

In accordance with the requirements of IAS 10 "Events after the Reporting Period", post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate and Report of the Comptroller and Auditor General. There are no post Statement of Financial Position events between the balance sheet date and this date.

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