



BRITISH HALLMARKING COUNCIL

Annual Report and Accounts
for the year ended 31 December 2022

Annual Report and Accounts for the year ended 31 December 2022

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”, or “BHC”)

REPORT 2022

1. INTRODUCTION

The Annual Report and Accounts for 2022 are drafted in accordance with the Government Financial Reporting Manual 2022-23.

2. PERFORMANCE REPORT

a. Overview

Statement of the Chair & Accounting Officer for the year 2022

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 gives the assurance that the consumer and the industry need: regulation of hallmarking enables 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.

As in previous years, the context for this Annual Report is one of continuing uncertainty in the business world, and in the industries and businesses related to hallmarking. In the last three years the operating environment has been heavily influenced by the UK's exit from the EU, followed by the Covid-19 pandemic. We are now seeing instability linked to the cost of living crisis and anticipated aftershocks from Brexit. Increases in transport costs and energy prices, and staff shortages are widely reported issues that are impacting on businesses across the UK, and there will be similar effects on the jewellery industry either directly, or indirectly as people cut down on discretionary spending. The Assay Offices, having seen volumes of work bounce back after the pandemic, are now seeing a dip in hallmarking numbers

Against this background it is ever more important to support growth by ensuring that businesses are operating on a level playing field. Hallmarking is the guarantee that a piece is what it says it is and this differentiates legitimate jewellery retailers from those who ignore or are unaware of the law. The HALO Award for online jewellery retailers is an initiative to stimulate awareness of the value of the hallmark amongst retailers, and to protect consumers. The Award made an excellent start in 2022, with some very encouraging entries. The best took pride in the hallmark itself, making it part of the narrative for buying an authenticated precious metal piece of jewellery. HALO 2023 will build on this and continue the publicity campaign to keep bringing hallmarking and the new online Dealer's Notice to the attention of retailers, and, in turn, consumers.

The BHC heard of the death of the late Queen Elizabeth II with sadness. The Queen's Platinum Jubilee in 2022 had been commemorated with a special hallmark. In turn, a commemorative hallmark for the King's Coronation in 2023 has been produced. These commemorative marks also provide opportunities to bring hallmarking to the attention of retailers and consumers.

The BHC is kept informed of developments in the International Hallmarking Convention (IHC) through reports and discussions at Council meetings. The IHC is currently reviewing the definition of a sub-office, and guidance for offsite hallmarking operations and supervisory processes. The BHC's Technical Committee will work with the Applications Committee on how these IHC issues apply to the UK and on the preparation of recommendations to the BHC.

Concerns about levels of compliance with hallmarking law continue, particularly with the continuing growth of online retail. Enforcement of hallmarking law is a key focus for the BHC and a key concern given the constraints on Trading Standards resources. The BHC will continue to offer support and encouragement to Trading Standards to undertake hallmarking enforcement work, and will run the Touchstone Award 2023 for Trading Standards.

An essential precondition to enforcement of hallmarking law is education about its requirements. The new online form of Dealer's Notice, the HALO Award, the Touchstone Award and commemorative marks all provide opportunities for publicity to the BHC's three key audiences: business, consumers, and Trading Standards. In 2023 the BHC will build on the strong progress made in 2022 with publicity for these initiatives.

Online sales, and particularly the large online retail platforms, continue to be an important area of focus for the BHC. In 2022 good progress was made in discussions with one such platform, facilitated by its Trading Standards Primary

Authority. A number of changes to inform sellers and buyers about hallmarking were implemented and these discussions continue. The aim is to widen this good practice to other retail platforms.

The BHC is tracking the adequacy of enforcement powers in the context of the increasing internet-based compliance issues and will continue discussions started with the Department for Business and Trade (formerly the Department for Business, Energy & Industrial Strategy), the Intellectual Property Office and the Police Intellectual Property Crime Unit.

Operational integrity is essential to the continued strong reputation of UK hallmarking. The Applications Committee made further progress on the programme of five-yearly revalidations of sub-offices in 2022 and the programme will be completed in 2023. The Applications Committee liaises with the King's Assay Master to co-ordinate activity.

The Technical Committee oversees technical consistency which is also essential to the UK's strong hallmarking reputation. During 2022 the Hallmarking Guidance Notes were updated and published on the BHC and Assay Office websites.

All of this work is supported by effective governance and organisation of the running of the BHC. During 2022 the Council welcomed two new Secretary of State appointees, Rachel Holloway and Sarah Langley. Birmingham Assay Office appointed Russell Jeans as its new Chairman and he joined the BHC. I would like to thank Carol Brady and Harriet Kelsall, both of whom left the Council, for their wisdom and perspective and their thoughtful and constructive contributions to the work of the Council over several years.

The appraisal process for Council members was overhauled and the new process was run in 2022, alongside a new Council Effectiveness Review process involving all Council members and key stakeholders. The Council Effectiveness Review has informed the Council's business and action planning for 2023.

Committee meetings continued to be held by virtual means, as this has proved a successful and economical way of conducting business and enabled better continuity of committee work. Face to face meetings of the full Council were reintroduced in 2022, and the ability to set up a virtual meeting as an alternative or allow for some participants to attend by virtual means, is a useful backup. Interim virtual briefing meetings between the two main business meetings continued to ensure Council members remain informed and engaged.

Our good relationship with our sponsor body in government continues, particularly with Richard Sanders of the Office for Product Safety and Standards (OPSS). The former Department for Business, Energy & Industrial Strategy (BEIS) has been reorganised and the BHC's sponsor body is now the Department for Business and Trade (DBT), which incorporates OPSS.

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 work, 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 & Accounting Officer
31 May 2023

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 2022 was the Office for Product and Safety Standards (OPSS) which was at the time part of BEIS. Following the reorganisation of BEIS, OPSS is now part of the newly formed Department for Business and Trade (DBT).

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; or
- 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 identified and set out in its risk register. This risk register is kept up to date and is subject to, at least an annual discussion by the Council. Current key risks include the shortage of resources for enforcement and education and issues relating to turnover of Secretary of State-appointed members.

Issues relating to turnover of Secretary of State-appointed members of the Council include:

- Potential for loss of one or more Secretary of State-appointed members and loss of corporate knowledge and experience on the BHC’s committees: the changes to the number of terms members are allowed to serve have the potential to impact on the BHC’s work
- Failure to recruit members with the relevant specialist knowledge and experience: the provisions of the Hallmarking Act relating to members with experience of specific sectors allow for a range of insights but, when combined with restrictions on how many terms members may serve, presents challenges in recruitment

Representations have been made on both issues.

The BHC has also given consideration to the risks of unforeseen external events leading to failure to meet objectives in light of the Covid-19 pandemic, noting that events can develop rapidly and have a major impact. The pandemic plan from March 2020 covered day to day operation, payments systems, core business and statutory functions, and public facing services. Key elements of this plan now form part of the BHC’s daily working and contingency planning including:

- All committee and working group meetings are held by virtual means unless there are specific circumstances requiring a face to face meeting.

- Risk assessments are conducted before confirming any face to face meeting, with appropriate measures being taken.

Performance Summary

At its meeting in October 2021 the Council approved a draft budget for 2022. The 2022 business plan was circulated and implementation began at the start of 2022. The plan was confirmed at the Council meeting in April 2022. Progress against the business plan and budget was reviewed at its meeting in October 2022. More detail is set out in Performance measures below.

1. **Enterprise** The inaugural HALO Award for online jewellery retailers, the Touchstone Award 2023, and work related to the commemorative mark for the late Queen's Platinum Jubilee promoted awareness of hallmarking to the industry, to consumers and to Trading Standards. This supports growth in the industry by protecting legitimate businesses and building consumer confidence.
2. **To improve the regulation of precious metals marketed online** The E&E Committee oversaw the HALO Award and Touchstone Award, and discussions with a major online retail platform which is progressively making changes to improve compliance with hallmarking law.
3. **To encourage risk-based and proportionate enforcement of hallmarking across trading standards** The BHC ran the process for the Touchstone Award 2022. Although ultimately it was not presented to a Trading Standards team in 2022 (due to constraints on Trading Standards resources impacting on hallmarking enforcement work), the Special Recognition Award presented to WRi for its pro bono research on non-compliance by online retail jewellers provided opportunities to publicise and reinforce the importance of hallmarking enforcement work to the Trading Standards community.
4. **Operational integrity and technical consistency** The Applications Committee continued the process of revalidation of sub-offices, and continued to liaise with the King's Assay Master to co-ordinate activities. The Technical Committee continued its oversight of technical issues and issued an updated version of the Hallmarking Guidance Notes.
5. **Council members and Chair** Changes to Secretary of State-appointed Council members were managed and continuity was assisted by reappointments of three members. The appraisal process was revised and alongside it a Council Effectiveness Review was introduced to gather feedback from members and stakeholders and inform business planning.
6. **Governance and administration** The BHC via its Secretariat continued to ensure efficient operation and compliance with governance requirements.

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 2022. The price maxima are set out in Appendix 1.

Appendix 2 sets out the numbers of articles hallmarked in the last three years, 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 2022.

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 2022 were as follows:

1. Enterprise

To consider and make recommendations on how the BHC and Assay Offices can support growth in the precious metals sector. To promote hallmarking as the guarantee of the integrity of the precious metals industry, stimulating growth via education and protection of legitimate businesses and consumers. To encourage and support the expansion and reach of UK jewellery and UK hallmarks into the rest of the world through work with the International Hallmarking Convention. To promote point of sale promotion of the protection offered by hallmarking through the Dealer's Notice for physical and online retailers and to run the HALO Award 2022 and the Touchstone Award 2022.

Building awareness of the importance of hallmarking supports growth in the jewellery industry and related businesses by strengthening consumer confidence. The BHC promoted hallmarking as the guarantee of the integrity of the precious metals industry by organising the inaugural HALO Award with related publicity and by keeping the Touchstone Award visible to Trading Standards by presenting the Special Recognition Award as described below. The BHC liaised with the Lord Chamberlain's Office and the Assay Offices and publicised the commemorative mark for the late Queen's Platinum Jubilee. Discussions and reports at Council meetings kept the BHC updated on developments with the International Hallmarking Convention.

2. To improve the regulation of precious metals marketed online

To introduce and induct a new member to the Education & Enforcement (E&E) Committee; to review the possibilities for development of further guidance and assets relating to the online Dealer's Notice and related publicity; to run the HALO Award for the first time; to continue partnership working with Trading Standards Primary Authorities for major online retail platforms to improve compliance with hallmarking law; to devise plans for similar approaches to other online retail platforms; to run the Touchstone Award 2022.

New members were introduced and inducted to the (E&E) Committee. The E&E Committee reviewed possibilities for further guidance and assets relating to the online Dealer's Notice and concluded that this should remain under review alongside the Assay Offices' work on similar issues as part of Assay Assured. The HALO Award provided opportunities to publicise the online version of the Dealer's Notice, including via profiles of the winning entry. The BHC ran the Touchstone Award, as described in item 3 below. Encouraging progress was made in discussions with a major online retail platform, which is progressively making changes to improve compliance with hallmarking law. This provides a good foundation for further improvements, and future work with other retail platforms. Assay Offices issued "cease and desist" letters to retailers found not to be complying with the law.

3. To encourage risk-based and proportionate enforcement of hallmarking across trading standards

To run the Touchstone Award for Trading Standards in 2022 if Covid-19 constraints allow.

The Touchstone Award was run in 2022 but was ultimately not presented to a Trading Standards team owing to the constraints on TS resources and none of the current projects being ready to submit an entry. However the importance of hallmarking enforcement was publicised to Trading Standards by presenting a Special Recognition Award to WRi, an investigation organisation working alongside Trading Standards, who had carried out pro bono internet sweeps on behalf of the BHC to identify the potential scale of non-compliance in online retail settings.

4. Operational integrity

To complete the programme of five-yearly revalidations of sub-offices; to implement new protocols for applications for any new sub-offices; to continue to maintain oversight of arrangements to ensure the continued integrity of Assay Office operations including sub-offices, and work with the Queen's Assay Master (now the King's Assay Master) to co-ordinate activities and avoid duplication.

The Applications Committee has now revalidated all but one of the UK sub-offices. The revalidation of the final sub-office was delayed due to co-ordinating visit dates with the King's Assay Master (KAM). The Applications Committee continued to liaise with the KAM to co-ordinate activities and avoid duplication but this was hampered by lack of KAM resources.

To update the Hallmarking Guidance Notes; ongoing review of shared wiki of hallmarking decisions; ongoing oversight of XRF protocol; maintaining schedule of items needing amendment in the Hallmarking Act.

The Technical Committee produced an updated version of the Hallmarking Guidance Notes and this was launched simultaneously on the BHC and Assay Offices' websites. The committee also continued with oversight of the shared wiki of hallmarking decisions; the ongoing review of the XRF protocol; and the schedule of items needing amendment in the Hallmarking Act.

5. Council members and Chair

To carry out induction of new Council members on 15 March 2022. To assist with the recruitment of four new Secretary of State-appointed members for appointment on 1 January 2023. To conduct annual appraisals of Council members and Chair

New Council members were inducted. Three people joined the E&E Committee. A new Governance Working Group was established as an advisory group. Joanna Hardy, Gay Penfold and Chris Sellors were all reappointed to the Council for a second term. Fakir Osman was confirmed as joining the BHC with effect from 1 January 2023. A fully revised appraisal process was implemented and a Council Effectiveness Review process was established alongside the appraisals for collecting and reviewing feedback and informing future action.

6. Governance and administration

Working with the NAO, to issue the 2021 Annual Report & Accounts in required timescales. To review governance against requirements of the revised Framework Document

The Annual Report & Accounts were issued in required timescales and laid before Parliament. A governance review was carried out and an ongoing project established to implement actions, with progress reports and items for approval taken to the Council. Council meetings (which had been held virtually during the Covid-19 pandemic) are now held in person once again. Committee meetings continued to be held virtually in the interests of cost saving and maintaining momentum. Sustainability and equality, diversity and inclusion were reviewed by the Council alongside the relevant BEIS (now DBT) priorities.

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 & Accounting Officer 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 its agreed process of operation with BEIS (now DBT) as set out in the Framework Document which was agreed and signed during 2018 and published on the BHC's website. An updated version of the Framework Document has been produced and is under discussion.

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

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 marketplace 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.

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 2022.

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 31 May 2023

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
 Ken Daly
 Patrick Fuller
 Joanna Hardy
 Rachel Holloway
 Noel Hunter, Chair & Accounting Officer
 Russell Jeans
 Harriet Kelsall
 Sarah Langley
 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 attend briefing meetings and may serve on committees and 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 with one Assay Office representative contributing
- Remuneration Committee, made up of three members of the Council.

Information about the Chair & Accounting Officer and other members of the Council, together with their category of membership, is provided at page 16. 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 insofar as this does not conflict with the Hallmarking Act. Further details are provided in the Governance Statement at page 11. 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 88% (2021: 85%) 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 2022.

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 2022. Although the Council pays the Chair & Accounting Officer 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 Accounting Officer's responsibilities year ended 31 December 2022

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 for each financial year a statement of accounts 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 state of affairs of the British Hallmarking Council and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is 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 the 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;
- prepare the financial statements on a going-concern basis; and, unless it is inappropriate to do so.
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Principal Accounting Officer for BEIS (now succeeded by the DBT) designated the Chair of the Council, Noel Hunter, as Accounting Officer of the British Hallmarking Council with effect from 7 April 2017. The declarations in this document are made by Noel Hunter, as Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the British Hallmarking Council's assets, are set out in Managing Public Money published by HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the British Hallmarking Council's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

b. Governance Statement Year Ended 31 December 2022

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 (at the time, BEIS), on 7 April 2017. The appointment letter sets out the specific responsibilities of the Accounting Officer in respect of internal control matters.

On 28 April 2022 the Council adopted (insofar as it does not conflict with the Hallmarking Act) the Code of Conduct for Board Members of Public Bodies (version June 2019) which is the successor version to the Code of Conduct for Board Members of Public Bodies issued in 2011 and previously adopted by the Council. This includes responsibilities for me as Chair of the Council and in addition my responsibilities as Accounting Officer include 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 King'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 King's Assay Master with the aim of co-ordinating processes and avoiding duplication. The Applications Committee receives and considers annual reports on sub-offices, and should be kept informed of any changes made to premises or significant changes to procedures at sub-offices so that their impact can be considered. A programme for the new system of five-yearly revalidations of sub-offices was developed and seven of the eight current sub-offices have been visited, their operations reviewed and the sub-offices revalidated. The Applications Committee plans to carry out the revalidation process for the other sub-office during 2023.

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. The Technical Committee continued to review the database of technical decisions and how these decisions are made, recorded, communicated and monitored between the Assay Offices. The Hallmarking Guidance Notes were revised and the new edition published by the Assay Offices and the BHC.

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, potential amendments to the Hallmarking Act and any strategic matters specifically referred to it by the Council. During 2022 the JAOC worked on strategic issues facing the Council, including international trade following the UK's exit from the EU, the IHC, the HALO Award and the opportunities to publicise the online format of the Dealer's Notice.

During 2017, the Council agreed to re-establish the Education & Enforcement (E&E) 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 Secretary of State-appointed and Assay Office Council members and one Assay Master provides input. The E&E Committee reports to the April and October Council meetings. Its work is carried out in the context of concerns regarding the continuing decrease in Trading Standards resources and the increase in online sales of jewellery. The continuing effects of the Covid-19 pandemic on Trading Standards resources impacted the Touchstone Award in 2022. Although hallmarking enforcement work is in hand in various areas, there were no projects ready for applications for the Award. Instead, the BHC presented a Touchstone Special Recognition Award to WRi, an organisation working in the same field as Trading Standards, in recognition of its pro bono work investigating and reporting on the potential scale of non-compliant sales of jewellery online. This enabled the BHC to continue to maintain the profile of hallmarking within the Trading Standards community and encourage enforcement activity. In the context of increasing online jewellery sales, good progress was made with the Trading Standards Primary Authority for a major online trading platform to assist with preventing non-compliant listings and with providing information for consumers. The inaugural HALO Award for online jewellery retailers was very well received. A number of excellent entries demonstrated retailers' commitment to the added value the hallmark brings, and this presented useful opportunities for coverage in the industry press.

The Council at its meeting on 3 October 2019 agreed to establish a Remuneration Committee to oversee remuneration of the Chair & Accounting Officer 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. The Remuneration Committee made recommendations relating to the Chair & Accounting Officer and Secretary's remuneration in 2020; these recommendations were implemented with effect from January 2022.

Following the major review of governance undertaken in 2018 new Standing Orders were put in place for the Council and all committees. These were revised during the Covid-19 pandemic in 2020 to allow for virtual meetings to be held. They remain under review to ensure that they are current. The Governance Overview Document for Council members was maintained up to date and available for Council members through a shared facility and this document forms the core of the induction manual produced for new Council members which is provided as part of the induction process. In addition, working groups were convened to support the Secretariat's work on a medium-term governance review project, and to provide recommendations on the process for the appointment of future Chairs.

At a special Council meeting in September 2022, I was re-elected as BHC Chair with effect from April 2023.

Review of Council performance

The BHC's appraisals system was comprehensively revised in 2022 and the new system was conducted by me as Chair. Council members were assessed on their strategic contribution to the BHC's objectives and priorities, their individual contributions on committees, working groups or projects, and on compliance with standards for Board Members of Public Bodies insofar as these are consistent with the Hallmarking Act. A key element of the appraisal meetings was the feedback from members on the effectiveness of the Council. Feedback from Council members was collated with feedback from stakeholders for a Council Effectiveness Review which was shared with Council members to inform business planning and actions. The process of appraisals and the Effectiveness Review will be repeated annually.

Risk and the purpose of the system of internal control

The process by which the Council identifies and sets out key risks is noted above on page 6, where the risks relating to turnover of Secretary of State-appointed members and risks from external events are described, together with related actions.

The Council has in place a system of internal control, for the year ended 31 December 2022 and up to the date of approval of the annual accounts, which accords with Treasury guidance. It 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.

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. Interim briefings between the two main meetings assist with keeping Council members up to date. 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 were 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. A Governance Working Group was convened in 2022 as an advisory group reporting to the Council on governance matters, including risk management, governance and internal control.
- 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 & Accounting Officer 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 2023 summarising the Council's Business Plan for this year and its achievements in 2022 will be available on the Council's website. (<https://www.gov.uk/government/organisations/british-hallmarking-council>).

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

The Council complies with the Functional Standards issued by the Cabinet Office in 2020 where applicable.

c. Remuneration report (audited)

There were no staff employed by the Council during 2022 (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 & Accounting Officer 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.

As Chair of the Council until 31 December 2022 I was paid an honorarium of £20,000 per annum (£18,000 in 2021). This honorarium has been paid at this level in line with Remuneration Committee recommendations since 1 January 2022. 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 was originally set by the Council on the basis of a recommendation by an informal committee of Council members. It is now kept under review by the Remuneration Committee. The Chair is elected by the Council. At a Special Council Meeting on 22 September 2022 the Council resolved to reappoint me as Chair from 7 April 2023 for a term of three years (or any shorter period as the Council may subsequently agree with the Chair).

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 amount charged in respect of secretariat services varies from year to year in accordance with the time spent. With effect from 1 January 2022 the Secretary was paid for secretariat services on an agreed charging rate of £344.50 per day in line with Remuneration Committee recommendations.

In 2022 the amount for Legal and Secretariat costs and expenses was £40,551 plus VAT including legal advice from Shakespeare Martineau and Secretariat services provided by Sue Green. In 2021 the amount was £34,873 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 2023 and by inference, to fund the expenses of the Council. OPSS as the sponsor team within the DBT (formerly BEIS) have indicated that they have no reason to believe ministers will withdraw support for the hallmarking regime for the foreseeable future. The BHC remains a statutory body under the Hallmarking Act and there are no indications that this statute will be withdrawn or repealed.

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)). With effect from 1 January 2022 the honorarium was increased from £18,000 to £20,000 per annum in line with recommendations of the Remuneration Committee.

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. With effect from 1 January 2022 the rate for the remuneration of the Secretary was increased from a daily rate of £325 to £344.50 in line with recommendations of the Remuneration Committee.

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 2022 is £4,000 (£3,850 in 2021). No other services were provided.

Signed

**Noel Hunter
Chair & Accounting Officer**

Date: 31 May 2023

4. MEMBERS OF THE COUNCIL

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

Chair & Accounting Officer

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. 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 a Special Council Meeting on 22 September 2022 the Council resolved to reappoint Noel as Chair for a further term of 3 years with effect from 7 April 2023.

Members appointed by BEIS (now the DBT):

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.

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.

Rachel Holloway is the CEO of Partners for Reform and specialises in the management of change, the improvement of governance and training. She holds membership of the Chartered Management Institute and the Association of Coaching. Rachel has worked in senior roles both internationally for the Organisation for Economic Cooperation and Development, for the UK civil service and a Trade Association.

Harriet Kelsall is the founder and executive chair of Harriet Kelsall Bespoke Jewellery. She was the chair and officer of the National Association of Jewellers until her terms ended in 2022 and is a Freeman of the Goldsmiths' Company and the City of London, an author and a public speaker. She is a past non-executive director of the Responsible Jewellery Council and her current non-executive director positions include the Intellectual Property Office.

Sarah Langley is a Chartered Trading Standards Practitioner. Sarah is currently Managing Director of Consumer Code for New Homes. A Chartered Trading Standards Institute approved Code in the new build sector.

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 Chairman 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. 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 jewellery design and manufacture using British gemstones, the company currently has 17 independent boutiques across the UK and aim to open their industry-leading 'National Gemstone & Jewellery Design Centre' at Carsington Water, Derbyshire, in 2023. In addition, the company 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 solicitor, and an independent non-executive director of a number of private companies, chairing and/or participating in conduct, risk and governance, audit and ESG committees. She is a Freeman of the Goldsmiths' Company and a member of its finance and risk committee. Vanessa is a trustee of the Charity Create Arts and a practising jeweller and silversmith.

Assay Office Representatives (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.

Assay Office Representative (Sheffield):

Charles Turner DL is Chairman of the Sheffield Assay Office. He 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.

Assay Office Representatives (Birmingham):

Carol Brady MBE was Chairman of Birmingham Assay Office until 21 October 2022.

Russell Jeans was appointed Chairman of Birmingham Assay Office with effect from 21 October 2022.

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 Liveryman of the Worshipful Company of Goldsmiths.

Assay Office Representative (Edinburgh):

Tom Murray is Deacon of the Incorporation of Goldsmiths in Edinburgh. He is the founding director of Charityflow, a Trustee of the Scottish National War Memorial 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 but not members of the Council):

Will Evans is General Manager 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:

	Maximum £
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 2020, 2021 and 2022

QUARTER	ALL ARTICLES -1000 UNITS			GOLD ARTICLES -1000 UNITS			SILVER ARTICLES - 1000 UNITS			PLATINUM ARTICLES – SINGLE UNITS			PALLADIUM ARTICLES – SINGLE UNITS		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
FIRST	2,600	1,242	1,661	1,005	560	757	1,502	638	827	92,381	44,058	74,378	601	779	2,791
SECOND	2,273	1,681	519	916	812	195	1,253	787	303	102,009	80,863	20,494	1,542	1,089	1,037
THIRD	2,612	2,481	1,447	1,058	1,095	704	1,451	1,279	665	102,544	105,700	75,284	1,085	1,420	2,447
FOURTH	2,263	3,272	2,252	1,034	1,393	1,102	1,139	1,767	1,067	89,330	111,359	81,816	710	1,135	854
TOTAL	9,748	8,676	5,879	4,013	3,860	2,758	5,345	4,471	2,862	386,264	341,980	251,972	3,938	4,423	7,129

PERCENTAGE FIGURE FOR THE ABOVE TOTALS FOR EACH ASSAY OFFICE

OFFICE	ALL ARTICLES 2022	GOLD ARTICLES 2022	SILVER ARTICLES 2022	PLATINUM ARTICLES 2022	PALLADIUM ARTICLES 2022
London	19	36	13	41	38
Birmingham	23	28	18	40	15
Sheffield	24	28	13	13	45
Edinburgh	34	8	56	6	2

APPENDIX 3

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

**UNITED KINGDOM
YEAR TOTAL 2022**

	<i>GOLD</i>	<i>SILVER</i>	<i>PLATINUM</i>	<i>PALLADIUM</i>	<i>TOTALS</i>
<i>London</i>	703,394	306,108	58,430	1,355	1069,287
<i>Birmingham</i>	353,174	361,197	58,739	105	773,215
<i>Sheffield</i>	711,193	519,731	11,684	75	1,242,683
<i>Edinburgh</i>	142,212	169,880	14,528	1	326,621
<i>TOTAL</i>	<i>1,909,973</i>	<i>1,356,916</i>	<i>143,381</i>	<i>1,536</i>	<i>3,411,806</i>

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 2022 under the Hallmarking Act 1973.

The financial statements comprise the British Hallmarking Council's:

- Statement of Financial Position as at 31 December 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standard.

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 2022 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Hallmarking Act 1973 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 (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). 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 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 Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the British Hallmarking Council is adopted in consideration of the requirements set out in 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 is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate. 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 certificate, I do not express any form of assurance conclusion thereon.

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 the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Hallmarking Act 1973.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Hallmarking Act; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

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 by the British Hallmarking Council or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; 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 are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the British Hallmarking Council from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the Hallmarking Act;
- ensuring that the annual report, which includes the Remuneration Report, is prepared in accordance with Secretary of State directions made under the Hallmarking Act 1973; and
- 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 the 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 audit, certify and report on the financial statements in accordance with the Hallmarking Act 1973.

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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the British Hallmarking Council's accounting policies and key performance indicators.
- inquired of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the British Hallmarking Council's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the British Hallmarking Council's controls relating to the British Hallmarking Council's compliance with the Hallmarking Act and Managing Public Money;
- inquired of management and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the British Hallmarking Council for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals and complex transactions. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the British Hallmarking Council's framework of authority and other legal and regulatory frameworks in which the British Hallmarking Council operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in 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 Hallmarking Act 1973, Managing Public Money and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Council;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I communicated relevant identified laws and regulations and potential risks of fraud 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. This description forms part of my certificate.

Other auditor's responsibilities

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

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date 2 June 2023

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

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE
for the year ended 31 December 2022**

	Note	2022 £	2021 £
Income			
Income on Activities	5	<u>86,556</u>	<u>70,091</u>
Expenditure			
Operating Expenditure	6	<u>(86,574)</u>	<u>(70,093)</u>
Net operating expenditure		(18)	(2)
Interest receivable		<u>18</u>	<u>2</u>
Net expenditure for the year		<u>-</u>	<u>-</u>

Statement of Changes in Taxpayers Equity

	2022 £	2021 £
Balance at 1 January	-	-
Net expenditure	-	-
Balance at 31 December	-	-

The notes on pages 29 - 32 form part of these accounts.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

	Note	2022 £	2021 £
Current assets:			
Trade and other receivables	7	9,210	9,630
Cash and cash equivalents	8	40,125	28,069
		<hr/>	<hr/>
Total current assets		49,335	37,699
		<hr/>	<hr/>
Current liabilities:			
Trade and other payables	9	49,335	37,699
		<hr/>	<hr/>
Total current liabilities		49,335	37,699
		<hr/>	<hr/>
Assets less liabilities		-	-
		<hr/>	<hr/>
Reserves		-	-
		<hr/>	<hr/>

The notes on pages 29 – 32 form part of these accounts.

The financial statements on pages 26 – 28 were approved by the Council on 20 April 2023 and were signed on its behalf by:

Signed

Noel Hunter
Accounting Officer

Date: 31 May 2023

STATEMENT OF CASH FLOWS
for the year ended 31 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net operating cost		-	-
(Increase) / Decrease in trade and other receivables	7	420	(8,963)
Increase / (Decrease) in trade and other payables	9	11,636	18,931
		<hr/>	<hr/>
Net cash inflow /(outflow) from operating activities		12,056	9,968
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents in the period		12,056	9,968
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period	8	28,069	18,101
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period	8	40,125	28,069
		<hr/>	<hr/>

The notes on pages 29 - 32 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). This was set out in 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 2022/23 Government Financial Reporting Manual (FReM) by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the British Hallmarking Council for the purpose of giving a true and fair view has been selected. The particular policies adopted by the British Hallmarking Council have been applied consistently in dealing with items that are considered material to the accounts.

2.1 Account Convention

These accounts have been prepared under the historical cost convention.

2.2 Income

The activities of the Council are funded by the Assay Offices. Charges are levied in proportion to the relevant sales of the Assay Offices in the previous financial year, net of any other income received, such as income from notices. Occasional amounts are also received for specific projects that aim to promote and safeguard hallmarking. The Council receives a small income from a non-Assay Office in relation to a contribution to the Touchstone Award, which takes place annually.

2.3 VAT

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

2.4 Financial Instruments

The Council and Assay Offices have very low credit risk and there is no expected credit loss to recognise as at 31 December 2022.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, which is available for immediate withdrawal.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less any allowance for irrecoverable amounts.

Trade and other payables

Trade and other payables are measured at amortised cost, which equates to nominal value.

Financial income and financial expense

Financial income/expense is recognised in the Statement of Comprehensive Net Expenditure on an accruals basis.

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 2022 (2021: Nil) (see Remuneration Report on page 14). Under HMA 1973 Schedule 4 paragraphs 20 and 21 the BHC may pay the Chair & Accounting Officer and Secretary such remuneration as they see fit. The Chair & Accounting Officer 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 & Accounting Officer or Secretary.

5. INCOME

Income is analysed as follows:-

	2022	2021
	£	£
Contributions from Assay Offices:-		
Birmingham	21,232	23,252
Edinburgh	21,194	11,250
London	25,695	20,351
Sheffield	17,435	14,238
Contributions from National Association of Jewellers:-		
Touchstone Award	1,000	1,000
	86,556	70,091

Revenue is recognised when the Council sets its budget for the forthcoming year and the Council receives the prior year's hallmarking income figures for each Assay Office. Each Assay Office is then allocated a corresponding percentage of the budget as its contribution to the Council for the following year. This is payable immediately but to ease cashflow for Assay Offices the Council has agreed to invoice monthly, with 30 days terms attached.

The contribution shown from the National Association of Jewellers was in relation to the Touchstone Award for Trading Standards, which occurs 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.

6. OPERATING EXPENDITURE

	2022 £	2021 £
Chair & Accounting Officer's remuneration & Employer NIC	21,593	19,269
Chair & Accounting Officer's expenses	772	540
Council members' expenses	1,173	153
Audit fee	4,000	3,850
Legal and Secretarial costs and expenses	40,551	34,873
HALO awards & marketing	4,256	-
Other professional charges	10,672	7,134
Other expenses	3,557	4,274
	86,574	70,093

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 (2021: £3,850), and to provide accounts preparation services for £2,150 (2021: £2,150). During 2022 a Secretariat was in operation, with Susan Green providing secretarial services as an external contractor.

Save for the Chair & Accounting Officer'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.

7. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2022 £	2021 £
Amounts falling due within one year:		
Trade Receivables	8,444	8,856
Prepayments	766	774
	9,210	9,630

Under IFRS 9, trade and other receivables are measured at amortised cost. In line with the FReM, the simplified approach will be adopted and any loss allowances will be recognised at an amount equal to expected lifetime credit losses.

As at 31 December 2022, the December invoices had only recently been issued and had not been settled. It is confirmed that as at the date of signature of the Annual Report and Accounts the full trade receivables outstanding as at 31 December 2022 have been settled in full.

8. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Balance at 1 January	28,069	18,101
Net change in cash and cash equivalent balances	12,056	9,968
Balance at 31 December	40,125	28,069
The following balances at 31 December were held at Lloyds Bank Plc	40,125	28,069

9. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2022 £	2021 £
Trade payables amounts falling due within one year:		
Trade payables	35,038	27,396
Deferred Income	-	-
Other payables	8,754	5,242
VAT, other taxation and social security	5,543	5,061
	49,335	37,699

Trade and other payables are recognised in the period in which related money, goods or services are received or when a legally enforceable claim against the Council is established, or when the corresponding assets or expenses are recognised.

Of the £35,038 trade payables, the amount due to be credited back to the Assay Offices is £35,315 (2021: £27,285).

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.

11. EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of IAS 10 "Events after the reporting period", post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate and Report of the Comptroller and Auditor General. There are no post Statement of Financial position events between the balance sheet date and this date other than the reorganisation of BEIS resulting in the change of sponsor department to the DBT.

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