



BRITISH HALLMARKING COUNCIL

Annual Report and Accounts
for the year ended 31 December 2010



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

Annual Report presented to Parliament by Command of Her Majesty

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BRITISH HALLMARKING COUNCIL

REPORT OF THE CHAIRMAN - 2010

Introduction

Last year I reported a continuing decline in the number of items marked - down to 16,158,000 from the peak of 35,245,000 items in 2003.

During 2010 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 outturn for 2010 was 14,926,518 for all items marked. This total indicates a further decline of about 8% on the 2009 total, and a decline of about 17% for gold items only.

Within the total is a total of all palladium items marked of 107,322. This is a very encouraging result for the first full year of hallmarking, and confirms the attraction of palladium as an alloy for jewellery manufacture.

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 capability to perform their primary consumer protection function of testing and certifying the metal quality of jewellery before it is exposed for sale. In addition, all of the 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 back up the activities of the Assay Offices, Council has created an Education and Enforcement Committee during the year, chaired by Mike Drewry, the lead Trading Standards representative Council member.

At the beginning of the year three new Government appointees joined the Council - John Pearce (better known in jewellery circles as Johnny Rocket), Bryn Aldridge and Robert Grice who both have considerable Trading Standards experience. In October, Richard Vanderpump, an appointee of the London Assay Office, retired from Council due to ill health, and Sir Jerry Wiggin, who while serving as an M.P. in 1973 sponsored the Hallmarking Bill in Parliament, succeeded him. Our new members have been warmly welcomed and have already made an impressive contribution to the Council's deliberations.

In the summer the Council was the subject of the new Government's review of Non-Departmental Public Bodies. Richard Sanders, the Director of Regulation at the National Measurement Office, carried out a detailed investigation most conscientiously and carefully, and the thanks of the Council are owing to him for that. The result of the review was that the Council not only survives, but does so with the prospect of an enhanced role following the passage of the Public Bodies Bill.

Future role

During the preparation of the response by the Council to the Government review, it was confirmed that the Council is certainly not a burden either on the public purse or on the Assay Offices or the UK jewellery trade. In fact, the opposite is true. So far as the public purse is concerned, the costs of the Council are met by the Assay Offices and no part of them is funded by the taxpayer. So far as the Offices and the UK trade is concerned, although the Council was set up some time ago, its constitution and regulatory approach is thoroughly modern, being consultative, risk-based and light

touch. Council aims to support the work of the Offices, and the trade, and believes that the growth in demand for palladium articles following the change in the regime to include them is evidence of success.

It is hoped that in future Council will be better able to achieve these aims as a result of playing a greater part in the updating of the technical aspects of the regime - to be found in the schedules to the Hallmarking Act- so as to avoid the need for secondary legislation whenever a change is required. Council also hopes to be able to play a greater part in the representation of the UK at the International Hallmarking Convention. Discussions with the National Measurement Office about that will resume after the Public Bodies Act comes into force.

Overseas Marking

During the year, Council was consulted by the National Measurement Office on issues arising from hallmarking by the Dutch Waarborg Office in the Far East, and the steps to be taken by the Dutch Ministry of Foreign Affairs in supervising those activities.

Progression of the policy of the Council adopted in 2009 that the Hallmarking Act should be changed to permit UK Assay Offices to assay and mark overseas was delayed during 2010, particularly by the effect of the general election and change of Government, and also by the Government review of non-departmental public bodies. A revised draft of the impact assessment was produced, however, and is intended to be submitted to the National Measurement Office early in 2011.

Component Marking

At the request of the Assay Offices, the Applications Committee of the Council - which has responsibility for approving applications for, and subsequently monitoring, onshore sub-Offices - drew up and obtained approval to a new procedure whereby Assay Offices can process jewellery in an offshore location - typically manufacturers' premises - by specimen components being returned to the UK for testing and marking prior to their return to the remote location for assembly. The procedure was drawn up taking account of the potential risks arising from the various features of the process.

UK sub-Offices

Birmingham Assay Office was given permission to open a sub Office at Domino in Birmingham during the year.

Commemorative Marks

Although the Council was unable to negotiate permission for a hallmark to commemorate the Olympic Games, The Queen has given permission for a hallmark to commemorate the Diamond Jubilee to be produced, and preparations for that are progressing well.

Inspection by the Royal Mint.

The Queen's Assay Master has confirmed that the results of the inspections of all the Assay Offices in 2010 were satisfactory

Enforcement

Section 9(1) of the Hallmarking Act states "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.

Previous British Hallmarking Council Annual Reports have highlighted the fact that in most Trading Standard Authorities enforcement of Hallmarking legislation is a low priority function, hence inspections and enforcement visits of traders in precious metals are limited and increasingly enforcement activity is related to consumer complaints.

2010 has seen the continuation of the worldwide financial recession which has resulted in the movement of capital into the traditional safe haven of gold and out of the markets of stocks and shares. The resulting increase in the value of gold has seen an influx of individuals and companies offering consumers cash for unwanted gold items and jewellery. The advertisements used by these traders ask consumers to post their unwanted gold for valuation and by return the consumer will receive the value of the gold items and jewellery.

Tests carried out by Trading Standards Authorities and the Assay Offices revealed in some instances the traders in gold offered the consumers a small percentage of the true value of the gold.

Whilst in most instances no offences under Hallmarking or Consumer Protection Legislation had been committed, consumers were being seriously disadvantaged. Advice was given via national publicity campaigns for consumers to deal only with established and reputable dealers in precious metals.

The fact that the sale of items made from precious metals is governed by the Hallmarking regime has for centuries ensured that consumers can have confidence in the genuineness of products they buy in the market place. Ensuring that this confidence is not eroded is imperative and cooperation between the Enforcement Authorities and the Assay Offices is an important means of achieving this. It is pleasing to report the continued productive relationship between the Offices and the Local Authorities both in training initiatives and joint enforcement programmes has continued to develop during 2010.

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 and details of them are set out in Appendix I of this report.

Date Letter

The date letter is an optional mark, and the date letter for 2011 is M.

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 14,926,518.

Auditors

The Comptroller and Auditor General has audited the accounts for the year ended 31 December 2010.

Race Equality Policy

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

Publication Scheme.

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

Conclusion

Although it seems likely that market conditions will prove challenging for some time to come, the Hallmarking 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.

Thomas K Murray
Chairman

Date : 7 April 2011

BRITISH HALLMARKING COUNCIL

MEMBERS OF THE COUNCIL

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

Chairman

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

Members appointed by former DTI:

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

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

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

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

Mr 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 of 40 years 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.

Mr Richard Vanderpump was formerly head of the firm of C J Vander, manufacturing silversmiths in Sheffield and antique dealers in silver based in Hatton Garden, although has now retired and has no connection with the trade. He is former Prime Warden of the Goldsmiths Company, and is Chairman of its London Assay Office Management Committee. Richard retired on 18 October 2010.

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. He was appointed as a member of the Council in succession to Richard Vanderpump.

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.

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

Assay Masters (entitled to attend):

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

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

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

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

APPENDIX 1

THE BRITISH HALLMARKING COUNCIL

MAXIMUM CHARGES

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

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

APPENDIX 2

WEIGHT IN KILOGRAMS OF ARTICLES DEALT WITH BY ALL THE ASSAY OFFICES FOR 2009 AND 2010 (Platinum articles are shown in grams)

QUARTER	GOLD												SILVER		PLATINUM		PALLADIUM	
	999		980		916		750		585		375		2010	2009	2010	2009	2010	2009
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009						
FIRST	16.4	6.5	0.0	0.0	866	673	1,657	1,546	246	150	3,899	4,206	28,374	26,837	680,235	607,684	283,311	0
SECOND	3.9	4.8	0.1	0.2	828	868	1,750	1,857	294	164	3,376	4,173	31,408	29,095	641,518	628,071	293,071	0
THIRD	3.6	2.0	0.2	1.0	840	1,098	1,820	1,831	194	251	4,179	4,868	33,540	34,322	557,620	635,523	170,280	187,869
FOURTH	1.4	3.3	0.1	11.6	738	840	2,099	2,364	295	424	5,801	7,793	39,736	42,862	530,861	655,062	135,490	145,636
Cumulative total to date	25.3	16.5	0.4	12.8	3,272	3,478	7,325	7,597	1,028	989	17,256	21,040	133,058	133,116	2,410,234	2,526,340	882,152	333,505

**NUMBERS OF ARTICLES DEALT WITH BY ALL THE ASSAY OFFICES FOR
2009 AND 2010**

QUARTER	ALL ARTICLES -1000 units		GOLD ARTICLES - 1000 units		SILVER ARTICLES - 1000 units		PLATINUM ARTICLES - single units		PALLADIUM ARTICLES - single units	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
FIRST	3,217	3,175	1,256	1,372	1,859	1,741	66,809	62,753	34,794	0
SECOND	3,227	3,371	1,209	1,491	1,920	1,814	68,832	65,422	29,647	0
THIRD	3,640	3,842	1,349	1,569	2,199	2,204	69,383	69,299	22,098	27,427
FOURTH	4,787	5,725	2,056	2,634	2,648	3,022	62,041	68,597	20,783	17,877
TOTAL	14,870	16,113	5,871	7,065	8,625	8,782	267,065	266,071	107,322	45,304

PERCENTAGE FIGURE FOR THE ABOVE TOTALS FOR EACH ASSAY OFFICE

OFFICE	ALL ARTICLES <i>2010</i>	GOLD ARTICLES <i>2010</i>	SILVER ARTICLES <i>2010</i>	PLATINUM ARTICLES <i>2010</i>	PALLADIUM ARTICLES <i>2010</i>
LONDON	20	30	15	41	23
BIRMINGHAM	34	39	30	35	41
SHEFFIELD	19	23	15	20	33
EDINBURGH	27	8	40	4	3

CONVENTION ON THE CONTROL & MARKING OF ARTICLES
OF PRECIOUS METAL
UNITED KINGDOM
YEAR TOTAL 2010

	GOLD	SILVER	PLATINUM	PALLADIUM	TOTALS
London	1,079,220	307,375	42,030	797	1,429,422
Birmingham	1,241,787	910,182	37,536	12,758	2,202,263
Sheffield	927,418	721,489	14,398	3,274	1,666,579
Edinburgh	41,561	148,654	275	25	190,515
TOTALS	3,289,986	2,087,700	94,239	16,854	5,488,779

BRITISH HALLMARKING COUNCIL

Accounts

31 December 2010

ACCOUNTS 2010

CONTENTS

	Page
Officers and professional advisers	14
Foreword to the accounts	15-18
Statement of Council and Accounting Officer's responsibilities	19
Statement on internal control	20-21
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	22-23
Statement of Comprehensive Net "Expenditure"	24
Statement of Financial Position	25
Statement of Cash Flows	26
Notes to the Accounts	27-31

ACCOUNTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

Chairman

Thomas K Murray

Secretary and Accounting Officer

David J Gwyther

Bankers

Lloyds TSB Bank Plc
125 Colmore Row
Birmingham
B3 3AD

Solicitors

Martineau
No. 1 Colmore Square
Birmingham
B4 6AA

Auditors

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

FOREWORD TO THE ACCOUNTS

Year ended 31 December 2010

Preparation of accounts

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

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

History, statutory background and principal activities

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

Financial Reporting Manual disclosure requirements

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

Results for the year

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

FOREWORD TO THE ACCOUNTS

Year ended 31 December 2010
(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 Wiggan (w.e. f 18 October 2010)	
Richard Vanderpump (until 18 October 2010)	

FOREWORD TO THE ACCOUNTS
Year ended 31 December 2010
(Continued)

Duties of Council members

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

Disclosure of Council members' interests

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

Payment policy

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

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

The BPPC target is to pay all undisputed supplier invoices within 30 days, unless other payment terms have been agreed. This target was achieved in relation to 25% (2009 - 42%) of invoices by value because of delays in settling invoices from Martineau in relation to one off projects.

Employees

The British Hallmarking Council does not have any employees.

Auditors

The statement of accounts has been audited by the Comptroller and Auditor General. The auditors are appointed under statute and report to Parliament. The audit fee for the year ended 31 December 2010 is £ 3,000 (£3,000 in 2009). No other services were provided.

Personal data

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

Future developments

For the 2010 calendar year the specific objectives of the British Hallmarking Council are described in the Chairman's Report - pages 1 to 4.

Post Statement of Financial Position

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

David J Gwyther
Secretary and Accounting Officer

Date: 7 April 2011

Thomas K Murray
Chairman

Date: 7 April 2011

STATEMENT OF COUNCIL AND ACCOUNTING OFFICER'S RESPONSIBILITIES

Year ended 31 December 2010

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

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

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

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

STATEMENT ON INTERNAL CONTROL

Year ended 31 December 2010

Scope of responsibility

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

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risk to the achievement of Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the British Hallmarking Council for the year ended 31 December 2010 and up to the date of approval of the annual accounts, and accords with Treasury guidance.

Capacity to handle risk and the risk and control framework

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

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

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

Review of effectiveness

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

A Corporate Statement was agreed between Council and DTI and signed in January 2005. Following the transfer of sponsorship from DTI to the National Measurement Office and subsequent Machinery of Government changes between DTI DIUS and DBIS, a new Corporate Statement was agreed with the National Measurement Office and signed on 5 March 2010. A copy is available from me, as is a copy of the 2011 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.

David J Gwyther
Secretary and Accounting Officer

Date: 7 April 2011

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 2010 under the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, Statement of 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

The Council and 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 the financial statements in accordance with applicable law and 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 am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

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 2010 and of its results and cash flows 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 Resource and Accounts Act 2000

and directions issued there under by the Secretary of State, with the approval of HM Treasury.

Opinion on other matters

In my opinion:

- the information given in the Report of the Chairman, members of the Council and the Foreword to the Accounts included within the Annual 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;
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on 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

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

London SW1W 9SP

Date: 13 April 2011

**Statement of Comprehensive Net Expenditure
for the year ended 31 December 2010**

	Note	2010 £	2009 £
Expenditure			
Staff costs	3	-	-
Depreciation		-	-
Other expenditures	4	(82,870)	(65,813)
		<hr/>	<hr/>
Income			
Income from Activities	5	82,865	65,808
Other income		-	-
		<hr/>	<hr/>
		82,865	65,808
		<hr/>	<hr/>
Net expenditure		(5)	(5)
Interest receivable		5	5
		<hr/>	<hr/>
Net Expenditure after interest		-	-
		<hr/>	<hr/>

Statement of Changes in Taxpayers Equity

	2010 £	2009 £
Balance at 1 January	-	-
Net expenditure	-	-
Balance at 31 December	-	-

**Statement of Financial Position
as at 31 December 2010**

	Note	2010 £	2009 £
Current assets:			
Trade and other receivables	6	27,717	15,104
Other assets	6	-	1,640
Cash and cash equivalents	7	10,684	6,100
Total current assets		<u>38,401</u>	<u>22,844</u>
Total assets		<u>38,401</u>	<u>22,844</u>
Current liabilities:			
Trade and other payables	8	36,243	22,844
Other liabilities	8	2,158	-
Total current liabilities		<u>38,401</u>	<u>22,844</u>
Assets less liabilities		<u>-</u>	<u>-</u>
Reserves		<u>-</u>	<u>-</u>

The financial statements on pages 24 to 31 were approved by the Council on 4 April 2011 and were signed on its behalf by:

2011 and

(Signed)

**Thomas K Murray
Chairman**

Date: 7 April 2011

(Signed)

**David J Gwyther
Secretary and Accounting Officer**

Date: 7 April 2011

**Statement of Cash Flows
for the year ended 31 December 2010**

	Note	2010 £	2009 £
Cash flows from operating activities			
Net Surplus after cost of capital and interest		-	-
Decrease/(Increase) in trade and other receivables		(10,973)	2,885
Increase/(Decrease) in trade and other payables		<u>15,557</u>	<u>505</u>
Net cash inflow/(outflow) from operating activities		<u>4,584</u>	<u>3,390</u>
Net financing		-	-
Net increase(decrease) in cash and cash equivalents in the period		<u>4,584</u>	<u>3,390</u>
Cash and cash equivalents at the beginning of the period	7	<u>6,100</u>	<u>2,710</u>
Cash and cash equivalents at the end of the period	7	<u>10,684</u>	<u>6,100</u>

Notes to the British Hallmarking Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2010-11 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

	2010 Segment 1 £	2010 Total £	2009 Segment 1 £	2009 Total £
Gross Expenditure	(82,870)	(82,870)	(65,813)	(65,813)
Income	82,865	82,865	65,808	65,808
Net Expenditure	(5)	(5)	(5)	(5)
Total Assets	-	-	-	-

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

3. Staff numbers and related costs

Staff costs comprise:

	2010 £	2009 £
Emoluments of Chairman - Tom Murray	NIL	NIL
Emoluments of Secretary and Accounting Officer - David J Gwyther	NIL	NIL

There were no employees of the Council during 2010. The current Chairman, Mr Tom Murray, is a solicitor in private practice with Gillespie MacAndrew. At the Council meeting dated 11 November 2005, it was agreed the Gillespie MacAndrew's fee in respect of Mr Murray's services should be increased to £14,000 per annum with effect from the date of his appointment, 11 March 2004. The formal duties of the Chairman are set out in the Hallmarking Act 1973 and include conducting meetings of Council and liaising with the Secretary of State. The Chairman does not have set hours of work, nor a target for total hours of work. His remuneration is set by the Council on the basis of a recommendation by an informal committee of Council members. The Chairman is elected by the Council.

The Secretary of the Council during 2010 was Mr David Gwyther, a solicitor and partner in private practice with Martineau in Birmingham. Mr Gwyther received no remuneration from the Council for the work he carries out. His time is charged by Martineau at an agreed rate which was £260 per hour. The amount of Martineau's charges in respect of Mr Gwyther's time varies from year to year in accordance with the time spent. In 2010 the amount was £19,543 (£16,096, 2009). The Secretary is appointed by the Council for an undefined period by the Council.

Martineau have provided secretarial and accounting services to the Council since its formation on terms agreed from time to time. During the year, Martineau were engaged to provide book-keeping services for £1,150 (£1,150, 2009), and to provide accounts preparation services for £1,750 (£1,750, 2009).

Save for the Chairman's remuneration, and an allowance of £75 per hour paid to the members of the sub-Offices' Application Committee, Linda Campbell, and Adrian Levett (the amounts of which during the year amounted to £225 and £2,588 respectively), no payments are made to Council members in respect of their time, although they are reimbursed for their travelling expenses.

4. Other Expenditure

	2010	2009
	£	£
Running costs	82,870	65,813
Running costs are analysed as follows:		
Chairman's remuneration	14,000	14,000
Chairman's expenses	579	199
Council members' expenses	6,490	4,385
Less: re-charged to sub-offices	(613)	(832)
Audit fee	3,000	3,000
Secretarial costs and expenses	23,706	16,096
Other professional charges	32,203	27,189
Other expenses	3,505	1,776
	82,870	65,813

5. Income

Income is analysed as follows:-

	2010	2009
	£	£
Contributions from Assay Offices:-		
London	17,685	14,360
Birmingham	28,255	23,603
Sheffield	16,103	11,919
Edinburgh	20,822	14,474
	82,865	64,356
Sales of notices	-	1,452
Other income	-	-
	82,865	65,808

6. Trade receivables and other current assets

	2010	2009
	£	£
Amounts falling due within one year:		
Amounts due from Assay Offices	27,717	15,104
VAT	-	1,640
	27,717	16,744

7. Cash and cash equivalents

	2010 £	2009 £
Balance at 1 January	6,100	2,710
Net change in cash and cash equivalent balances	<u>4,584</u>	<u>3,390</u>
Balance at 31 December	<u>10,684</u>	<u>6,100</u>

The following balances at 31 December were held at:

Commercial banks	<u>10,684</u>	<u>6,100</u>
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8. Trade payables and other current liabilities

	2010 £	2009 £
Amounts falling due within one year:		
VAT	2,158	-
Trade payables	36,243	22,844
Due to Sub-offices	-	-
	<u>38,401</u>	<u>22,844</u>

9. Capital commitments

The Council has no capital commitments (2009 £Nil).

10. Commitments under leases

The Council has no leasing commitments (2009 £Nil).

11. Related-party transactions

11.1 No commission was received in 2010 (2009 - £1,452) 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 2010 or henceforth as it is perceived to be not cost effective to do so.

11.2 Amounts payable to Martineau in respect of the year were £55,909 (2009 - £43,285). David Gwyther, the Council's Secretary and Accounting Officer, is a partner in Martineau. All invoices submitted by Martineau are approved by the Chairman prior to payment.

11.3 The Chairman is a Solicitor in private practice with Gillespie MacAndrew and the Council pays Gillespie MacAndrew in respect of Mr Murray's remuneration. Gillespie MacAndrew's fee in respect of Mr Murray's remuneration for the year was £14,000 (2009 - £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 13 April 2011, the date on which the accounts were certified by the Comptroller and Auditor General



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