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# BRITISH HALLMARKING COUNCIL

Annual Report and Accounts  
for the year ended 31 December 2020

# Annual Report and Accounts for the year ended 31 December 2020

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

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## BRITISH HALLMARKING COUNCIL

("The Council")

### REPORT 2020

#### 1. INTRODUCTION

The Annual Report and Accounts for 2020 are drafted in accordance with the Government Financial Reporting Manual.

#### 2. PERFORMANCE REPORT

##### a. Overview

##### **Statement of the Chair for the year 2020**

Hallmarking performs a vital role in consumer protection, ensuring the integrity of precious metal items and giving the buyer and any subsequent owner the assurance that the item is what it purports to be. The British Hallmarking Council's role in regulating hallmarking in turn gives the assurance that the consumer and the industry require in order to ensure a level playing field in an increasingly competitive market. The UK jewellery industry is a significant player within the UK economy. Jewellery purchases may be significant investments for consumers. It is important to keep the hallmarking industry strong to provide protection for consumers and for business.

2020 and the start of 2021 see the Council and the industry facing a world of uncertainty. There are two great unknowns which had a significant impact in 2020 and continue to do so.

The Covid-19 pandemic has caused unprecedented disruption to the industry and to the Assay Offices and the disruption continues into 2021. 2020 hallmarking figures showed an overall 31% decrease in numbers of items hallmarked from the previous year. The Assay Offices have met the challenges of uncertainty and the practical difficulties of the pandemic with fortitude and have coped with lockdowns, restrictions and fluctuating levels of work while steering their businesses through difficult times. They have worked together and supported each other and have been exploring opportunities for sub-contracting between offices. There are now hopes of the Covid-19 vaccine gradually returning the world back to normal operation.

During 2020 there was continued uncertainty about the potential impacts on hallmarking and on the industry of the UK's exit from the EU. The Council now needs to understand the changing context for the trade and for enforcement, and the juxtaposition of this with the International Convention and any consequential impact of these issues. The Council has begun a dialogue with the Industry and with officials in the Department for Business, Energy & Industrial Strategy (BEIS) to track developments and to inform future actions.

Against this context of uncertainty and fluctuating operating conditions, the Council has sought to maintain operations and focus on priorities for action.

Education about hallmarking requirements, and enforcement of hallmarking law, remain vital to ensuring compliance with the law and providing protection to the consumer. The issue of compliance by online retailers came into sharp focus in 2020. The problem of ever-decreasing Trading Standards resources was exacerbated by the Covid-19 pandemic with Trading Standards teams facing the challenges of pandemic working conditions and also being diverted to working on pandemic-related issues, thus reducing the resources available to carry out enforcement of hallmarking law. At the same time, online sales of jewellery increased rapidly during the periods of lockdown. There is therefore a need to stimulate enforcement work in relation to online sales in particular. Work has started with the Trading Standards Primary Authorities for the largest of the online retail platforms to identify and remove listings which do not comply with the law, with encouraging beginnings and the full cooperation of the Authorities.

Two important initiatives relating to enforcement had to be put on hold during the year. First, the annual Touchstone Award could not go ahead, and was postponed to 2021. Secondly, detailed proposals for a major project to protect and promote hallmarking were developed but had to be put on ice due to operating conditions resulting from the pandemic. We hope that both of these can be taken forward as the world gradually returns to normal.

The Dealer's Notice is an important tool for ensuring compliance with the law. The updated version, incorporating the new mark for items hallmarked by UK assay offices in their overseas sub-offices, and the new Type 2

Convention Mark became compulsory on 1 May 2020. The Council started work on a project to increase the use of the Dealer's Notice by online retailers, making it more user-friendly for online settings and providing guidance for retailers on how to make it sufficiently conspicuous and easy to understand.

The integrity of hallmarking is essential to protection of consumers. The technical standards maintained by the Assay Offices are validated and confirmed by the accreditation bodies and the Queen's Assay Master. The Applications Committee oversees the sub-offices approvals process. Its plans to start the five yearly revalidations of sub-offices had to be delayed due to the Covid-19 pandemic but are due to start in 2021.

The Council looks forward to proposing a commemorative mark this year to celebrate the Queen's Platinum Jubilee in 2022.

The framework for all of these activities is an active, engaged and well organised Council. Three new Secretary of State members joined us from 1 January 2020 and each new Council member took on responsibilities in committees or working groups.

Much of the Council's work is carried out by its committees and the Secretary of State-appointed members in particular are responsible for much of the work that is done. At the end of 2021 a number are due to reach the end of their current three year terms. We are working with our sponsor body the Department for Business, Energy & Industrial Strategy (BEIS) on recruitment planning.

During 2020 the Council, like every other organisation, had to change its working methods to cope with the constraints imposed by the pandemic. All meetings took place by virtual means, and revisions were made to the standing orders of the Council and all committees to allow for this. The enforced switch to virtual meetings demonstrated how efficiently much work can be carried out in this way. However, it has also had implications for working together: the Council's newest members have only met most of the other members through a screen, which is not an ideal way of integrating into such a large and dispersed body.

Our good relationship with our sponsor body in government continues, particularly with the BEIS representative Richard Sanders of the Office for Product Safety and Standards.

Finally I would like to thank all those who have served on the Council over the past year for their support and contributions. The work of the Council is highly specialised and the expertise of our members, together with their collective experience of the Council's activities, is essential to its effective operation.

I would also like to thank Geraldine Swanton of Shakespeare Martineau for her professional advice on legal aspects of hallmarking and Sue Green for her diligence and efficiency in providing excellent Secretarial support.

**Noel Hunter OBE**  
**Chair**

## 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 (HMA). The Council’s sponsoring body for 2020 was the Office for Product and Safety Standards (OPSS) which is part of the Department for Business, Energy and Industrial Strategy (BEIS).

The Council is funded entirely by the UK’s four Assay Offices according to a formula prescribed by the HMA. The Council has neither staff nor premises and normally 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 HMA 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 HMA 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 out in a risk register following a risk assessment carried out in October 2018 and reviewed at the Council meetings in October 2019 and October 2020. Those risks include dissolution of the Council, ensuring the adequacy of hallmarking facilities and loss of an officer of the Council. This year, risks have been identified as having a high impact and a high likelihood of occurring. These were:

- Loss of Secretary of State appointed members (and, to a lesser extent, failure to recruit Secretary of State appointed members). The 2018 Cabinet Office changes stipulating that members can serve a maximum of two terms caused difficulties for the BHC where the maximum had previously been three terms. Recruitment of three new members to start on 1 January 2020 was successful. Consistent efforts to maintain the continuity of committee work and induct new members to committees have mitigated the impact of the loss of experienced Council members. At the end of 2021 seven are due to reach the end of their current three-year terms. There are concerns regarding a recent announcement that there will be a presumption against reappointment and representations are being made regarding the effect this could have on the work of the Council.
- EU Exit and the associated uncertainties and risks following the UK’s exit from the EU and while the impacts and implications of the trade deal become known. This remains high impact with a high likelihood of occurring for as long as uncertainty continues. The issue remains a central concern for the BHC, the Assay Offices and the industry. The BHC has been aware of the industry’s serious concerns over the potential impact of the exit from the EU on businesses. The BHC has participated in update webinars run by BEIS and continues to monitor information as it becomes available and work with BEIS and the Assay Offices to assess the impact and the actions that will be needed.

The BHC has also given consideration to the risks of unforeseen external events leading to failure to meet objectives in the light of the Covid-19 pandemic, noting that events can develop rapidly and have a major impact. A pandemic



plan was produced in March 2020 covering day to day operation, payments systems, core business and statutory functions, and public facing services. The risk was assessed as having a medium impact and medium likelihood with back up arrangements in place for all of these operations and the use of alternative means for meetings. Risk assessments will be conducted before confirming any face to face meeting, with appropriate measures being taken. The risk to adequacy of hallmarking facilities due to the temporary closures and changes to operations as a result of the Covid-19 pandemic was kept under review, with regular meetings with the Assay Masters held to share information and discuss the challenges they were facing. The Council became aware of the increased volume of online sales of jewellery during the Covid-19 lockdowns and started work on a project to increase awareness of the need to display the Dealer's Notice on jewellery retail websites.

There continues to be a risk relating to the burden of responding to Government Department initiatives and requests for information including the Business Impact Target return annually. 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 risk register.

## Performance Summary

At its meeting in October 2019 the Council approved in principle a draft Business Plan and Budget for 2020, for confirmation at its meeting in April 2020. This confirmation was duly given at the April 2020 Council meeting. Progress was reviewed at its meeting in October 2020.

- Transition and future trade with Europe: there were increasing concerns about the prospects for hallmarking following the UK's exit from the EU. The BHC continued to engage with BEIS discussions on legal, trading and regulatory structures.
- Enforcement strategy: the work of the Education & Enforcement Committee was affected by the Covid-19 pandemic and the Touchstone Award for 2020 was postponed. A detailed proposal for a project, Protecting and Promoting Hallmarking, was produced but had to be put on ice later in the year due to the pandemic. Work with online platforms was progressed and relationships established with the Trading Standards Primary Authorities for two major platforms.
- Education and raising the profile of hallmarking: work continued on maintaining the BHC's website, and on proposals for promoting hallmarking to consumers.
- Operational integrity: the Applications Committee worked with the Queen's Assay Master with the aim of co-ordinating activities and avoiding duplication of work. A programme for reviewing two sub-offices per year, as the start of the new system for five-yearly revalidations of sub-offices, was developed and then put on hold due to the Covid-19 pandemic.
- Technical consistency: a protocol for the use of XRF testing was developed and shared. The Technical Committee continued to work on technical compliance issues.
- Hallmarking outside the UK: the distinguishing mark for items hallmarked by UK Assay Offices in their overseas sub-offices, introduced in 2019, was incorporated into a new format of the Dealer's Notice under s11 of the Hallmarking Act. Use of the new format of the Notice became compulsory on 1 May 2020.
- Council members: three new Council members were welcomed and inducted at the start of 2020. Each took on new responsibilities in committees or working groups.
- Governance and administrations: the Covid-19 pandemic led to the BHC having to adopt alternative means for meetings and decision making by using virtual means. Standing Orders for the Council and committees were revised accordingly.
- Regulators' Code: due to the constraints on the BHC's work during the pandemic, the annual review of the 2019 audit of the Regulators' Code was put on hold.
- Diversity: diversity is now a standing agenda item for Joint Assay Offices Committee meetings.

During the year the Council did not approve any applications for new sub-offices.

The Council fixes the maximum charges which may be made for assaying and hallmarking. These remained unchanged during 2020. The price maxima are set out in Appendix 1.

Appendix 2 sets out the numbers of articles hallmarked in 2020, and Appendix 3 contains the number of items marked in the UK under the Convention on the Control and Marking of Articles of Precious Metal during 2020.

## **b. Performance Analysis**

### **Performance measures**

The Council measures its performance by setting itself specific objectives for each year in consultation with the OPSS. The objectives for 2020 were as follows:

- **Transition and future trade with Europe:** The uncertainties over the UK's exit from the EU hardened into serious concerns, highlighted by research findings. Hallmarking is not harmonised across the EU, and the prospects for hallmarking were very uncertain. The BHC continued to engage with BEIS discussions on legal, trading and regulatory structures and to identify actions for the Council.
- **Enforcement strategy:** The BHC has enforcement powers and has traditionally discharged that role by working in collaboration with local Trading Standards departments who have a statutory duty under the HMA. The pressure on local authority resources has reduced the level and consistency of enforcement. The BHC seeks to stimulate further enforcement activity to protect consumers and to raise standards of compliance across the industry. The Touchstone Award plays a key role in this effort. In 2020 the Touchstone Award had to be postponed due to the Covid-19 pandemic. A wider and deeper enforcement strategy is needed and a project, Protecting and Promoting Hallmarking (PPH), produced a detailed proposal for consideration by the Goldsmiths' Company. This had to be put on ice later in the year due to the Covid-19 pandemic. Possibilities for an interim project were investigated but these were not possible due to funding issues given the state of the industry due to the pandemic. An outline proposal for funding from the Regulators' Pioneer Fund for elements of the PPH work was submitted but put on hold as the funding was suspended. Steps to follow up the November 2019 media campaign calling for effective enforcement in relation to online sales were put on hold during the summer of 2020 due to the Covid-19 pandemic. Work with online platforms was progressed. This was particularly important given the increase in online activity in jewellery sales during lockdown. A meeting was held with Amazon just prior to the period of lockdown for the Covid-19 pandemic but follow up actions were postponed and contact re-established. Meanwhile work with the Trading Standards Primary Authority, Hertfordshire, was started. Work with Westminster City Council, the Primary Authority for eBay, was taken forward in relation to a seller illegally offering hallmarking punches for sale. This led to identification of further actions to be taken forward. Work was started on a project to produce a more suitable format of the Dealer's Notice for use in online retail, with plans for publicising the requirements to the industry.
- **Education and raising the profile of hallmarking:** The BHC website was maintained during the year on gov.uk. A link to the Birmingham Assay Office online training module was circulated to Trading Standards Departments. The Promotion of Hallmarking to Consumers working group developed proposals for a Buyer's Certificate. These proposals were incorporated with the Protecting and Promoting Hallmarking project. Joanna Hardy joined the Education & Enforcement Committee, replacing David Sanders. Scott Walter also joined the Committee, to provide input from the Assay Offices.
- **Operational integrity:** The Applications Committee worked with the Queen's Assay Master with the aim of co-ordinating activities and avoiding duplication of work. A programme for reviewing two sub-offices per year, as the start of the new system for five-yearly revalidations of sub-offices, was developed using a risk-based approach. Plans were made for conducting the first two visits in 2020 but these were put on hold due to the pandemic. Revised plans, for desktop and virtual reviewing, are in development. Gay Penfold joined the Applications Committee, replacing David Sanders.
- **Technical consistency:** During 2020 a protocol for the use of XRF testing was developed and shared. The Technical Committee continued to keep the shared wiki of hallmarking decisions under review. It was agreed that the Hallmarking Guidance Notes should be updated, but this work was put on hold due to the Covid-19 pandemic. A Guidance Note on Submission of partially constructed articles of precious metal for hallmarking was produced by the Technical Committee and agreed by the Council. It was agreed that, due to the difficult operating conditions with Covid-19, the Guidance Note would be held for the time being, and published alongside other work on compliance with the Dealer's Notice.
- **Hallmarking outside the UK:** The distinguishing mark for items hallmarked by UK assay offices in their overseas sub-offices was introduced in 2019. An updated Dealer's Notice showing this new mark and the new Type 2 Convention Mark was finalised in 2020 and publicised. Due to the Covid-19 pandemic, communications to remind traders of these requirements were postponed and will be taken forward under item 3 of the 2021 business plan, Education and raising the profile of hallmarking.
- **Council members:** Three new Council members were welcomed at the start of 2020, and an induction involving the Council, BEIS and Shakespeare Martineau was held in March 2020. Each new Council member took on new responsibilities in committees or working groups.
- **Governance and administration:** The full suite of governance documentation and the Dropbox folders for Council members and committees continued to be maintained. Financial, payroll and data protection procedures were maintained. Further progress was made on the historic decisions log. The pandemic led to the BHC having to adopt alternative means for meetings and decision making. The Council's Standing Orders were revised to allow for this, and the relevant sections of the Standing Orders for the JAOC and Technical Committees were clarified to allow for all meetings to take place by virtual means where appropriate. There

is now a presumption that committee business will be carried out by virtual meetings, with a plan for the Council to meet once a year by virtual means and once a year face to face.

- **Regulators' Code:** Due to the constraints on the BHC's work during the Covid-19 pandemic, the annual review of the 2019 audit of the Regulators' Code was put on hold.
- **Diversity:** Assay Offices' statements on diversity and equal opportunities were shared with the BHC. Diversity is a standing agenda item for Joint Assay Offices Committee (JAOC) meetings for discussion at each meeting.

The Council's performance against the objectives above is amenable to clear measurement of the achievement of those objectives. Further, representatives of the OPSS usually attend Council meetings and the Chair and Secretary meet separately with those representatives to discuss Council performance, including achievement of the specific objectives.

The Council continued to operate in accordance with the Framework Document which was agreed and signed during 2018 and published on the BHC's website.

A new Risk Register was agreed by the Council at its meeting in October 2018 and was reviewed and updated at its October 2019 and October 2020 meetings.

The Council continued to publish the minutes of its meetings on its website.

The Council runs the Touchstone Award for Trading Standards annually. This is a prestigious award funded by the Assay Offices in collaboration with the National Association of Jewellers which recognises innovative activity in relation to hallmarking enforcement, education or information. In light of the Covid-19 pandemic the Council, taking account of the severe pressures on Trading Standards Services, had to postpone the 2020 Touchstone Award. The Touchstone Award process will be run in 2021, operating to a revised timetable to reflect Covid-19 pandemic operating conditions.

The Council does not itself exercise the power to enforce the Hallmarking Act. The Hallmarking Act s9(1) provides that "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. All of the Assay Offices have worked closely with Trading Standards Officers over the last year.

The Education & Enforcement Committee has made substantial progress since its establishment in 2017 on reviewing and updating the Council's website; in organising training to trading standards officers through their professional body branch meetings, and in running the Council's Touchstone Award for innovation in enforcement of the Hallmarking Act. Work during 2020 was affected by the operating conditions resulting from the Covid-19 pandemic. Work with online trading platforms was progressed. This was particularly important given the increase in volume of online jewellery sales during the pandemic. Work was started on a project to produce a more suitable form of the Dealer's Notice for use in online retail settings.

Long-term plans to amend the Hallmarking Act 1973 and modernise and strengthen it for today's world of global and internet trading continue.

No new sub-offices were opened during the year.

The Council via the Secretary receives numerous 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. Responses are sent to all queries.

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 not invoked in 2020.

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 its 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 late 2020. This inspection was

carried out by virtual means due to the Covid-19 pandemic and was restricted to the main Assay Offices. The Queen's Assay Master's report confirms that all assay offices are performing satisfactorily and in general are addressing non-compliances and raising their standards as a result.

The integrity of hallmarking remains a priority for the Council. In consultation with the Queen's Assay Master the Council, working with the Applications Committee, continues to review the oversight of arrangements to ensure the continued integrity of assay operations including sub-offices. A programme for the new system of five-yearly revalidations of sub-offices was developed but plans to conduct the first visits were postponed due to the Covid-19 pandemic. Revised plans, for desktop and virtual reviews, are in development.

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 a permanent surplus of income over expense. The accounts for the year are included in the combined report and accounts.

**Signed**

**Noel Hunter**  
**Chair and Accounting Officer**

**Date: 6 July 2021**

### **3 ACCOUNTABILITY REPORT**

#### **a. Corporate Governance Report**

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

Carol Brady  
 Neil Carson  
 Malcolm Craig  
 Ken Daly  
 Louise Durose  
 Patrick Fuller  
 Joanna Hardy  
 Noel Hunter, Chair  
 Harriet Kelsall  
 Tom Murray  
 Gay Penfold  
 Isobel Pollock-Hulf  
 David Reddaway  
 Chris Sellors  
 Vanessa Sharp  
 Matthew Sibley  
 John Stirling  
 Charles Turner  
 Gary Wroe

#### **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.

There are five standing Committees of the Council:

- Applications Committee, made up of Council members, to deal with individual applications by assay offices for permission to open a sub-Office
- Technical Committee, made up of the four assay masters who are not members of the Council
- Joint Assay Office Committee (JAOC), made up of the four assay masters, the assay-office-appointed members of the Council and the Chair of the Council
- Education and Enforcement Committee, made up of members of the Council and one Assay Office representative to deal with press statements and publicity.
- Following a decision at the Council meeting in October 2019 steps have been taken to establish a new Remuneration Committee, with initial Standing Orders, membership and recommendations now approved by the Council.

Information about the Chair and other members of the Council, together with their category of membership, is provided at page 18. 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 Chair has a casting vote (Hallmarking Act, Schedule 4 para 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 at page 12. 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 Council member is a member of the Finance Audit and Risk Committee of the Worshipful Company of Goldsmiths. 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.

## 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 83% (2019: 93%) of invoices by value. There was a delay in receiving some authorised Shakespeare Martineau invoices. Invoices were settled by Faster Payment Service (FPS) and batch paying was in operation.

## 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 2020.

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 2020. Although the Council pays the Chair and Secretary via a payroll in accordance with advice received relating to statutory office-holders and National Insurance neither is considered to be an employee of the Council or a worker in respect of the Council.

## Statement of Council and Accounting Officer's responsibilities year ended 31 December 2020

Under the Hallmarking Act 1973 (as amended), the Secretary of State with the approval of the 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 BEIS appointed the Chair of the Council, Noel Hunter, as Accounting Officer with effect from 7 April 2017. The declarations in this document are made by Noel Hunter, as Accounting Officer.

The relevant responsibilities of the 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 he has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Council's auditors are aware of that information. The Annual Report and Accounts as a whole is fair, balanced and understandable, and the Accounting Officer takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

## **b. Governance Statement Year Ended 31 December 2020**

### **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, Energy & Industrial Strategy, the Council's sponsoring Department (BEIS), on 7 April 2017. 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 normally meets twice a year, usually in April and October. Members' attendance or non-attendance is noted at each meeting and documented in the minutes.

There are five committees.

The Applications Committee is made up of no fewer than three and no more than four Secretary of State-appointed members of the Council. Its remit is to consider applications by the assay offices to set up sub-offices or otherwise engage in off-site hallmarking (eg 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 para 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. The Applications Committee operates in accordance with Standing Orders which were substantially revised in 2018 and incorporated new Principles Governing the Approval of Sub-offices. The integrity of hallmarking remains a priority for the Council. The Council, with the Applications Committee, continues to work in consultation with the Queen's Assay Master to review oversight of operations to ensure the continued integrity of assay operations including sub-offices. In addition, the Applications Committee is working with the Queen's Assay Master with the aim of co-ordinating processes and avoiding duplication. A programme for the new system of five-yearly revalidations of sub-offices was developed but plans to conduct the first visits were postponed due to the Covid-19 pandemic. Revised plans, for desktop and virtual reviews, are in development.

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, reports to the Council at its April and October meetings. Its Standing Orders were updated during 2018. During 2019 the Technical Committee and related working group continued to review the database of technical decisions and how these decisions are made, logged, communicated and monitored between the Assay Offices. It also reviewed XRF testing across the Assay Offices and has written a shared XRF methodology. In addition, a number of items for inclusion in updated Hallmarking Guidance Notes were identified.

On 15 April 2016, the Council approved the creation of a new sub-committee, the Joint Assay Office Committee (JAOC), and its standing orders were subsequently approved on 10 October 2016. The remit of the JAOC is to make recommendations to the Council regarding the discharge of its statutory powers and duties under the Hallmarking Act, in particular with regard to enforcement, advising the Secretary of State, amendments to the Hallmarking Act and any strategic matters specifically referred to it by the Council. During 2020 the JAOC worked on strategic issues facing the Council, notably the need for a new Dealer's Notice format for online retail settings and planning for the effects of the UK's exit from the EU.

During 2017, the Council agreed to re-establish the Education & Enforcement Committee to work with Trading Standards, the Assay Offices and the industry to increase awareness and enforcement activity; increase consumer understanding; to deliver the Touchstone Award and develop it for the future. The committee is made up of BEIS-appointed and Assay Office Council members and one Assay Office representative to assist with press statements and publicity. The Education & Enforcement Committee reports to the April and October Council meetings. Work during 2020 was affected by the operating conditions resulting from the Covid-19 pandemic. Work with online trading platforms was progressed. This was particularly important given the increase in volume of online jewellery sales during the pandemic. Work was started on a project to produce a more suitable form of the Dealer's Notice for use in online retail settings. The Council runs the Touchstone Award for Trading Standards annually. This is a prestigious award funded by the Assay Offices in collaboration with the National Association of Jewellers which recognises innovative activity in relation to hallmarking enforcement, education or information. In light of the Covid-19 pandemic the Council, taking account of the severe pressures on Trading Standards Services, had to postpone the 2020 Touchstone Award. The Touchstone Award process will be run in 2021, operating to a revised timetable to reflect Covid-19 pandemic operating conditions.

The Council at its meeting on 3 October 2019 agreed to establish a Remuneration Committee to oversee remuneration of the Chair and Secretary and oversee fees paid to external advisers. An initial committee composed of two Secretary of State appointed members and one Assay Office representative was established. Standing Orders and an initial set of recommendations for Council have been approved by the Council.

Following the major review of governance undertaken in 2018 new Standing Orders were put in place for the Council and all committees. The Governance Overview Document for Council members was maintained up to date and available for Council members through a shared facility and this document formed the core of the induction manual produced for new Council members which was provided as part of the induction process.

### **Review of Council performance**

A system of appraisal of individual members appointed by the Secretary of State has been developed and is conducted by me as Chair. These members are assessed 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, and acceptance of collective responsibility. These appraisals are now conducted annually. A full round of appraisals has been carried out to cover the work of the Council and its members in 2020.

### **Risk and the purpose of the system of internal control**

The Council's key risks are set out in a risk register following a risk assessment carried out in October 2018 and reviewed at the Council meetings in October 2019 and October 2020. Those risks include dissolution of the Council, ensuring the adequacy of hallmarking facilities and loss of an officer of the Council. This year, risks have been identified as having a high impact and a high likelihood of occurring. These were:

- Loss of Secretary of State appointed members (and, to a lesser extent, failure to recruit Secretary of State appointed members). The 2018 Cabinet Office changes stipulating that members can serve a maximum of two terms caused difficulties for the BHC where the maximum had previously been three terms. Recruitment of three new members to start on 1 January 2020 was successful. Consistent efforts to maintain the continuity of committee work and induct new members to committees have mitigated the impact of the loss of experienced Council members. At the end of 2021 a number are due to reach the end of their current three-year terms. There are concerns regarding a recent announcement that there will be a presumption against



reappointment and representations are being made regarding the effect this could have on the work of the Council.

- EU Exit and the associated uncertainties and risks following the UK's exit from the EU and while the impacts and implications of the trade deal become known. This remains high impact with a high likelihood of occurring for as long as uncertainty continues. The issue remains a central concern for the BHC, the Assay Offices and the industry. The BHC has been aware of the industry's serious concerns over the potential impact of the exit from the EU on businesses. The BHC has participated in update webinars run by BEIS and continues to monitor information as it becomes available and work with BEIS and the Assay Offices to assess the impact and the actions that will be needed.

The BHC has also given consideration to the risks of unforeseen external events leading to failure to meet objectives in the light of the Covid-19 pandemic, noting that events can develop rapidly and have a major impact. A pandemic plan was produced in March 2020 covering day to day operation, payments systems, core business and statutory functions, and public facing services. The risk was assessed as having a medium impact and medium likelihood with back up arrangements in place for all of these operations and the use of alternative means for meetings. Risk assessments will be conducted before confirming any face to face meeting, with appropriate measures being taken. The risk to adequacy of hallmarking facilities due to the temporary closures and changes to operations as a result of the Covid-19 pandemic was kept under review, with regular meetings with the Assay Masters held to share information and discuss the challenges they were facing. The Council became aware of the increased volume of online sales of jewellery during the Covid-19 lockdowns and started work on a project to increase awareness of the need to display the Dealer's Notice on jewellery retail websites.

There continues to be a risk relating to the burden of responding to Government Department initiatives and requests for information including the Business Impact Target return annually. 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 risk register.

In the course of 2020 the Council, as in previous years, received a number of enquiries and complaints regarding un-hallmarked gold and silver being sold on the internet by overseas suppliers. The law on hallmarking of goods sold in this way is unclear and clearly poses a threat to properly hallmarked items sold in the UK.

The integrity of hallmarking remains a priority for the Council. The credibility of hallmarking relies on its technical consistency and operational integrity. Operational integrity remains a priority for the BHC and during 2020 the Applications Committee developed a plan for five-yearly re-validation of sub-offices in line with the new protocols set out in its Standing Orders. The first visits planned were put on hold due to the Covid-19 pandemic and plans are being developed to review sub-offices by desktop and virtual reviews. Technical consistency is at the heart of maintaining the reputation of hallmarking and work is ongoing to review the database of technical decisions and a protocol for the use of XRF testing was finalised and put into operation. The relationship with the Queen's Assay Master is increasingly important and enables co-ordination of activities and avoidance of duplication.

It remains the case, as reported in previous years, that 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 BHC, through education and the Touchstone Award, and the Assay Offices, through supporting prosecutions, continue to seek to stimulate enforcement activity which is vital for the protection of consumers. In light of the Covid-19 pandemic the Council, taking account of the severe pressures on Trading Standards Services, had to postpone the 2020 Touchstone Award. The Touchstone Award process will be run in 2021, operating to a revised timetable to reflect Covid-19 pandemic operating conditions.

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 2020 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 as Accounting Officer and Chair, 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 regularly attend Council meetings.
- As Chair and Accounting Officer, I monitored Council-related matters and appraised Council members accordingly. I also liaised regularly with the Assay Offices to keep up to date with issues relevant to hallmarking.
- As Chair and Accounting Officer I have been in frequent contact with the OPSS 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 maintains accounting records under my supervision and any payments made to that firm for all services provided are approved by me and disclosed separately in the financial statements. Invoices for payment to this firm are supported by detailed narratives of expenditure. Statements of Time Spent for Secretariat services provided by Sue Green were supported by a breakdown of time spent and are approved by me.
- Actual expenditure is reviewed in comparison with the annual budget by the Council and is approved by the Council when the statement of accounts is approved.
- The Council does not have an internal audit function or audit committee but the Council will consider matters which have an impact on internal control and the financial statements. This arrangement is considered sufficient for the size and extent of the Council's operations.
- Assay Offices are required annually to issue viability statements indicating their ability to provide hallmarking services for the next twelve months, and by implication, to generate income to apply to the Council's costs.
- The Council has no staff or assets and hence its contractual arrangements and related payments are minimal. The vulnerability of the Council to fraud is therefore correspondingly low. Any payments to third parties are approved by the Chair and Secretary and are made to known contacts. Payments made to Shakespeare Martineau LLP are, as already indicated, supported by detailed narratives and approved by me. Statements of Time Spent for Secretariat services from Sue Green are supported by a breakdown of time spent and are approved by me.

### **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, including the results of the Royal Mint inspections. 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 2021 comprising the Council's Business Plan and Budget will be available on the Council's website once confirmed at the April Council meeting.  
(<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.

### **c. Remuneration report (audited)**

There were no staff employed by the Council during 2020 (none in previous years). However having received advice in relation to statutory office-holders and National Insurance the BHC operates a payroll for the purposes of paying the Chair and Secretary.

I am a Fellow of the Chartered Trading Standards Institute, and of the Royal Society of Arts. I am also a Vice President of the Chartered Trading Standards Institute and the Chair of its Board.

As Chair of the Council I am paid an honorarium of £18,000 per annum as agreed at a Council meeting on 7 April 2017. The formal duties of the Chair are set out in the Hallmarking Act 1973 and include conducting meetings of Council and liaising with the Secretary of State. As Chair I do not have set hours of work, nor a target for total hours of work. My remuneration to date has been set by the Council on the basis of a recommendation by an informal committee of Council members. The Chair is elected by the Council. At the Council meeting on 3 October 2019 the Council resolved to reappoint me as Chair for a further three year term from 7 April 2020. My remuneration was

reviewed by the newly formed Remuneration Committee, which recommended an increase. However in the light of difficult trading conditions caused by the Covid19 pandemic I volunteered not to take up the increase for the time being.

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.

Secretariat services are provided by Sue Green, an independent contractor providing secretariat services. The Secretary is appointed by the Council for an undefined period. The Secretary is paid for secretariat services on an agreed daily charging rate of £325 per day. The amount charged in respect of secretariat services varies from year to year in accordance with the time spent. The Secretary's remuneration was reviewed by the newly formed Remuneration Committee, which recommended an increase in the charging rate. However in the light of difficult trading conditions caused by the Covid-19 pandemic, Sue Green volunteered not to take up the increase for the time being.

In 2020 the amount for Legal and Secretariat costs and expenses was £32,157 including legal advice from Shakespeare Martineau and Secretariat services provided by Sue Green. In 2019 the amount was £43,388 plus VAT.

#### **Off-payroll arrangements**

During 2018 advice was taken by the BHC and it was concluded that the roles of Chair and Secretary are deemed to be statutory office-holders and that accordingly Employers National Insurance was payable and a payroll needed to be operated for payment to both the Chair and the Secretary. This was put into operation with effect from 6 April 2018.

Accordingly there are no off-payroll arrangements in place.

The number of new engagements during the period was zero.

#### **d. 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 2021 and by inference, to fund the expenses of the Council. OPSS as the sponsor team within BEIS have indicated that they have no reason to believe ministers will withdraw support for the hallmarking regime for the foreseeable future.

#### **e. 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 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 Chair such remuneration as it sees fit (Hallmarking Act 1973 (Schedule 4 paragraph 20)). The current honorarium is £18,000 per annum but the newly formed Remuneration Committee recommended an increase, which I have not taken up at this time due to the difficult operating conditions caused by the Covid-19 pandemic.

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. Under the payroll system which is now in operation Sue Green submits Schedules of Time Spent for approval before payment. The remuneration of the Secretary was reviewed by the newly formed Remuneration Committee. An increase was recommended by the Committee but the Secretary has not taken up the increase at this time due to the difficult operating conditions caused by the Covid-19 pandemic.

There have been no instances of irregular payments.

**f. 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 2020 is £3,700 (£3,700 in 2019). No other services were provided.

**Signed**

**Noel Hunter  
Accounting Officer**

**Date: 6 July 2021**

#### 4. MEMBERS OF THE COUNCIL

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

##### Chair

**Noel Hunter OBE** is a Fellow of the Chartered Trading Standards Institute, and of the Royal Society of Arts. He is also a Vice President of the Chartered Trading Standards Institute and Chair of its Board. He is Chair of the Consumer Code for Home Builders and immediate past Chair of the Myton Hospices. He is an Independent member of Disciplinary Tribunal for National Association of Estate Agents. He took over the role of Chair from 7 April 2017. At the Council meeting on 3 October 2019 the Council resolved to reappointed Noel as Chair for a further term of 3 years with effect from 7 April 2020.

##### Members appointed by BEIS:

**Malcolm Craig** is a Senior Trading Standards Officer employed by West Lothian Council. He is responsible for the day to day operations of the Trading Standards Service. He is a past Chair of the Chartered Trading Standards Institute.

**Ken Daly** is the Trading Standards National Co-ordinator for Scotland, employed by SCOTSS, a charitable organisation of Scottish Chief Officers. A former Head of Trading Standards in the City of Dundee, and a Fellow of the Chartered Trading Standards Institute, Ken is also a non-executive director of the Consumer Codes Approval Scheme operated by CTSI.

**Louise Durose** is the General Counsel of MAN Energy Solutions UK Ltd a subsidiary of MAN Energy Solutions headquartered in Germany. MAN Energy Solutions designs and manufactures power generation systems within the marine, energy and industrial sectors enabling its customers to achieve sustainable value creation in the transition towards a carbon neutral future using a unique portfolio of technologies.

**Patrick Fuller** is a former chairman of one of the largest manufacturing jewellery companies in the UK and is past president and chairman of three trade associations including the National Association of Jewellers. He is a previous member of the British Hallmarking Council from the late 1990's. He is Liveryman of the Goldsmiths' Company and Freeman of the City of London.

**Joanna Hardy** is an Independent Fine Jewellery Specialist, an author, jewellery presenter on the BBC Antiques Roadshow, lecturer, Fellow of the Gemmological Association and Trustee, Liveryman and Court Assistant of the Goldsmiths' Company and Trustee of the Goldsmiths' Centre.

**Harriet Kelsall** is the founder and executive chair of Harriet Kelsall Bespoke Jewellery. She is the deputy chair of the National Association of Jewellers and is a Freeman of the Worshipful Company of Goldsmiths, an author and a public speaker. She recently finished a term as a non-executive director of the Responsible Jewellery Council.

**Gay Penfold** is the former Centre Manager of the Jewellery Industry Innovation Centre at the School of Jewellery, Birmingham City University. She is experienced in working in partnership with industry to deliver innovative new technology initiatives. She is a trustee of the Benevolent Society and a Freeman of the Goldsmiths' Company and the City of London.

**Isobel Pollock-Hulf** is Chair of Programme Expert Group (PEG) for Digital covering Data, Quantum, Electromagnetics and Time at the National Physical Laboratory, and also a board member at the NPL Science and Technology Advisory Council. She is a Visiting Professor in Engineering Design at the University of Leeds. She was previously Chair of the National Measurement and Regulation Office Steering Board. She is Past Master of the Worshipful Company of Engineers and Past President of the Institution of Mechanical Engineers.

**Chris Sellors** is Managing Director of C W Sellors Fine Jewellery, a second generation family business, having founded the company in 1979. With a focus on British gemstones, the company currently has open 17 independent boutiques across the UK and operates a growing portfolio of leading e-commerce jewellery and watch websites. Chris is on the National Association of Jewellers National Committee.

**Vanessa Sharp** is a non-executive board member at Companies House. She is former General Counsel at KPMG. She is a Freeman of the Goldsmiths' Company. She is an independent non-executive director of ICE Futures Europe Ltd, chair of its Authorisation, Rules and Conduct Committee and a member of its Risk and Audit Committee. She is an independent non-executive director of Newable, chair of its Risk and Governance Committee and a member of its

Audit Review Committee. She is an independent non-executive director of Hill Robinson Group Ltd. She is a trustee of the charity Create Arts and a practising jeweller and silversmith.

**Members appointed by Assay Office (London):**

**Sir David Reddaway KCMG MBE** is Chief Executive and Clerk of the Goldsmiths' Company.

**Neil Carson OBE** is the Chairman of the Goldsmiths' Company Assay Office Management Board.

**Member appointed by Assay Office (Sheffield):**

**Charles Turner DL** is Chairman of the Guardians of the Sheffield Assay Office. He is a retired Army Officer and is Managing Director of Durham-Duplex, a machine knife, hand knife and industrial blade manufacturer. He also chairs "Made in Sheffield", which promotes Sheffield's manufacturing industries.

**Member appointed by Assay Office (Birmingham):**

**Carol Brady MBE** is Chairman of Birmingham Assay Office.

**Gary Wroe** is a Warden of the Birmingham Assay Office with over 30 years' experience working at Hockley Mint Ltd, a manufacturing jeweller. Gary is active on a number of boards to develop and promote the jewellery industry and is a Freeman of the Worshipful Company of Goldsmiths.

**Member appointed by Assay Office (Edinburgh):**

**Tom Murray** is Deacon of the Incorporation of Goldsmiths in Edinburgh. He is the founding director of Charityflow, a Trustee of Mercy Corps and is the Purse Bearer to the Lord High Commissioner.

**Co-Opted Members:**

**Matthew Sibley** is the Law Clerk to and on the Executive board of the Sheffield Assay Office, a solicitor and strategic business consultant in Sheffield, a charity trustee and a non-executive director.

**John Stirling** is Law Clerk to the Edinburgh Assay Office and a solicitor in Edinburgh.

**Assay Masters (entitled to attend):**

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

**Douglas Henry** is Assay Master of the Birmingham Assay Office.

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

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

**The Office for Product and Safety Standards**

In addition, members of OPSS, the sponsor body, attended Council meetings.

**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:

	<b>Maximum £</b>
Platinum Platinum Articles (including Second Hand)	25.00
Gold Gold Articles (including Second Hand)	25.00
Palladium Palladium Articles (including Second Hand)	25.00
Silver Silver Articles (including Second Hand)	25.00

**Non-statutory services**

The Council does not set maximum prices for non-statutory services provided by the Assay Offices. For example, deep laser hallmarks, "Early Hall", "1 hr service", are subject to individual Assay Office's charges.

## APPENDIX 2

## NUMBERS OF ARTICLES DEALT WITH BY ALL THE ASSAY OFFICES FOR 2019 AND 2020

QUARTER	ALL ARTICLES -1000 UNITS		GOLD ARTICLES -1000 UNITS		SILVER ARTICLES - 1000 UNITS		PLATINUM ARTICLES - SINGLE UNITS		PALLADIUM ARTICLES - SINGLE UNITS	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
FIRST	1,661	2,091	757	898	827	1,107	74,378	74,816	2,791	10,764
SECOND	519	1,924	195	882	303	953	20,494	81,143	1,037	8,350
THIRD	1,447	1,934	704	857	665	992	75,284	76,781	2,447	7,695
FOURTH	2,252	2,578	1,102	1,232	1,067	1,258	81,816	84,642	854	3,810
<b>TOTAL</b>	<b>5,879</b>	<b>8,527</b>	<b>2,758</b>	<b>3,869</b>	<b>2,862</b>	<b>4,310</b>	<b>251,972</b>	<b>317,382</b>	<b>7,129</b>	<b>30,619</b>

## PERCENTAGE FIGURE FOR THE ABOVE TOTALS FOR EACH ASSAY OFFICE

OFFICE	ALL ARTICLES 2020	GOLD ARTICLES 2020	SILVER ARTICLES 2020	PLATINUM ARTICLES 2020	PALLADIUM ARTICLES 2020
London	27	33	19	35	16
Birmingham	32	33	29	45	38
Sheffield	24	28	23	14	42
Edinburgh	17	6	29	6	4



## APPENDIX 3

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

**UNITED KINGDOM  
YEAR TOTAL 2020**

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>	<b>TOTALS</b>
<b>London</b>	492,779	205,288	27,885	97	726,049
<b>Birmingham</b>	159,863	184,674	41,664	296	386,497
<b>Sheffield</b>	434,449	362,021	6,253	736	803,459
<b>Edinburgh</b>	23,031	192,039	1,223	0	216,293
<b>TOTAL</b>	<b>1,110,122</b>	<b>944,022</b>	<b>77,025</b>	<b>1,129</b>	<b>2,132,298</b>

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

### **Opinion on financial statements**

I certify that I have audited the financial statements of the British Hallmarking Council for the year ended 31 December 2020 under the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and the International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

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 2020 and of the British Hallmarking Council net expenditure for the year then ended;
- 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 regularity**

In my opinion, in all material respects, the income and expenditure 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.

### **Basis for opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the British Hallmarking Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the British Hallmarking Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the British Hallmarking

Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Council and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for British Hallmarking Council is adopted in consideration of the requirements set out in the International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

### **Other Information**

The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. The Council and the Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report 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 Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the British Hallmarking Council and its environment obtained in the course of the audit, I have not identified material misstatements in the performance report and accountability report. 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 the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; 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.

### **Responsibilities of the Council and Accounting Officer for the financial statements**

As explained more fully in the Statement of Council and Accounting Officer's Responsibilities, the Council and the Accounting Officer, is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Council and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the British Hallmarking Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council and the Accounting Officer anticipates that the services provided by British Hallmarking Council will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to examine, certify and report on the financial statements in accordance with the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the British Hallmarking Council's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the British Hallmarking Councils controls relating to the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals; and

- obtaining an understanding of British Hallmarking Council's framework of authority as well as other legal and regulatory frameworks that the British Hallmarking Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the British Hallmarking Council. The key laws and regulations I considered in this context included the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000, Managing Public Money and tax legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Council; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## **Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

**Date 12 July 2021**

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

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE**  
for the year ended 31 December 2020

	Note	2020 £	2019 £
<b>Income</b>			
Income on Activities	5	72,273	88,710
<b>Expenditure</b>			
Operating Expenditure	6	(72,279)	(88,718)
<b>Net operating expenditure</b>		(6)	(8)
Interest receivable		6	8
Net expenditure for the year		-	-

**Statement of Changes in Taxpayers Equity**

	2020 £	2019 £
Balance at 1 January	-	-
Net expenditure	-	-
Balance at 31 December	-	-

The notes on pages 30-33 form part of these accounts.

**STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2020**

	Note	2020 £	2019 £
<b>Current assets:</b>			
Trade and other receivables	7	667	7,446
Cash and cash equivalents	8	18,101	21,104
		<hr/>	<hr/>
Total current assets		18,768	28,550
<b>Current liabilities:</b>			
Trade and other payables	9	18,768	28,550
		<hr/>	<hr/>
Total current liabilities		18,768	28,550
Assets less liabilities		<hr/>	<hr/>
		-	-
Reserves		<hr/>	<hr/>
		-	-

The notes on pages 30-33 form part of these accounts.

The financial statements on pages 27-29 were approved by the Council on 15 April 2021 and were signed on its behalf by:

**Signed**

**Noel Hunter**  
**Accounting Officer**

**Date: 6 July 2021**

**STATEMENT OF CASH FLOWS**  
for the year ended 31 December 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net operating cost		-	-
(Increase) / Decrease in trade and other receivables	7	6,779	(2,701)
Increase / (Decrease) in trade and other payables	9	(9,782)	9,192
		<hr/>	<hr/>
<b>Net cash inflow /(outflow) from operating activities</b>		<b>(3,003)</b>	<b>6,491</b>
		<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>(3,003)</b>	<b>6,491</b>
		<hr/>	<hr/>
<b>Cash and cash equivalents at the beginning of the period</b>	8	<b>21,104</b>	<b>14,613</b>
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	8	<b>18,101</b>	<b>21,104</b>
		<hr/>	<hr/>

The notes on pages 30-33 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 2019/20 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.

#### **Account convention**

These accounts have been prepared under the historical cost convention.

#### **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. Occasional amounts are also received for specific projects that aim to promote and safeguard hallmarking.

#### **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 2020 (2019: Nil) (see Remuneration Report on page 15). Under HMA 1973 Schedule 4 paragraphs 20 and 21 the BHC may pay the Chair and Secretary such remuneration as they see fit. The Chair and Secretary are now paid via a payroll operated for the BHC but are not employees of the Council. No pension payments are made to either the Chair or Secretary.

## 5. INCOME

Income is analysed as follows:-

	2020 £	2019 £
Contributions from Assay Offices:-		
Birmingham	17,804	21,193
Edinburgh	13,500	19,044
London	26,209	27,359
Sheffield	14,760	19,114
Contributions from National Association of Jewellers:-		
Touchstone Award	-	1,000
Research Project	-	1,000
	72,273	88,710

The contribution shown from the London Assay Office includes £7,130 for hallmarking projects. These included funding the initial research for the Protecting and Promoting Hallmarking project, a recharge for the Applications Committee's approval of a change to a sub-office, and a recharge for work related to a review of sub-contracting of laboratory testing services.

## 6. OPERATING EXPENDITURE

	2020 £	2019 £
Chair's remuneration	19,280	19,303
Chair's expenses	615	4,957
Council members' expenses	1,328	4,752
Audit fee	3,700	3,700
Legal and Secretarial costs and expenses	32,158	43,388
Other professional charges	7,298	7,047
Other expenses	7,900	5,571
	72,279	88,718

Shakespeare Martineau LLP have provided legal, 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 £3,850 (2019: £3,850), and to provide accounts preparation services for £2,150 (2019: £2,150). During 2020 a Secretariat was in operation, with Susan Green providing secretarial services as an external contractor.

Save for the Chair's remuneration, and an allowance of £75 per hour paid to the members of the sub-Offices' Applications Committee, no payments are made to Council members in respect of their time, although they are reimbursed for their travelling expenses. Travelling expenses were significantly lower than normal in 2020 as for much of the year meetings were held virtually as a result of the Covid-19 pandemic.

**7. TRADE RECEIVABLES AND OTHER CURRENT ASSETS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade Receivables	-	6,753
Prepayments	667	693
	<hr/>	<hr/>
	667	7,446
	<hr/>	<hr/>

**8. CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Balance at 1 January	21,104	14,613
Net change in cash and cash equivalent balances	(3,003)	6,491
	<hr/>	<hr/>
Balance at 31 December	18,101	21,104
	<hr/>	<hr/>
The following balances at 31 December were held at Lloyds Bank Plc	18,101	21,104
	<hr/>	<hr/>

**9. TRADE PAYABLES AND OTHER CURRENT LIABILITIES**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Trade payables amounts falling due within one year:</b>		
Trade payables and Deferred Income	11,578	20,145
Other payables	4,807	4,744
VAT, other taxation and social security	2,383	3,661
	<hr/>	<hr/>
	18,768	28,550
	<hr/>	<hr/>

Of the £11,578 trade payables and deferred income, the amount due to be credited back to the Assay Offices is £9,210 (2019: £18,241).

**10. RELATED-PARTY TRANSACTIONS**

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), the amounts of these transactions are disclosed in note 5. The Council recharged expenditure to London Assay Office for three items disclosed in note 5. The review of sub-contracting of laboratory testing services disclosed in note 5 was carried out by three sitting Council members.

## **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. As part of the BHC’s control framework the Assay Offices are required annually to issue viability statements indicating their ability to provide hallmarking services for the next 12 months, and by implication, to generate income to apply to the Council’s costs (page 16). Since the year end, the precious metal industry has continued to deal with the ongoing effects of the Covid-19 pandemic. At the time of signature all Assay Offices are open and operating in line with government advice and in line with the expectations that applied at the time of production of the viability reports.

