

NPL Management Limited Annual Report and Financial Statements for the year ended 31 December 2024





NPL Management Limited Annual Report and Financial Statements for the year ended 31 December 2024

Presented to Parliament by the Parliamentary Under-Secretary of State for AI
and Online Safety by Command of His Majesty

September 2025



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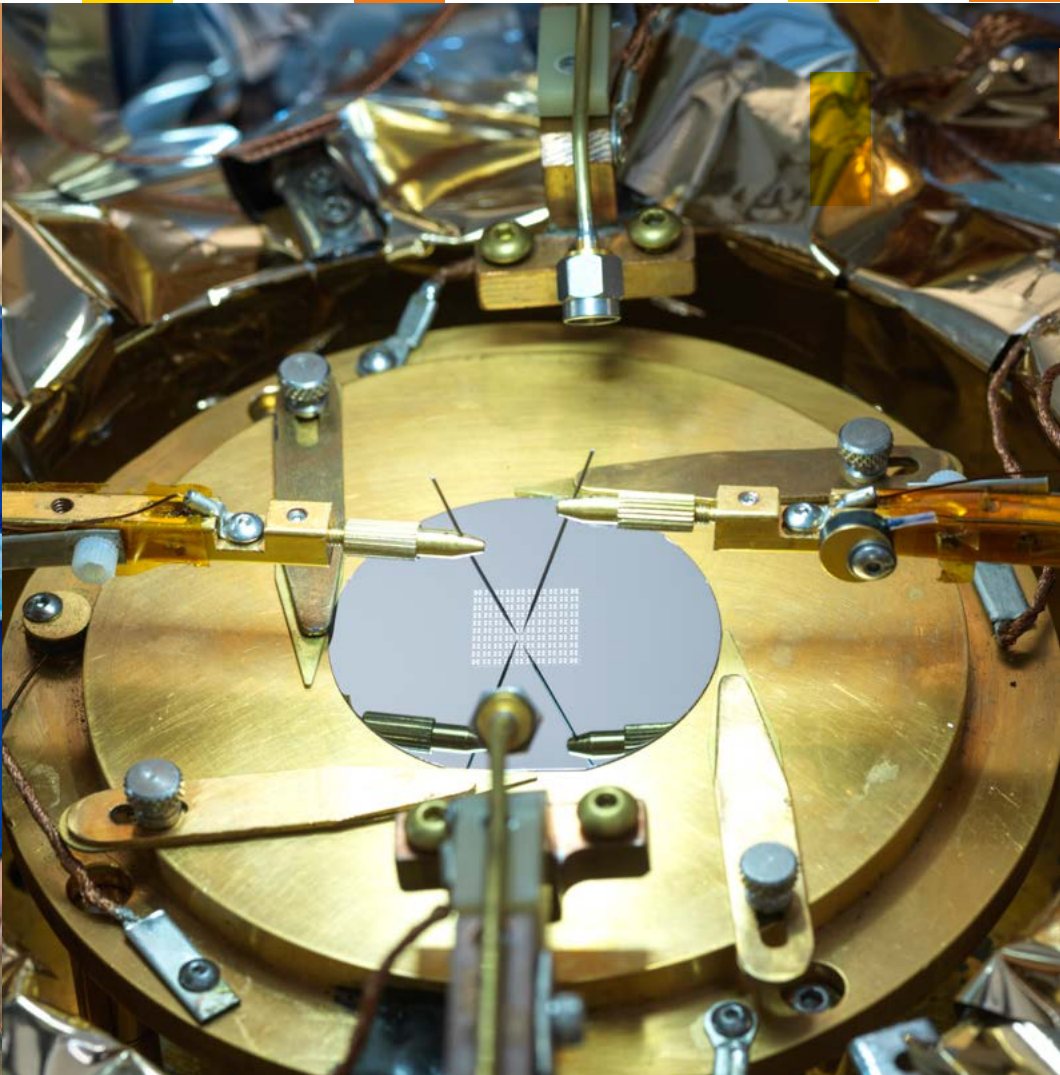
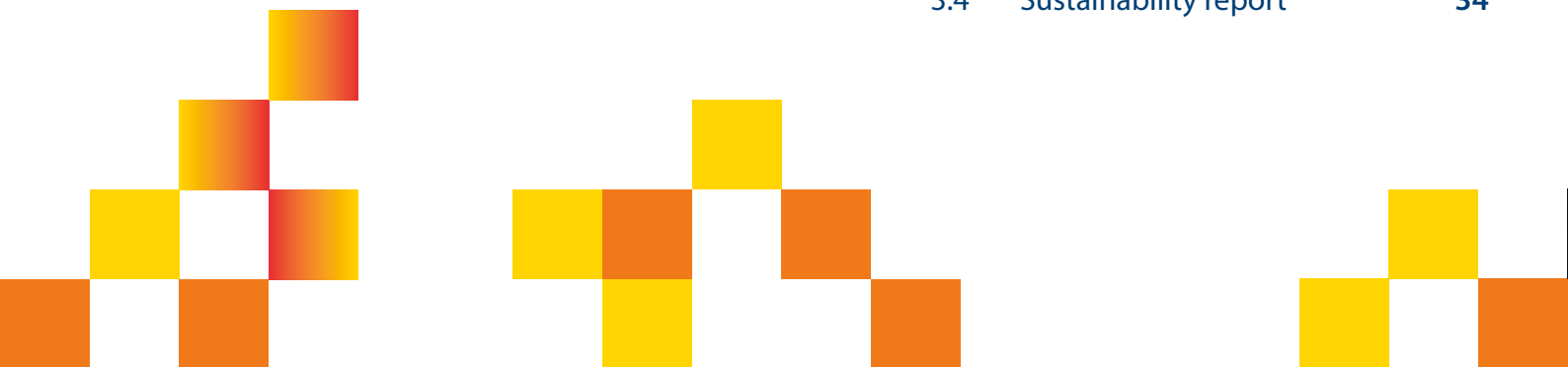
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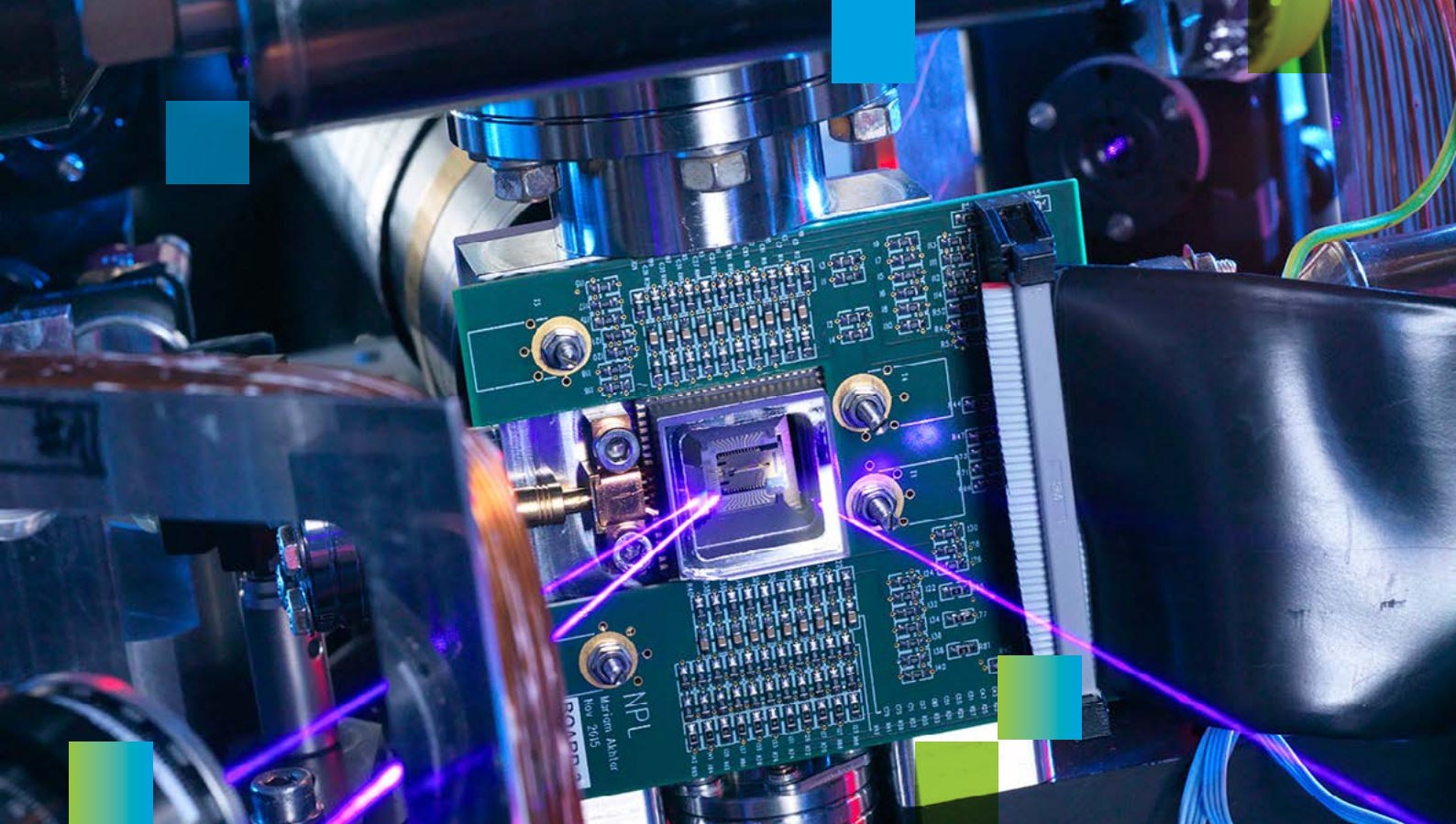


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/ 1 Introduction from the Chair



A year of change and continuity

► Last year's general election brought a change in government with a new set of priority missions, including economic growth, healthcare fit for the future, safer streets and clean energy. The National Physical Laboratory (NPL) has been making vital contributions to these sectors for many years. During a meeting at the UK Telecoms Lab (UKTL) – located in the West Midlands, funded by the Department for Science, Innovation and Technology (DSIT) and operated by NPL – the Board explored NPL's work to date and



future potential in these important areas.

The government's missions have a further characteristic that chimes with NPL: they are set out in plain language. Throughout our 125-year history, we have engaged with wider public communities in our work, and our research continues to bring the frontiers of knowledge directly to industry. The science can sometimes be complicated, but we take pride in describing its value to companies and public services clearly and concisely.



► In December, our CEO, Dr Peter Thompson, switched on the Christmas lights in Teddington High Street, using an NPL timing display for the countdown. This was connected to an atomic clock in our laboratory, which ensured Teddington had the most accurate timing for its Christmas countdown. Peter gave the people of Teddington a glimpse of these scientific capabilities on their doorstep, sharing a glass of mulled wine in the heart of their community. From Glasgow to London, we're keeping the UK on time with new timing displays in strategic locations across the UK. Ministers and civil servants at DSIT now have the time from NPL on display in the foyer of their offices in Whitehall.





In June this year, NPL held another of its very popular open days. We welcomed a wide range of visitors as they met our scientists and engineers, who demonstrated how their work is used by thousands of companies across the UK and beyond.



Our relationships with wider communities are great fun, but they also serve a vital purpose. NPL is a national laboratory; it's a cornerstone of the country's infrastructure and a vital part of the foundations on which the government's missions are built. As a national facility, we must be accessible to the nation, and that means businesses, universities, regulatory authorities and many other organisations that rely on NPL's work. It also includes the people who live or work near our facilities across the country.

/ 2 Chief Executive's summary



► The political landscape changed significantly in 2024 with the election of a new UK government. We quickly focused our efforts on understanding the emerging priorities, with an emphasis on how we could support the drive for economic growth and improve the lives of citizens. NPL already plays an essential role in supporting UK businesses to innovate and grow, and our programmes build confidence in the adoption of new and emerging technologies – from green tech and quantum to medical technologies – and give policymakers access to expertise that can help them make evidence-based decisions.



Among the many highlights of 2024 was the rapid development of the UK Telecoms Laboratory, funded by DSIT and operated by NPL. UKTL is raising the bar on the security and resilience of the telecoms networks that underpin daily life, by building a unique sovereign UK capability to carry out in-depth testing and security research of the infrastructure.

Our National Timing Centre (NTC) research and development programme made excellent progress in 2024. NTC has been developing a new national source of resilient time to underpin digital infrastructure across sectors. This new capability will offer industry the opportunity to create innovative solutions and services that users can trust, and has already launched timing innovation nodes at the universities of Strathclyde and Cranfield. Training courses to support this evolving timing ecosystem have also been developed and launched, with around 1,600 users globally.

March saw a 'celebration of time', when we placed an atomic clock on the 61st floor of the tallest building in the City of London, 22 Bishopsgate, to bring an understanding of time to the general public. Our experts compared it to a second clock located at NPL in Teddington, the home of time in the UK. Over the period of the demonstration, the time difference was



only a tiny amount, but it showed that time travels faster as height increases, as predicted by Albert Einstein's theory of general relativity. This means a person would age slightly faster at the top of a tower block than someone on the ground! These precise measurements are crucial to providing confidence in our timing infrastructure, allowing technology such as smart grids, connected autonomous vehicles and time-critical 5G and 6G applications to function.

2024 also marked a pivotal year in NPL's journey towards digital transformation, as we launched our Digital and Data Strategy, a bold but essential step to future-proof our organisation and amplify our scientific impact. This strategy outlines our approach to maximising the value of our data assets, and establishing a



responsible, phased pathway to leveraging AI across the organisation. These developments underscore our commitment to embedding digital capability at the core of our research and operational infrastructure. By doing so, we are not only enhancing the quality and agility of our science, but also unlocking new ways to serve the UK economy and society. We believe that sustained investment in digital innovation is critical to maintaining scientific excellence, operational efficiency and national relevance in a rapidly evolving world. The achievements of 2024 lay a strong foundation for the years ahead, and we look forward to continuing this journey with clarity, purpose and ambition.

We continue to attract, engage and inspire a diverse range of talented individuals who can realise their own ambitions, and will thrive in an inclusive workplace where colleagues feel that their differences are valued. Our Stronger

Together, Everyone Matters campaign, launched in February 2024, showcases over 30 stories from colleagues across a wide range of backgrounds and careers, each sharing their individual perspectives, experiences and advice. The power of real-life stories can never be underestimated; they build empathy and understanding, and inspire all of us to do what we can to make NPL, and organisations like ours, a better place for everyone. We're now opening up our campaign and encouraging other organisations to get on board. Find out more about how you can join us at <https://www.npl.co.uk/stronger-together-everyone-matters>.

All of this activity forms the bedrock of NPL. As we look back at our achievements in 2024, we are simultaneously looking ahead to 2025, when we will be celebrating 125 years of impact and the transformative power of measurement. I look forward to a year of embracing our past, celebrating our present and anticipating the progress we will drive in the future.

/ 3 Strategic report



/ 3.1

Our impact in 2024

► At NPL, our focus is always on three crucial areas: people, prosperity and the planet. We made a significant impact in 2024 across all these areas by aligning measurement science with the most important national challenges. Our 1,000 scientists continue to drive innovation through their science and engineering expertise, including in AI, engineering biology (EngBio), future telecommunications, semiconductors and quantum technologies. We share this expertise with industry to help companies bridge the gap from technology prototypes to industry-ready innovation. In the past year, NPL offered a variety of programmes and funding schemes that suited the individual needs of each sector and supported them in overcoming any barriers to market.

Our Measurement for Business (M4B) programme allows innovative UK SMEs to access up to 20 days of specialist measurement science and engineering expertise with no charge. M4B expanded in 2024, launching engineering biology, semiconductor, green tech, and sensors and instrumentation themes, with 102 applications received from 84 companies. 37 projects were agreed and 23 completed in the year. One company in the programme generated more than £500,000 of new income opportunities stemming from its project, while another translated around £2 million in additional annual revenue. Others who have undertaken projects have reported increased investment, productivity and competitiveness within their market.

In May, we relaunched our Measurement for Quantum (M4Q) programme, which provides up to 20 days of specialist quantum measurement expertise to UK SMEs requiring specialist quantum support, again, with no charge. To date,





over two-thirds of companies that have participated in the M4Q programme have reported that their commercial opportunities have increased as a result. Half of the respondents also expect to see increased sales in new or existing markets. In just the last six months of the year, we had 30 applications from 26 companies, with six projects agreed and two completed. One company reported its manufacturing costs were reduced by 20%, while another stated that its research timeline was cut by at least six months, with additional benefits including enhanced credibility with potential partners and investors.

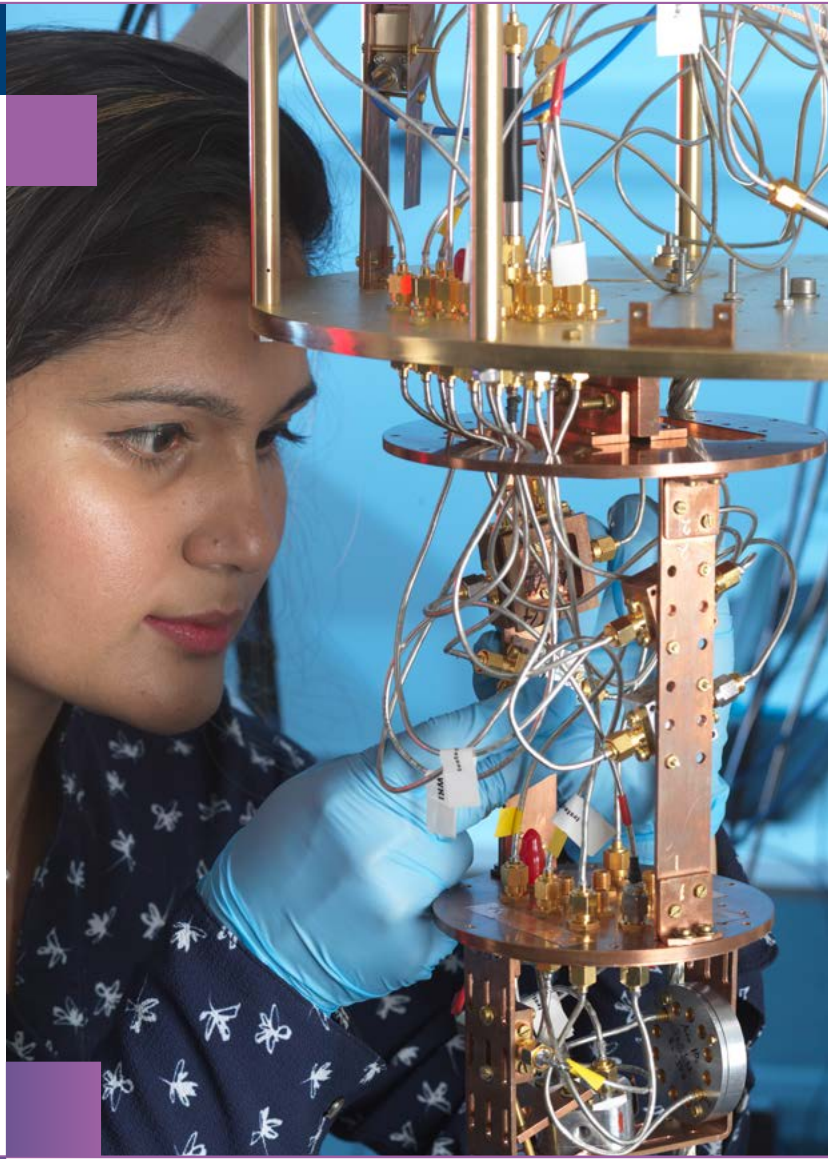
Our first two innovation nodes were launched in 2024 to drive the development of new time-critical technologies. The innovation nodes are part of NPL's National Timing Centre (NTC) programme, the UK's first nationally distributed time infrastructure that provides secure, reliable, resilient and highly accurate time and frequency data. NTC will help to accelerate new technologies, such as 5G and 6G applications, next generation automated factories



and connected autonomous vehicles. Dr Peter Thompson launched the first node in March at the University of Strathclyde with Professor Sir Jim McDonald, Principal and Vice Chancellor of the University of Strathclyde, and the second in October at Cranfield University, alongside Dame Karen Holford, Chief Executive and Vice Chancellor of Cranfield University. So far, the projects underway are supporting research into new innovative approaches for position, navigation and timing, supporting the adoption of various technologies, such as autonomous transport.



In 2024, the Advanced Machinery and Productivity Institute (AMPI) launched two funding schemes to drive the development of new machinery technology within manufacturing industries in Greater Manchester and West Yorkshire. AMPI is a major industry-defined programme led by NPL that is committed to stimulating and supporting the rapid growth of the UK's machinery manufacturing sector. The first scheme saw three industry-led projects with a combined value of £250,000 kick-started thanks to crucial funding from the AMPI's Advanced Machinery Innovation Fund. The second, the Innovation for Machinery funding scheme, supported 28 projects in its first round, with its launch marking the ambition to support another 15 in 2025. Companies have already reported a significant reduction in development time and costs.



AMPI also launched the UK's first advanced machinery technology roadmap in August, which will identify key market drivers and future machinery capability needs.

In March, following an in-depth national and international review, NPL released the UK's National Advanced Materials Metrology Strategy. This sets out how critical drivers of change require innovation in measurement capabilities and a new approach to delivering the UK materials metrology infrastructure. The strategy focuses on two urgent drivers, energy transition and digitalisation, as well as the predominant themes – measurement at frontiers, and smart and interconnected metrology – that come from these drivers.

Realising the potential of EngBio, both globally and for the UK, and how our metrology can support this, has been a major priority in 2024. We released a new EngBio report to summarise outputs from an industry-focused workshop hosted in partnership with Imperial College London. The report highlighted key standards and metrics to support growth, smooth the path to commercialisation and enable greater investment in EngBio companies across the UK. We are laying a strong foundation to support the growth of a thriving UK EngBio ecosystem, empowering innovators, entrepreneurs, businesses and investors to unlock the potential of EngBio and drive the bioeconomy forward.

As in previous years, we continued to provide the measurement infrastructure that helps





to drive innovation in the diagnosis, monitoring, treatment and prevention of disease. In 2024, Sona, a planned spin-out from NPL, announced it will revolutionise breast cancer screening with the world's first innovative ultrasound-based breast density assessment and monitoring technology that doesn't need imaging or trained radiologists. The Sona solution will potentially give simple, safe and low-cost access to breast density information to proactively monitor breast health, and even save lives.

Research released from NPL and the University of Cambridge in 2024 provided new insights into analysing kidney tissues for patient transplants,

boosting long-term success rates. The research focused on measuring features such as scarring or blood vessel health on donor tissue samples, and using this to predict the organs' suitability for reliable transplantation. This project is a clear example of how metrology can directly improve clinical decision-making and, ultimately, patient outcomes.

In February 2024, Dr Peter Thompson signed the San Francisco Declaration on Research Assessment (DORA) on behalf of NPL. DORA recognises the need to improve the ways in which the quality and impact of research outputs are assessed, particularly to move away from using publication metrics alone (citations, journal impact factor, etc.). This is especially important for an organisation such as NPL where impact can be delivered in various ways, including good practice guides, training



courses, industry newsletters, documentary standards and outreach. DORA principles have been embedded into NPL's promotion and recruitment processes, and underpin the measurement best practices on which we pride ourselves.

None of the projects we carried out over 2024 would have been possible without a strong foundation of measurement skills and our extensive training programmes. Our training continues to focus on directly meeting national and international scientific and engineering skills gaps to provide a solid foundation of metrology best practices and, ultimately, have a

direct impact on productivity and profitability. With this in mind, this year we launched three new training courses in health and life sciences; quantum, and time and frequency; and AI and machine learning.

Other notable achievements in 2024 include:

- 3,281 new e-learning enrolments from 1,602 learners across 76 countries and six continents – more than 70% of these from the UK;
- more than 40% of learners enrolled in two or more online courses; and
- 12 new e-learning courses opened.

The most popular courses were:

- Introduction to time and frequency measurement;
- A short introduction to method verification and validation;
- Measurement explained;
- Introduction to measurement uncertainty; and
- Introduction to clock performance.

Our people and community



► Our people are fundamental to the delivery of the Company's strategic ambitions, and the success of our business depends on attracting, retaining and motivating them. It is essential that we remain a responsible employer and continue to keep pay, benefits, health, safety and the workplace environment top of mind. It is for these reasons that the directors always factor in the implications of decisions on our people.



Engaging with the local community

► NPL is an active participant in the community. This is demonstrated by our extensive outreach activities, matching charity donations that our employees raise, and by encouraging our people to volunteer for local community projects, for which special paid leave is available.



► At Christmas, we donated two large boxes of Christmas presents to patients and staff at our neighbouring Teddington Memorial Hospital.



► In 2024, we donated ticket sale proceeds from our bi-annual open day – a total of £4,600 – to In2ScienceUK, our nominated charity for 2023 and 2024.

► We raised £675 for Save the Children from our annual Christmas jumper day.



► We invited people from the Brain Tumour Research Charity to talk to our people, and connected our chief scientist with theirs to discuss potential research links.

► We took part in the local Teddington 'Christmas Lights Up' event, where we engaged with the local community to showcase time from NPL, and our CEO Dr Peter Thompson led the countdown to turning on the Christmas lights.



An engaged workforce

► We are committed to creating and maintaining an engaged workforce, where our people feel respected and comfortable being their authentic selves. We encourage collaboration between colleagues, and ensure every colleague is appreciated for their unique contributions.



Employee voice

► In 2024, we continued to strengthen our focus on championing the voices of our people, who are central to our engagement and wellbeing strategy. We gathered insights and perspectives from our people to ensure a truly representative voice across NPL. We also maintained our engagement with Prospect – our recognised trade union – to foster discussions on important topics, and share experiences and ideas from across the organisation.

Our leadership team keeps our people informed of key NPL activities. This is largely steered by quarterly communication sessions involving all NPL people – led by the CEO and other members of NPL's leadership team – along with monthly team meetings conducted by line managers. In addition, we brief our leaders monthly, providing them with relevant and up-to-date information to share with their teams for further discussion and feedback.

Engagement and insight platform

► We continue to engage with our people through the use of ThymoMetrics – our online employee engagement platform – which provides a simple way for them to have their voices heard. ThymoMetrics is available all day, every day, for our people to anonymously share their thoughts and feelings about the organisation, and to communicate any questions, concerns or suggestions they have. The platform allows NPL to seek feedback on, and engage in, targeted discussions with colleagues with anonymity. This helps us to uncover issues and find solutions to benefit both the organisation and its people.

During 2024, we received 977 comments on the platform, including opinions on important topics such as the updates we made to pension benefits, and reflections on changes to our approach to performance and development. We also received feedback on pay, culture, leadership and management. Other more private mechanisms for feedback also remain active, including a direct communication line to the People Team and our CEO. In addition, we encourage our people to feel comfortable in raising concerns about any aspect of the business, and we provide the means to deliver this feedback, including through anonymous channels.



Developing our people

► In 2024, we introduced an individualised approach to performance and development. This is helping to support career development opportunities, inspire colleagues and empower our people to take ownership of their careers. This approach fosters a culture of coaching and regular feedback, supporting personal growth while enabling NPL to achieve its strategic objectives. We continue to provide resources and guidance to support our colleagues, ensuring successful integration of this approach across the organisation.

We launched two distinct programmes to support this shift:

- **Developing excellent leaders:** this programme focuses on essential people leadership skills – including managing conflict, coaching and challenging conversations – as well as effective feedback discussions. It provides leaders with practical tools to adopt a coaching style, fostering trust and open communication within their teams. This programme will continue into 2025 to ensure all leaders are trained.
- **Senior leader coaching programme:** this programme equips senior leaders with the tools and insights needed to champion a coaching mindset across the organisation, setting role models to help them drive a culture of continuous growth and improvement.

We remain committed to bringing our leaders together to learn, develop and strengthen their networks, offering learning initiatives, strategic insights and collaborative sessions that contribute to our organisational success.

Culture and working environment

► NPL's culture continues to be shaped by our Company's values and Values in Action. These principles guide our expectations and are at the heart of the way we work, fostering an environment that is truly inclusive and respectful. We continue to embed our Employee Value Proposition to showcase what makes NPL a great place to work, brought together in 'The measure of us' – a summary of insights to life at NPL – and shared on a dedicated SharePoint site. This pledge represents our commitment to defining and upholding what makes our workplace truly special. We also revised and relaunched our Code of Conduct, providing clearer expectations, new materials and engagement content to support a safe and supportive environment.

The wellbeing of our people remains a key priority, ensuring that everyone feels supported in maintaining their health and wellness. In 2024, we increased the number of mental health first aiders and introduced a new Employee Assistance Programme, offering a range of resources to support wellbeing. We will continue to provide a variety of tools and learning opportunities that are accessible to all of our people, empowering them to feel supported and resilient.

Celebrating success

► We take pride in celebrating the success of our people through the NPL Values Award scheme. In 2024, 570 individuals were recognised for demonstrating outstanding behaviours and achievements, with a further 2,162 on-the-spot 'thank you recognitions', awarded for demonstrating Values in Action during everyday



At the 2024 Recognition Reception event,
we invited



work. We also hosted an annual Recognition Reception event to celebrate achievements from the previous year. In 2024, the event spanned two evenings and included speeches, awards and celebratory networking, reflecting our commitment to recognising and appreciating contributions across NPL.

Diversity and inclusion

► At NPL, we believe that diversity and inclusion are essential to our goal of delivering extraordinary impact through world-class science and engineering, as an exemplary national laboratory that proudly welcomes talent from around the globe. In 2024, we continued to make progress with our Diversity and Inclusion Strategy, and launched our Stronger Together, Everyone Matters campaign, which aims to build empathy, raise awareness and inspire action through the sharing of stories. Supported by social media throughout 2024, the campaign shared over 30 stories celebrating the diversity of roles and people within the Company, receiving over 5,000 unique visits to the website. It was highly commended in the 'Innovative Approaches to Diversity and Inclusion' category of the Employers Network for Equality and Inclusion (enei) awards in 2024.

We have continued to raise awareness of a wide range of diversity and inclusion topics, with a focus on redeveloping our internal communications approach in 2024. We worked in partnership with 11 special interest groups and diversity and inclusion clubs to run internal events, such as pronoun awareness sessions, global accessibility day and sign language week. Our special interest groups provide support to, and gather input from, the organisation to ensure that our work is informed by a range of perspectives. We continue to invest in delivering a rolling programme of activities aligned to our strategy, ensuring that all our colleagues feel able to be their genuine selves at work, and have access to support should they need it.

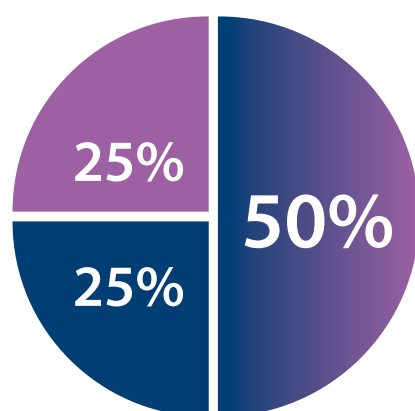


Some examples of activities in 2024 include:

- launching a new gender equality microsite that allows all colleagues to learn more about gender, gender inequality and the impacts it can have in the workplace. The microsite covers all gender identities and the impact of gender stereotypes;
- completing our second annual departmental deep dive, providing senior leaders from across the business with bespoke information to support them in prioritising areas for local action;
- creating new resources for line managers, such as a guide on religious inclusion to complement existing resources on Ramadan, and training modules for supporting those who are neurodiverse;
- introducing a new dedicated procedure on gender transition in the workplace, providing guidance and resources to support both transitioning individuals and their line managers, including the introduction of a transition management plan; and
- implementing updates to our diversity categories, introducing new categories on gender identity and neurodiversity, and running an internal campaign to encourage people to update their diversity and inclusion information.

Encouraging science, technology, engineering and mathematics (STEM)

► NPL's outreach programme delivers an exciting range of activities to support the STEM agenda. This enables enthusiastic NPL speakers to tell powerful, engaging stories about the impact of our work to audiences in schools and universities, as well as the general public. In 2024, 1,174 NPL colleagues carried out 285 activities, reaching almost 82,000 people, shown below.



■ Primary school students

■ Secondary school students

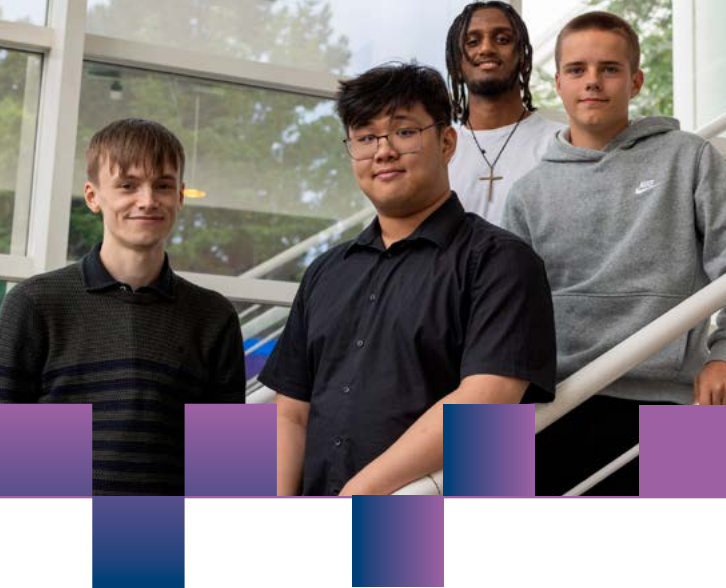
■ Teachers, VIPs and members of the public

Outreach highlights from 2024 include:

- judging two regional Young Enterprise semifinals and hosting a grand final, giving student teams an opportunity to showcase their ideas and entrepreneurship in commercial and social enterprises;
- recording the highest ever attendance at our annual Water Rocket Challenge to raise money for local scouts. 42 school teams participated in the afternoon session, and 26 more in the evening community event;



- running one day of summer school at the Blackett Lab Family, promoting physics to a group of 30 teenage Londoners of black heritage;
- welcoming 160 female-identifying year 10 students participating in the King's Maths School 'Girls Love Maths and Physics! Summer School' to a day of inspiring activities at NPL;
- working with The Engineering and Design Institute to create and judge a challenge to design a clock suitable for designated user groups, showcasing STEM careers worldwide;
- running our open day in May, attracting over 2,200 locals who explored about 50 different labs and various attractions, including a liquid nitrogen show;
- presenting our science at several large public and student events, including the Somerscience Festival, Lambeth Country Show, the Science Jamboree in Sandwich, the RAF National Air and Space Camp in Trent, and an event organised by ACS Cobham at Thorpe Park for 10,000 students;
- participating in the running of a STEM event at the Brooklands Innovation Academy. Our speakers joined Professor Brian Cox and Prince Michael of Kent on stage to inspire 400 students, witnessing our rocket engineering challenge that launched at Brooklands race circuit;
- meeting with teachers and educators at two conferences of the Association for Science



Supporting early career scientists

Early careers programmes are a key talent pipeline for NPL, providing great benefits to the organisation as well as valuable opportunities for individuals. Since 2023, we have welcomed 60 graduates onto our graduate scheme. In 2024, 28 graduates joined our science and engineering departments as part of this programme. It has been an extremely successful initiative, and we will continue to expand it across other areas in NPL in 2025.

We remain invested in apprenticeships across NPL, recruiting over 145 individuals since restarting the programme in 2013. We currently have 23 apprentices enrolled in level 3 programmes across science, engineering and IT. We have also continued to invest in upskilling our apprentices through various schemes – with nine individuals enrolled on upskilling programmes at levels 6 and 7 – to offer additional development and growth opportunities. In 2024, six apprentices moved into permanent roles: three in science and engineering – lab and metrology technology – and three in business administration positions.

Our 2024 summer work experience programme, NPL Academy, had its largest on-site presence in its 16-year history, with 51 students participating in 16 projects.

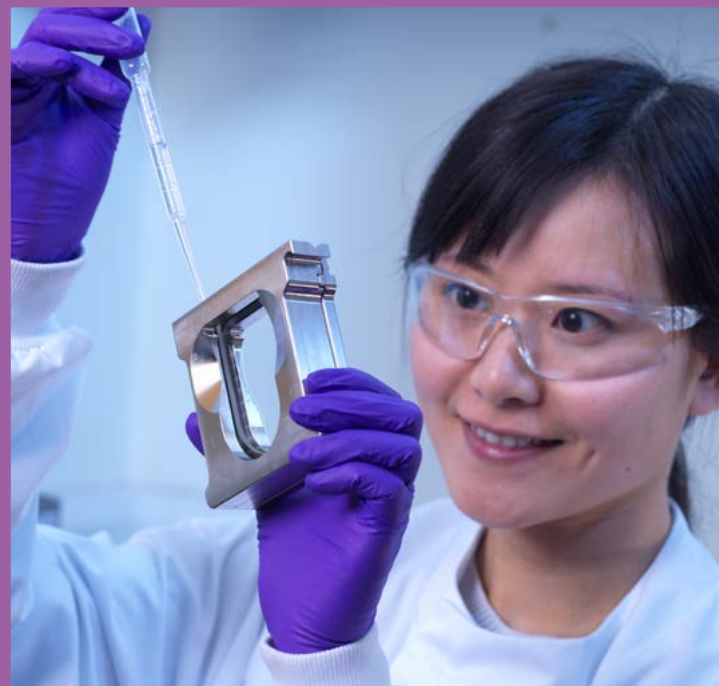
86 NPL people facilitated these activities, hosting international students in multiple fields, including project management, engineering, quantum electrical metrology, finance, biophysics, quantum detection, and mass spectrometry imaging at our National Centre of Excellence in Mass Spectrometry Imaging.

Education in both Northampton and Belfast, and forming a new school advisory panel;

- participating in several events with NPL's preferred charities, In2ScienceUK and the Social Mobility Foundation, to increase access to STEM careers for people from underprivileged backgrounds; and
- taking part in 44 special British Science Week (BSW) activities, including a very popular liquid nitrogen show and our first inter-school quiz. We also showcased an experiment to measure time dilation (a gain of 100 nanoseconds over 43 days) for an atomic clock placed in 22 Bishopsgate, London – one of the UK's tallest buildings – which related to the BSW's 2024 theme of 'Time'.



/ 3.3 Our business



Mission, vision and values

► Throughout 2024, our high-quality science and engineering continued to deliver on our mission to provide measurement capabilities that underpin the UK's prosperity and the quality of life of its population. Our vision continues to be to deliver extraordinary impact from excellent science and engineering as a world-leading and exemplary national laboratory. We are committed to providing a progressive and inclusive working environment that promotes wellbeing and flexible ways of working, enabling our values to flourish and our people to thrive and be their authentic selves, wherever they are working.

Financial review

► The Company delivered revenue growth of 15.3% during 2024, with revenues increasing from £156.1 million in 2023 to £180.0 million in 2024. Continued focus on operational efficiency contributed to a 3% increase in revenue per full time equivalent (FTE) from £128,284 in 2023 to £132,160 in 2024, however, inflationary pressures coupled with investment in NPL's digital infrastructure during 2024 resulted in lower overall operating profits of £4.5 million in 2024 (versus £6.2 million in 2023).

Section 172(1) statement

- The directors of NPL – and those of all UK companies – must act in accordance with a general set of duties. These duties are detailed in the Companies Act 2006 and include a duty to promote the success of the Company, with regard to:
- the likely consequences of any decision in the long term;
 - the interests of the Company's employees;
 - the need to foster business relationships with suppliers, customers and others;
 - the impact of the Company's operations on the community and environment;
 - the desirability of the Company to maintain a reputation for high standards of business conduct; and
 - the need to act fairly between shareholders of the Company.



As part of their induction, directors are briefed on their duties and have access to advice in this respect from the Company Secretary. The directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to the Company's executive management and employees. Details of this can be found in our governance statement.

Our purpose, strategy and consideration of the consequence of decisions for the long term

► During Board meetings in 2024, our primary consideration was ensuring that our strategy continues to deliver maximum impact – particularly in areas of national priority – responding to the change in government, and enhancing our governance of major programmes and estates, as well as the safety, security and wellbeing of our people. In addition to quarterly Board meetings, monthly Board teleconferences were held throughout 2024 to keep up to date on NPL's operational and financial performance, key developments and strategic priority

projects. Each year, the Board also undertakes an in-depth review of the Company's strategy. In July 2024, this entailed a full day strategy meeting at the University of Surrey – one of our partner universities – focusing on NPL's partnership strategies with businesses, the government and academic institutions.

Risk management

► The Company operates a risk management system, which is regularly reviewed by the directors. The directors seek to ensure that risk is managed with the purpose of minimising any potential adverse effect on the Company's performance. The Company's approach to risk management, and a summary of the most significant strategic risks facing the Company, are set out in the governance statement. There is a robust schedule of Board and Committee meetings that review these risks.



Our business relationships

► Delivering our strategy requires strong, mutually beneficial relationships with the government, suppliers, customers and partners across both industry and academia. With this in mind, NPL entered a partnering agreement on 1 April 2015 with the Department for Business, Energy and Industrial Strategy (BEIS) – which transferred to DSIT on 10 February 2023 – the University of Strathclyde and the University of Surrey. This partnership has enabled all parties to strengthen both the excellence of their science and their engagement with business. It also forms the foundation of our Postgraduate Institute for Measurement Science, which is creating the next generation of world-class measurement scientists.

The directors also receive regular updates throughout the year, providing insights into the business activities between NPL and its various partners. This information is provided from each of the sub-committees outlined in the governance statement.

High standards of business conduct

► The Board periodically reviews and approves NPL's frameworks, principles and policies, either directly or through relevant sub-committees, ensuring that high standards are maintained within the Company and its business relationships. During 2022 and 2023, we improved both our quality and learning management systems and, in 2024, we continued to strengthen our foundations by comparing operations with best practices. Assessments were made alongside the government's 'functional standards' – benchmarking against government bodies and other associations – while our Assurance Department completed an external quality assessment. No nonconformities were found, but various opportunities were identified to enhance business operations, which were subsequently added to future plans.



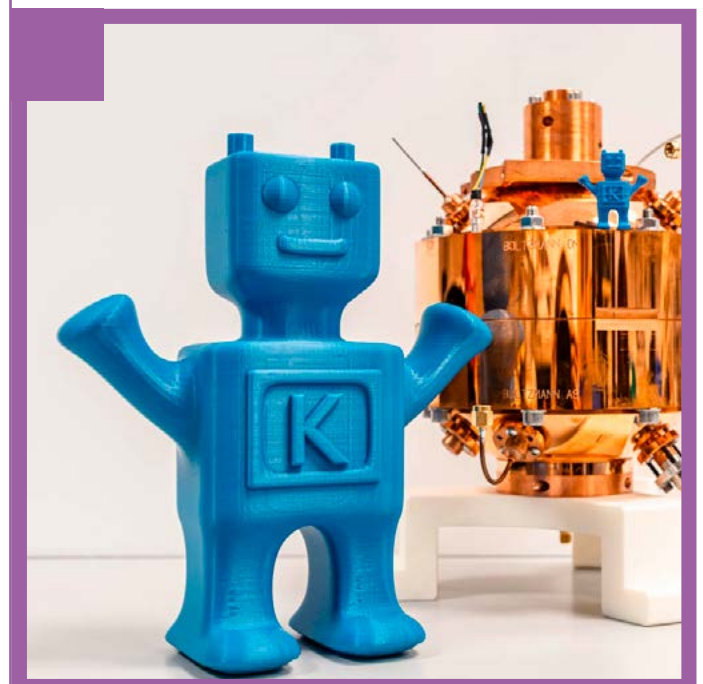
NPL also increased its participation in the UK's National Quality Infrastructure and, by doing so, enhanced its external presence. Some examples of this include running an assurance showcase, establishing a new assurance award, and participating in the Lab Innovations conference and the Lord Mayor's Show. Our focus on continuous improvement helps to ensure that operational decisions are made to promote high standards of business conduct. This is complemented by how the Board is kept informed and monitors compliance with relevant governance standards.

Statement on bribery and anti-corruption

► NPL is committed to having professional and ethical relationships with its suppliers. The Company clearly articulates its stance on anti-corruption, anti-bribery and modern slavery with all suppliers, to ensure the highest ethical standards and transparency are maintained. We assess suppliers before purchasing from them to ensure they meet our requirements around good corporate governance, as well as to evaluate whether their products meet our high quality standards and have the required technical capabilities.

Our relationship with DSIT

► NPL is 100% owned by DSIT, and a DSIT shareholder representative is a member of the Board. At each Board meeting, this representative updates the directors on relevant activities in central government. The directors also work closely with a DSIT sponsor team across a wide range of programmes and initiatives each year.



/ 3.4 Sustainability report



Contributing to the UK's net zero targets

► We continue to shape our national programmes to address the UK's most pressing challenges, ensuring that new measurement capabilities will not only positively impact the UK's economic prosperity and the quality of life of its people, but also endure long after an original investment is made. That includes a commitment to developing trusted relationships with collaborators and beneficiaries, supporting firms to deliver impact from science, and working with highly innovative organisations in emerging sectors to help the

UK achieve net zero by 2050. 2024 saw us focus on improving our sustainability data, as well as the trial and implementation of impact-reducing activities, while simultaneously continuing our journey to carbon neutrality and supporting longer-term net zero goals. With the support of our procurement colleagues, we have been engaging with suppliers to identify opportunities to understand and reduce our scope 3 emissions ahead of measuring this complex category.



We have trialled different ways of undertaking daily tasks to reduce our environmental impact without affecting the science we deliver. This includes increasing opportunities to recycle used materials and single use items, such as gloves.

We ran events where laboratory teams looked at electricity use, and identified what could be turned off when not in use, reducing energy demand. We have also developed a sustainability training course for inducting new scientists.

We have been working with internal and external partners to understand and identify opportunities to increase biodiversity at the Teddington site. Working with our landscaping service partner, we have increased the size of the areas covered by our 'no mow' policy, improving the survival chances for a wide range of species. We have also engaged with The Royal Parks on how we can support each other to improve nature recovery and biodiversity. Finally, we have run internal events to increase engagement and awareness. For example, we ran a team day where the environmental, social, governance (ESG) directorate spent the afternoon installing hedgehog houses and clearing our woodland area of overbearing plants to allow a greater diversity of plants to bloom.

Our internal initiatives throughout 2024

► This year, work began on improving our data on scope 1 and 2 emissions, as well as scope 3, category 6: business travel. Improvements to energy data have progressed well, and form part of the development of an estates strategy, which encompasses our sustainability activities, particularly focused on decarbonisation of our energy system. By positively engaging with our colleagues and developing new strategic plans to reduce our environmental impact, we are progressing towards our goal of becoming carbon neutral in 2040.



Our colleagues have been actively involved in identifying opportunities through internal initiatives, including our Green Council group and green ideas tracker. Some of our activities this year include:



A new recycling waste stream for non-hazardous nitrile gloves.



Paper towel recycling.



Several projects looking at greener actions in lab environments, such as switching off lights and developing a lab managers' sustainability induction plan.



Collaborating with our estates teams and service partners to update our waste processes and increase recycling rates for the second year running, from 50 to 65%.



Introducing a lift share scheme in support of greener travel, updating our green travel plan, and adding green messaging to our travel booking system at the point of purchase.



Adding a sustainability dashboard and SharePoint site to our intranet to support and engage with colleagues.



Engaging with wider organisations, such as Natural England and The Royal Parks, to improve biodiversity across the Teddington campus and develop our Nature Recovery Plan.

Environmental report for the year 1 January 2024 to 31 December 2024

▶ Since 2021, NPL has reported against the metrics and data requirements of the central government's Greening Government Commitments (GGCs). This framework outlines what UK government departments and their partners will do to reduce their impact on the environment between 2021 and 2025. These metrics provide additional insights alongside the guidance of the Streamlined Energy and Carbon Reporting (SECR) requirements. An aggregate of the data from GGC reporting from relevant partner organisations is published by DEFRA in its annual report and accounts.

Changes in emissions in 2024

▶ NPL's emissions in 2024 increased by 8.5%. This increase is a result of continued business growth, and the type of work and research being carried out, which requires more sophisticated technology that has a larger energy requirement than previous generations of instruments. Our intensity ratio has dropped once again – by 3.1% compared to the previous year – reflecting a decrease in carbon emissions per FTE. This has been delivered through ongoing work to improve the efficiency of building equipment and optimising system controls. We saw an impressive 22% reduction in business travel, due to ongoing work in promoting greener travel and changes to our travel policy, particularly domestic flying.

Scope 1
increased by
10.8%



Scope 2
increased by
7.7%



Scope 3
decreased by
2.7%



Table 1. Summary of carbon emissions

	2024	Variance (%)	2023
Scope 1			
Gas consumption (gross calorific value)	3,687	-2.4	3,776.7
Vehicles (owned, hired or leased)	9.5	17	8.1
Fugitive emissions (see note 1)	564	838.4	60.1
Total scope 1 (tCO₂e)	4,260.5	10.8	3,844.9
Scope 2			
<i>Location based</i>			
Electricity (see note 2)	5,224		4,849.8
Total scope 2 (tCO₂e)	5,224	7.7	4,849.8
Scope 3			
Business travel (rail and air) (see note 3)	41.6	-22.3	53.5
Transmission and distribution losses	422.2	0.6	419.6
Water and wastewater	7.8	-17.5	9.5
Waste	1.7	-56.4	3.8
Total Scope 3 (tCO₂e)	473.2	-2.7	486.4
Total emissions (tCO₂e)	9,957.7	8.5	9,181.1

► **Note 1:** Maintenance at our Teddington site during 2024 detected an issue with our heating and air conditioning units, which the increase in fugitive emissions can be attributed to. Actions have been implemented to address the faults and monitoring is ongoing.

► **Note 2:** Despite a slight drop in electricity use, there has been an increase in carbon emissions, and therefore in the carbon value of electricity used (location value).

► **Note 3:** In accordance with GGC guidance, the scope 3 business travel figures reported cover rail and domestic air travel.

Intensity measurement

► We have chosen FTE numbers to demonstrate our intensity ratio, which will be high in comparison with many organisations due to our laboratory-based operations. By their nature, labs require space for scientific plant and machinery, and often have high energy requirements to deliver highly accurate measurements and outputs.

Table 2. Summary of carbon intensity

Intensity ratio	2024	2023	2022
tCO ₂ e	7.31	7.54	7.75

Responsible procurement

► We continue to embed responsible practices into all aspects of our procurement, incorporating sustainability, social values, responsible sourcing and supply chain transparency. The procurement team is continually building its understanding of sustainability and social values to ensure that it reduces, where possible, any negative impacts of its activities, and maximises the value it can bring to the environment and society. Through its membership of the London Universities Purchasing Consortium, NPL is an affiliated member of Electronics Watch. This is an independent monitoring organisation that helps public sector entities meet their responsibility to protect the labour rights and safety of workers in global electronics supply chains. This enables us to have access to guidance, resources and contract clauses that support responsible procurement.

NPL has developed a responsible procurement statement, which ensures procurement is conducted in a sustainable and ethically sound manner. It also identifies ethical issues within supply chains, including modern slavery and human trafficking. Suppliers are required to produce reports on the actions taken to ensure that slavery and human trafficking does not take place in any of their supply chains.



Quantification and reporting methodology

► We calculated our emissions from electricity using both location- and market-based approaches, and have included our location-based emissions in our total emissions calculation. The total emissions using the market-based approach are lower due to our current supplier's (EDF Energy) fuel mix, which includes a high percentage of nuclear-generated electricity.

We continue to develop our understanding of our carbon footprint using the Global Reporting Initiative (GRI) standard, an internationally recognised and highly respected sustainability framework. While we have seen an increase in our footprint driven by a growth in activities, our intensity ratio has dropped year on year, demonstrating a more optimised energy system and positive behavioural changes around travel, waste reduction and recycling. Given the report style, we have not sought an independent third party to assess the sustainability data.

Organisational boundary

► We have used the operational control approach and reported emissions from our Teddington estate only. We have allocated working areas outside of our control in the universities of Huddersfield, Strathclyde and Surrey, but their carbon impact is minimal.

Energy usage

During 2024, NPL consumed **20,157.2 MWh** of gas (2023: 20,649 MWh) and **23,190.6 MWh** of electricity (2023: 23,420.5 MWh)

We generated **19.2 MWh** from our own solar array and **112 MWh** from a ground source heat pump system in the advanced quantum metrology laboratory building.

Commitment

► We are committed to looking for ways to reduce our emissions in line with the GGC framework, wherever reasonably possible. This will remain an ongoing process and, over time, we expect these reductions to become increasingly significant. Our main emissions are from business travel, and electricity and gas use, based on the analysis of currently available data using the hybrid method described in the Greenhouse Gas Protocol. As we further develop the process, we will refine our list of material issues and associated methods of data gathering.

GRI index

Statement of use	NPL has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI standards.
GRI 1 used	GRI 1: Foundation 2021

TCFD phase 1 compliance statement

► NPL has reported on climate-related financial disclosures consistent with HM Treasury’s Task Force on Climate Related Financial Disclosures (TCFD)-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. NPL has complied with TCFD recommendations and recommendations disclosures around 96090: governance (all recommended disclosures) and metrics and targets (disclosures (b)). This is in line with the central government’s TCFD-aligned disclosure implementation timetable. NPL plans to make disclosures for strategy, risk management, and metrics and targets (disclosures (a) and (c)) in future reporting periods in line with the central government implementation timetable.

Dr Peter Thompson CBE | CEO
Date: 7 August 2025

GRI standard	GRI code	GRI disclosure	GRI index location (page)
GRI 2: General disclosures 2021	2-1	Organisational details	33, 38, 56, 99
	2-2	Entities included in the organisation’s sustainability reporting	56
	2-3	Reporting period, frequency, and contact point	36
	2-4	Restatements of information	36, 37, 38
	2-5	External assurance	38
GRI 3: Material topics 2021			39

/ 4 Accountability



/ 4.1

Governance statement

Purpose of the governance statement

► The governance statement sets out how NPL is governed. It describes the composition and organisation of its governance arrangements and explains its control and decision-making structure. NPL is committed to meeting high standards of corporate governance and, although it is not required to comply with the provisions of the UK Corporate Governance Code ('the Code'), it does aim to follow the principles where relevant and practicable. This statement explains how NPL has applied principles of good governance and how the Board has acted on its responsibility for the appropriate and effective governance of NPL.



Statement of responsibility

▶ As NPL's Accountable Person, I have responsibility for the maintenance and oversight of a sound system of internal control and governance that supports the achievement of NPL policies, aims and objectives. In addition, I am responsible to the DSIT Principal Accounting Officer for the high standards of probity in the management of public funds and departmental assets. This is in accordance with the responsibilities assigned to me in HM Treasury's Managing Public Money. The Board of Directors is responsible for the wider governance of NPL.

The governance framework

Board-level governance

Secretary of State
DSIT Shareholder

NPL Board
Non-executive Chair

Chief Executive Officer (CEO)
Chief Financial Officer (CFO)
Deputy Chief Executive Officer

Shareholder Director
Partner-nominated non-executive directors (x2)
Other non-executive directors (x5)

**Audit and Risk
Committee**

**Remuneration
Committee**

**Nominations
Committee**

**Science and
Technology
Advisory
Council**

**Major
Programme
Portfolio
Advisory
Council***

* Set up in 2024, to be fully operational in 2025

Key:

- Required Committees of the Board, with delegated responsibilities and decision-making authority
- Councils set up as advisory only, with external co-opted members

DSIT Secretary of State

▶ The Secretary of State for DSIT is the Minister with formal responsibility for NPL. Day-to-day ministerial oversight is undertaken by the Minister for Science, Research and Innovation. The Secretary of State and

the Minister for Science, Research and Innovation are answerable to Parliament for all matters relating to NPL and also hold ministerial policy responsibility for the Company.

Board composition

▶ Appointments to the Board are made on merit and objective criteria, taking into account the skills and experience the individual can bring to the role. Appointments and succession plans promote diversity, inclusion and equal opportunity.

The Board consists of nine non-executive directors and three executive directors, with the following structure:

Non-executive directors:

- independent non-executive chair
- DSIT Shareholder Director
- representation from each of NPL's Strategic University Partners: the University of Surrey and the University of Strathclyde
- five other independent non-executive directors.

Executive directors:

- CEO
- CFO
- Deputy CEO.

Board and committee membership and attendance

2024 Board members	Date appointed	Meeting type:	Board	Remuneration Committee	Audit and Risk Committee	Nominations Committee	Science and Technology Advisory Council
		Total number of meetings:	4	2	4	0	4
Non-executive directors							
Dr Carol Bell (Senior Independent Director)	1 August 2022		4 of 4		2 of 4	0 of 0	
Andrew Chang	1 August 2022		4 of 4	2 of 2	4 of 4		

Lindsay Jamieson (DSIT Shareholder Director)	4 September 2023	3 of 4	1 of 2	4 of 4	0 of 0
Professor Max Lu (University of Surrey)	1 January 2017 to 16 May 2025	3 of 4	2 of 2		
Professor Sir James MacDonald GBE (University of Strathclyde)	21 May 2015	3 of 4			0 of 0
Catherine Quinn	11 November 2020	4 of 4	2 of 2	4 of 4	
Professor Graeme Reid (Chair)	1 January 2021	4 of 4	2 of 2		0 of 0
Catriona Schmolke CBE	1 August 2022	3 of 4		4 of 4	0 of 0
Professor Robert Sorrell	1 July 2022	4 of 4	2 of 2		4 of 4
Executive directors					
Penelope Holt (CFO)	26 September 2018	4 of 4			
David McSweeney (Interim CFO)	14 June 2023 to 19 February 2024	0 of 0			
Dr Victoria Saward (Deputy CEO)	2 October 2023	4 of 4			
Dr Peter Thompson CBE (CEO)	3 September 2015	4 of 4			

Penelope Holt, CFO, took a leave of absence owing to ill health from April 2023, returning in early 2024. David McSweeney was appointed as Interim CFO to support NPL during Penelope Holt's absence and was appointed as a statutory director of the Company from 14 June 2023 to 19 February 2024. There were no other Board changes in 2024. Dr Carol Bell was the Senior Independent Director throughout 2024. The Senior Independent Director acts as a sounding board for the Chair and serves as an intermediary for other directors.



Operation of the Board

► The Board sets the organisation's overall direction, culture and strategy, and ensures that NPL is working within a framework of effective governance. The Board provides support, independent constructive challenge and strategic leadership to the NPL Executive Team and enables risk to be appropriately assessed and managed.

The Board ensures that directors receive sufficient timely, accurate and clear information to carry out their roles effectively, and that they have the necessary time and resources to perform their duties. The Company Secretary provides support and advice to the Board on governance matters and attends Board and committee meetings, making sure that the correct procedures are followed and appropriate records kept.

During the year, the Board met four times for formal meetings, held a separate Strategy Day, and made seven formal decisions outside of meetings by written resolution. The Board also met informally in months when there was no formal meeting to receive updates and discuss strategic and operational matters, and received additional briefings on specific areas of NPL's business.

Matters considered by the Board during the year included:

- corporate strategy – NPL's Corporate Plan;
- annual budget and five-year forecast;
- financial and business performance and metrics;
- NPL's strategic risk register – risks, controls and mitigations;
- Board skills and succession planning;
- reports from the Board's committees on their activities;
- updates from the DSIT Shareholder on relevant activity in central government;
- NPL's major external programmes;
- health and safety, and security reports;
- the estates strategy;
- customer feedback; and
- migration to a new finance system.

Committees of the Board

Audit and Risk Committee

▶ The Audit and Risk Committee oversees audit and risk management in NPL. This committee is responsible for providing assurance to the Board on the adequacy and effectiveness of governance, internal controls and risk management arrangements. During 2024, it met four times and was chaired by Andrew Chang.

Remuneration Committee

▶ The Remuneration Committee approves the remuneration and incentives for employees and, in particular, for the executive directors in accordance with its terms of reference. During 2024, this committee met twice, made one decision by written resolution, and was chaired by Catherine Quinn.

Nominations Committee

▶ The Nominations Committee plays a key role in the appointment process of Board members and in making recommendations to the Board. During 2024, this committee had no formal meetings but made one decision by written resolution. It was chaired by the Senior Independent Director, Dr Carol Bell.



The Science and Technology Advisory Council

► The Science and Technology Advisory Council provides independent strategic advice, challenge and support to NPL, particularly on the quality, international standing and industrial relevance of NPL's science and technology. Members comprise independent and distinguished individuals from across industry, academia and international laboratories. Biographies of all members of this council can be found on NPL's website at <https://www.npl.co.uk/about-us/people/stac>. The Chair is Professor Robert Sorrell.

Major Programme Portfolio Advisory Council

► The Major Programme Portfolio Advisory Council was set up by the Board in late 2024 as a new advisory group, providing strategic advice, challenge and support to NPL when shaping the strategic direction of NPL's major programme portfolio. This council will be fully operational in 2025 and is chaired by Catriona Schmolke.

Thermology Health Limited

► Thermology Health Limited was incorporated on 19 July 2023 and was a subsidiary of NPL Management Limited prior to its successful spin-out on 27 March 2025. NPL has retained a minority equity stake in Thermology Health post spin-out. Thermology Health Limited's Executive Team is led by Yuval Yashiv, Chief Executive, who is also a member of its board.



Board and director effectiveness

▶ An external review of the Board's effectiveness was completed in 2023, with a number of actions identified. These were reported in the last Annual Report. It is expected that the next external review of Board effectiveness will be planned for 2026, with an internal review expected to be carried out during 2025.

A Board skills assessment exercise was completed in 2024. This provided a picture of the skills and experience of the Board as a whole and will help to inform future Board succession planning.

Board interests

▶ All members of the Board are required to declare any conflicts of interest, actual or perceived, that may impact on their judgement or independence regarding decision-making or involvement with any future or existing transaction or arrangement. This is in line with sections 175, 177 and 182 of the Companies Act 2006 and NPL's Articles of Association. Where conflicts have been declared, these have been recorded and handled in accordance with best practice.

NPL's independent non-executive directors may hold multiple roles on boards and committees of other organisations. Consideration has been given to their collective commitments to ensure that each non-executive director has sufficient capacity to fulfil their role on the NPL Board and their fiduciary duties.



The Company's remuneration policy and practices

▶ The Remuneration Committee's terms of reference give a clear mandate for responsibility of NPL's remuneration policy. This committee decides and advises on NPL's remuneration policy, and on its approach to pay and incentives for employees and executive directors.

The remuneration policy includes the following criteria, such that remuneration levels:

- are aligned with the objectives of NPL;
- are sufficient to attract and motivate high calibre individuals to drive the delivery of the activities and objectives of NPL;
- are structured to link remuneration of all employees to performance, in line with the Corporate Plan;
- deliver value for money; and
- take account of remuneration levels within comparable public sector institutions, and are set with wider public sector pay policy in mind.

The Remuneration Committee's work is also undertaken with reference to the NPL Framework Document and the UK Corporate Governance Code, both of which support the strategic direction of NPL's remuneration policy.

The Remuneration Committee comprises six non-executive directors and is chaired by Catherine Quinn. NPL's CEO and Chief People Officer are invited to attend all meetings (except for items that consider their own remuneration and/or terms and conditions of employment). The membership of the Remuneration Committee includes the DSIT Shareholder Director, ensuring that the shareholder view is considered in decision-making. This committee also considers industrial relations and employee engagement.

The Remuneration Committee met twice in 2024 and made one formal decision outside of meetings by written resolution. It considered matters such



as the approval of the leadership bonus, reward and recognition, and pay proposals. Evidence of NPL’s performance metrics, achievements against strategic objectives, and the ways in which these outcomes were accomplished, supports this committee in its decision-making on remuneration proposals.

The Remuneration Committee ensures decisions on remuneration – including the design of any bonus scheme and the level of annual staff salary increases – are made with wider consideration of the principles

set out in Provision 40 of the UK Corporate Governance Code 2018. This ensures that remuneration arrangements adopt a risk-based approach and are clear and transparent, as simple as possible, proportionate and align with NPL’s organisational cultures, values and strategy; NPL’s remuneration policy is operating as intended. Consideration will be given over the next year to the remuneration provisions of the new UK Corporate Governance Code 2024, which will apply from 2025.

NPL's reward principles

- NPL’s remuneration is aligned with the organisation’s strategic goals.
- NPL’s remuneration is set to attract and motivate high calibre individuals to drive the delivery and objectives of the organisation.
- NPL’s remuneration is linked to Company performance in line with the corporate plan and is designed to deliver value for money.
- NPL’s remuneration takes into account remuneration levels for comparable public sector institutions and is set with the wider public sector pay policy in mind.
- NPL’s remuneration is fair and inclusive with a strong commitment to diversity and equality of opportunity.

Fair pay disclosure (audited):

Reporting bodies are required to disclose the relationship between the remuneration of the most highly paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation’s workforce (excluding the highest paid director).

	Remuneration (excl. performance-related pay) ratio		Total remuneration ratio	
	2024	2023	2024	2023
75th percentile pay ratio	3.1	3.2	4.1	3.6
Median pay ratio	4.1	4.3	5.4	4.9
25th percentile pay ratio	5.1	5.3	6.8	6.0

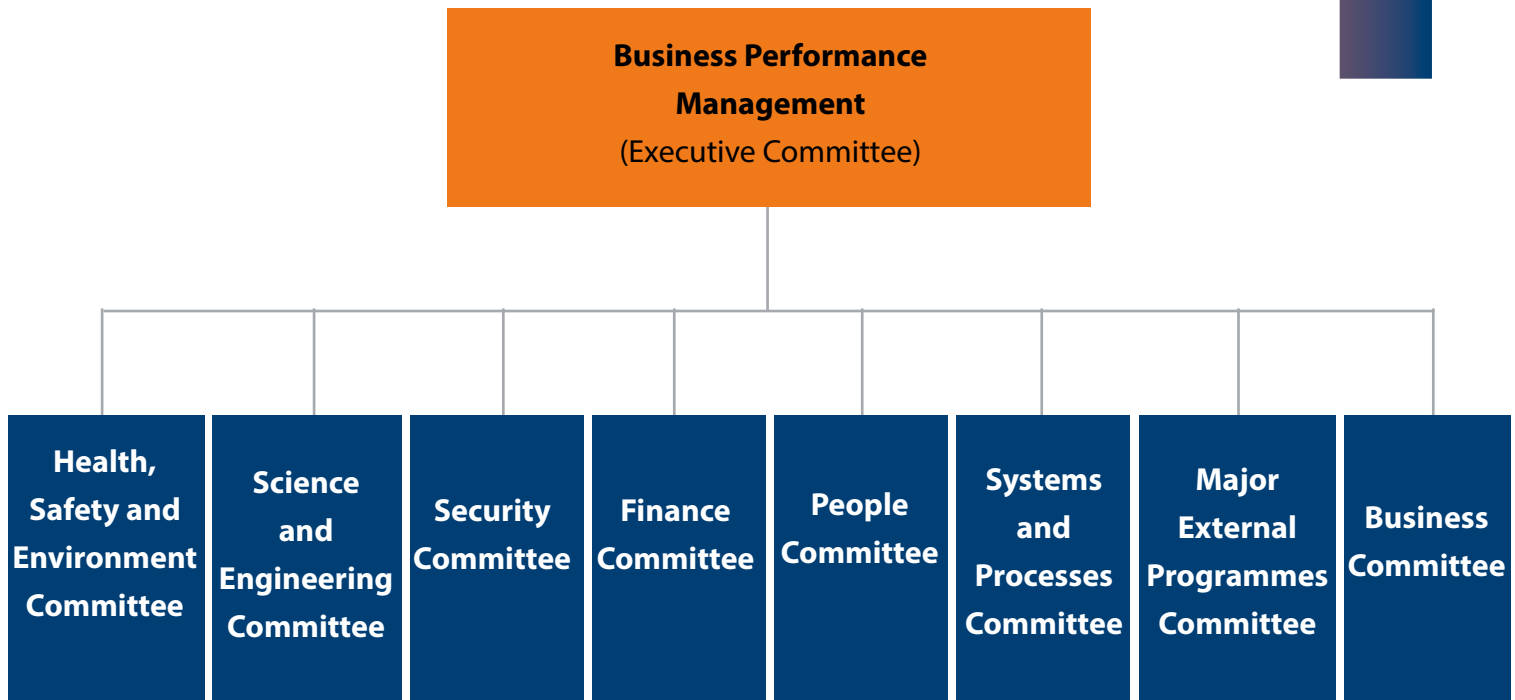
	2024		2023	
	Remuneration excluding performance-related pay	Total remuneration	Remuneration excluding performance-related pay	Total remuneration
Highest paid director	£206,862	£282,075	£198,815	£227,338
75th percentile employee	£66,633	£68,551	£62,666	£63,039
Median employee	£50,267	£51,852	£46,161	£46,459
25th percentile employee	£40,538	£41,621	£37,369	£37,669

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions.

2024			2023	
		Change	Change	
Salary and benefits excluding performance-related pay				
Highest paid director (banded)	£206,862	4.1%	£198,815	4.4%
Average for other employees	£54,540	5.4%	£51,728	6.1%
Performance-related pay				
Highest paid director (banded)	£75,213	163.7%	£28,523	9.7%
Average for other employees	£1,603	108.4%	£768	63.9%

No employees received remuneration in excess of the highest paid director in either 2023 or 2024. The range of staff remuneration (excluding pension benefits) in 2024 was £18,228 to £282,075 (2023: £14,645 to £227,338).

Executive-level governance



► The CEO has primary responsibility for the day-to-day management of the business and discharges his responsibilities through the Executive Committee. The Executive Committee meets formally on a monthly basis at the Business Performance Management (BPM) meeting, and also meets monthly for an executive strategy day.

Sub-committees of the BPM report the outcome of their meetings as appropriate, which may be through relevant functions, individual Executive Team members or the BPM as a whole. They ensure that there is good information flow between themselves and the wider organisation, appropriate escalation of risk and opportunity, and holistic decision-making with clear accountabilities.

During the year, a review of estates management governance was undertaken, resulting in a realignment of the relevant committees and accountabilities. The Strategic Site Development Committee reports into the joint DSIT/NPL Estates Management Board, which is part of the estates governance arrangements that operate separately from the main Executive Committee structure. Accordingly, this committee has been removed from the above chart.

A further review of the Executive Committee structure began at the end of 2024, continuing into 2025.

The internal control framework

NPL continues to maintain and update the existing internal control framework, which has operated successfully for many years. As part of its wider corporate assurance responsibilities, NPL reviews and updates its internal controls on a rolling cycle

to ensure they meet the changing needs of the organisation. The Audit and Risk Committee reviews the framework annually.

Risk management

The NPL Board has accountability for risk management and has delegated this to the Audit and Risk Committee. Together, the NPL Board, the Audit and Risk Committee and the Executive Team provide the governance processes with the time to consider NPL's risk landscape, and the oversight and leadership of risk management in NPL.

The NPL Executive Team has overall responsibility for identifying major risks to NPL's business activities. All business and commercial activities contain risk and uncertainty, and risk management is an integral part of business management. Some risks and uncertainties cannot be eliminated completely, so NPL's aim is to understand them and devise a control and mitigation strategy. NPL's approach to risk aligns with the government's Orange Book on the principles and concepts of risk management.

The NPL Executive Team maintains a strategic and operational risk register and reviews its risk landscape monthly at the BPM meeting. This approach ensures strategic and operational risks are identified, assessed and monitored. In addition, deep dives of individual risks are undertaken regularly by the Board, the Audit and Risk Committee and the Executive Team.



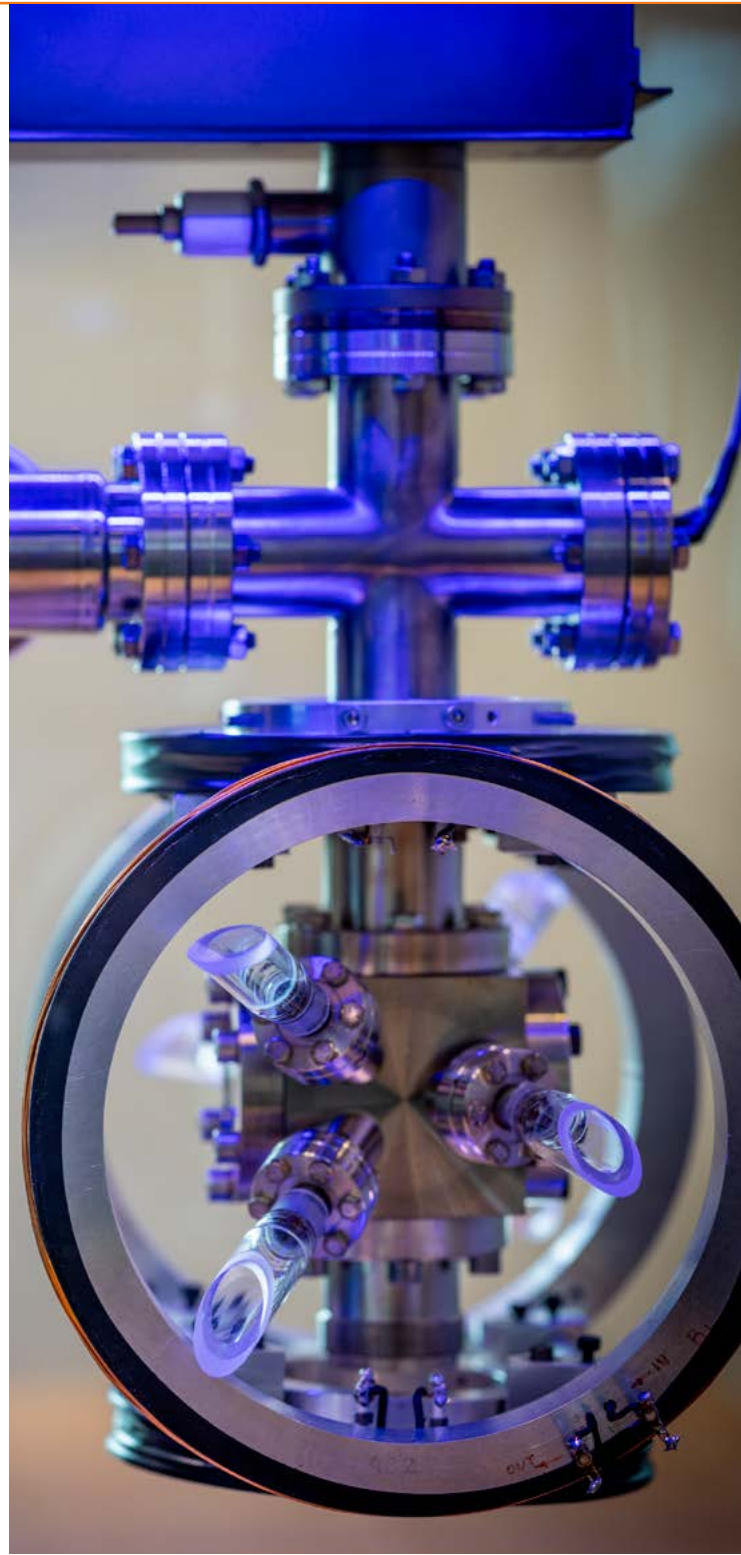
The most significant risks in 2024 were in the areas of:

- a major health, safety or environmental occurrence adversely affecting staff, neighbours, the general public or the local environment as a direct result of an unsafe act or omission by NPL;
- talent acquisition, development and retention to support national challenges;
- economic shock challenging financial sustainability;
- reputational damage owing to failures to comply with operational compliance legislation and standards, including emerging ESG standards and best practice; and
- a major cybersecurity incident.

NPL's risk appetite is reviewed each year against the agreed risk categories and the framework set out in the government's Orange Book. The following statement describes NPL's risk appetite for 2024:

"NPL has an ambitious strategy to be recognised as a world-leading centre of excellence, pushing the boundaries of measurement science, engineering and technology to provide extraordinary impact that underpins prosperity and quality of life in the UK. Our risk appetite is aligned with this strategy, recognising that the delivery of new science, innovation and the technology to realise it requires a high-risk appetite. The building blocks of this strategy – covering a broad range of disciplines, the scale of programmes and change, and the openness of the organisation to innovation – require the flexibility of a medium-risk profile.

There is a very low to low-risk appetite in those areas where emergent issues, poor risk control or divergence from NPL values could distract from the corporate plan, or in areas that relate to the health and safety of our people."



Dr Peter Thompson CBE | CEO

Date: 7 August 2025

/ 4.2 Directors' report

► The directors present the Annual Report and Accounts of NPL Management Ltd ('the Company') for the year to 31 December 2024.

The Company is domiciled and incorporated in the United Kingdom. The parent and ultimate controlling party of the Company is the Secretary of State for Science, Innovation and Technology. The principal activity of the Company is to provide scientific research and development, programme management and business support services, as a wholly-owned subsidiary of DSIT.

Excellent science is at the heart of NPL's activities – driving innovation, supporting industry and improving quality of life, both in the UK and globally. We maintain a wide portfolio of internationally-visible research programmes that advance measurement science, underpin the International System of Units (SI) for measurement, and support cross-disciplinary technologies.

The directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year. Details of future developments, the Company's business relationships with suppliers, customers and others, financial risk management and employee involvement, can all be found in the

strategic report and form part of this report. Details of the Company's risk management approach and the principal risks faced by the Company can be found in the governance statement and form part of this report. Details of greenhouse gas emissions, energy consumption and energy efficiency requirements can be found in the sustainability report.

During the financial year, the directors have ensured that full and fair consideration was given to applications for employment by the Company made by disabled persons, having regard to their particular aptitudes and abilities. Furthermore, the directors ensured that there was employment of, and appropriate training for, employees of the Company who became disabled during the period when they were employed, and that training, career development and promotion opportunities for disabled people were employed by the Company.

Dividends

No dividends have been paid or declared in the year. The directors do not recommend a final dividend (2024: £nil).



Directors

▶ The following directors held office during the period 1 January 2024 up to the date of the signing of the financial statements:

Dr Carol Bell (Senior Independent Director, non-executive)
Andrew Chang (non-executive)
Professor Timothy Dunne (non-executive)
Penelope Holt (CFO)
Lindsay Jamieson (non-executive)
Professor Max Lu (non-executive) (resigned 16 May 2025)
Professor Sir James McDonald GBE (non-executive)
David McSweeney (resigned 19 February 2024)
Catherine Quinn (non-executive)
Professor Graeme Reid (Chair, non-executive)
Dr Victoria Seward (Deputy CEO)
Catriona Schmolke CBE (non-executive)
Professor Robert Sorrell (non-executive)
Dr Peter Thompson CBE (CEO)

“NPL is a national laboratory; it's a cornerstone of the country's infrastructure and a vital part of the foundations on which the government's missions are built.”

— Professor Graeme Reid

Disclosures to the Auditor

▶ Each of the persons who is a director at the date of approval of this report confirms that:

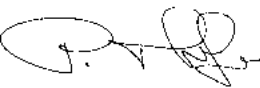
- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information, and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



Professor Graeme Reid | Chair



Dr Peter Thompson CBE | CEO

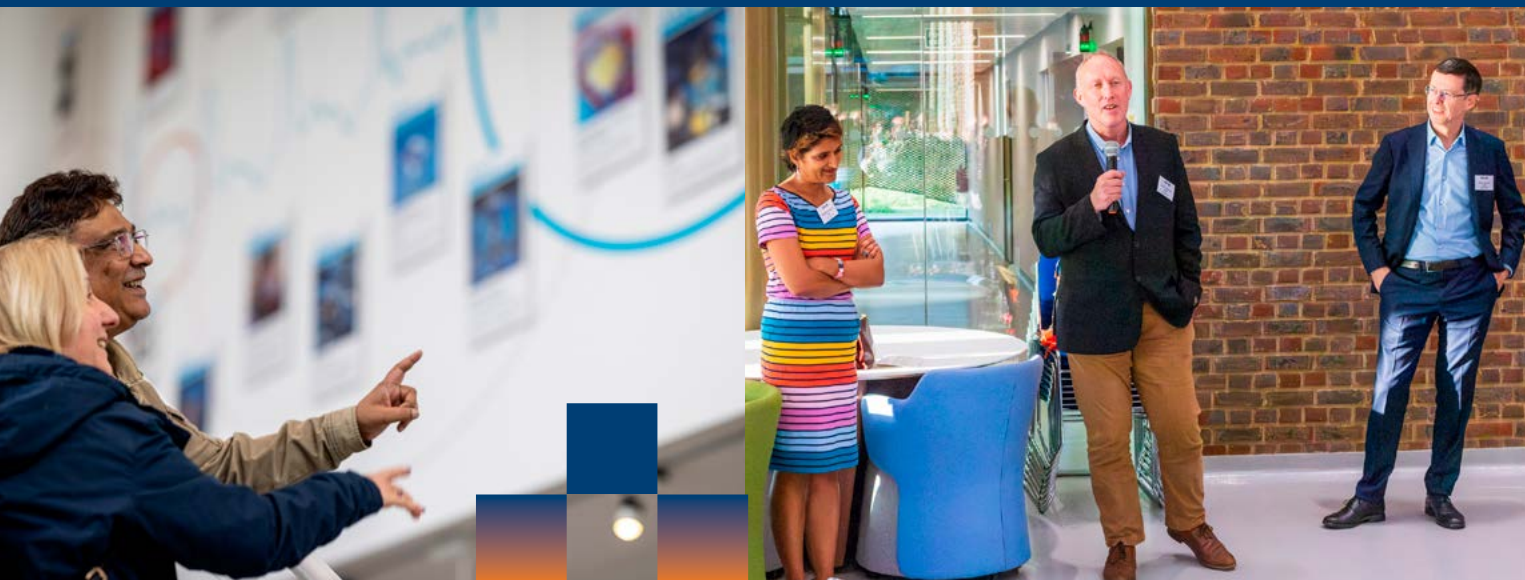
Date: 7 August 2025

/ 4.3 Directors' responsibility statement

🔴 The directors are responsible for preparing the strategic report, directors' report, and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year, which they have elected to do in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), United Kingdom Accounting Standards and applicable law. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare them on the going concern basis unless it is inappropriate to presume that the Company will continue in business.



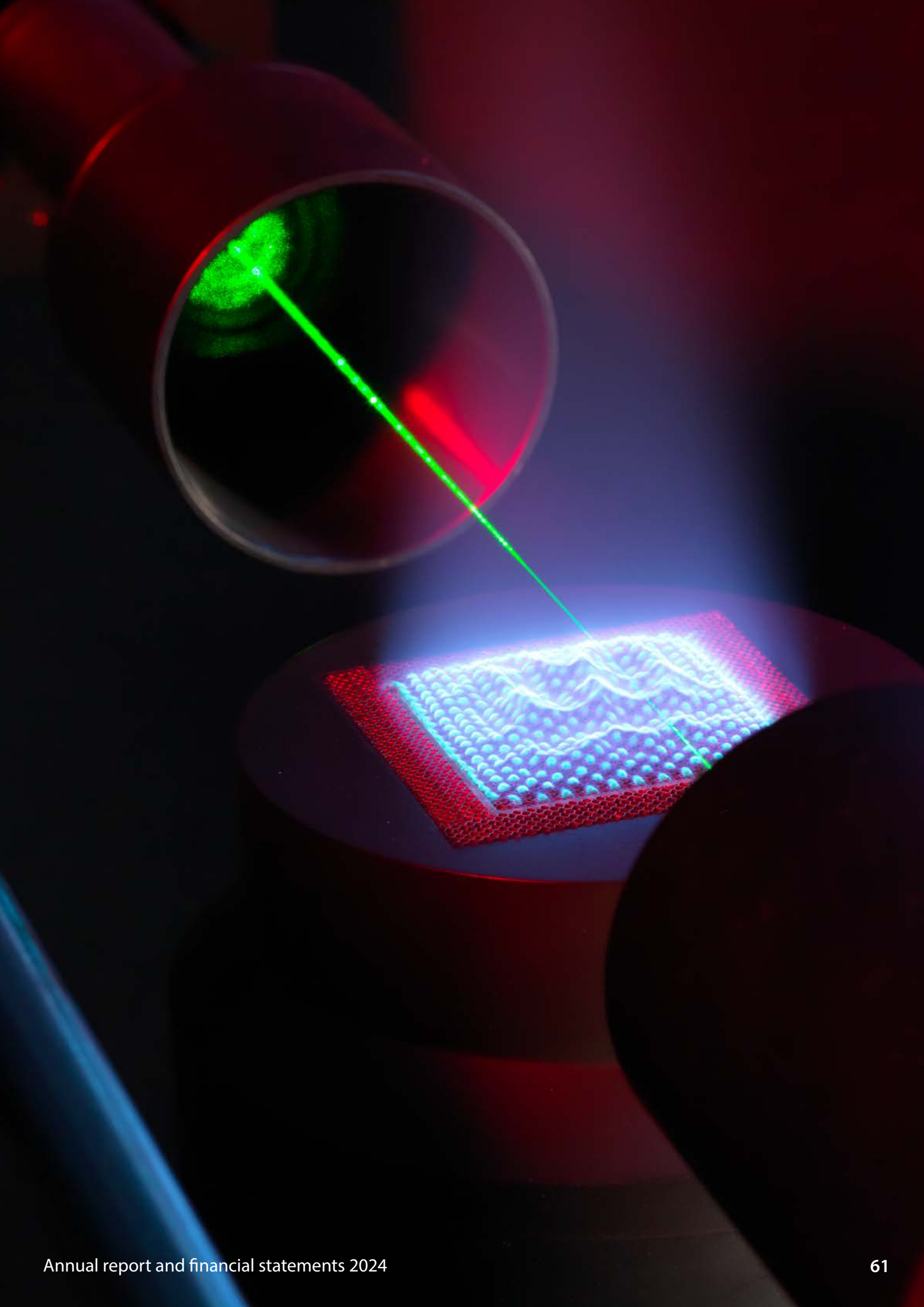


The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Finally, the directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



/ 5 Financial statements



Independent auditor's report to the members of NPL Management Ltd

Opinion

• We have audited the financial statements of NPL Management Ltd (the 'Company') for the year ended 31 December 2024, which comprise the profit and loss account, statement of comprehensive income, statement of changes in equity, balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

• We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern (note 1)

► In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

► The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such

material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

► In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

► As explained more fully in the directors' responsibilities statement set out on page 58, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

► Our 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 an auditor's report that includes our 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit. However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Company operates in and how the Company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur, including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, tax compliance regulations and pension law. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements, which included reviewing financial statement disclosures, evaluating advice received from external tax advisors, and confirmed that the Company continues to make pension contributions in line with the agreed schedule.

The audit engagement team identified the risk of management override of controls and revenue cut-off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included, but were not limited to, testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and reviewing management's stage of completion calculations on a sample of contracts at the balance sheet date.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

🔴 This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Hurren

Christopher Hurren BA FCA | (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
One Cross Lanes
Guildford
GU1 1UN

Date: 12 August 2025

Profit and loss account

For the year ended 31 December 2024

		2024	2023
	Notes	£000s	£000s
Turnover	3	180,002	156,122
Cost of sales		(121,010)	(104,196)
Gross profit		58,992	51,926
Administrative expenses		(54,533)	(45,739)
Operating profit		4,459	6,187
Interest receivable and similar income	5	1,829	1,884
Interest payable and similar charges	6	(1,474)	(1,294)
Profit before taxation	7	4,814	6,777
Tax on profit	8	(8,891)	304
(Loss)/profit for the year		(4,077)	7,081

Statement of comprehensive income

For the year ended 31 December 2024

		2024	2023
	Notes	£000s	£000s
(Loss)/profit for the financial year		(4,077)	7,081
Other comprehensive (loss)/income			
Pension scheme actuarial loss	18	(5,496)	(434)
Tax on other comprehensive (loss) /income – deferred tax	8	1,374	109
Other comprehensive (loss)/income net of taxation		(4,122)	(325)
Total comprehensive (loss)/income for the year		(8,199)	6,756

Statement of changes in equity

For the year ended 31 December 2024

	Share premium reserve	Retired benefit obligation reserve	Profit and loss reserve	Total
	£000s	£000s	£000s	£000s
Balance at 1 January 2023	115,400	(12,254)	(20,410)	82,736
Profit for the year	-	-	7,081	7,081
Actuarial loss on pension employment scheme (see note 18)	-	(434)	-	(434)
Tax charge on net actuarial loss (see note 8)	-	109	-	109
Balance at 31 December 2023	115,400	(12,579)	(13,329)	89,492
Loss for the year	-	-	(4,077)	(4,077)
Actuarial loss on pension employment scheme (see note 18)	-	(5,496)	-	(5,496)
Tax charge on net actuarial loss (see note 8)	-	1,374	-	1,374
Balance at 31 December 2024	115,400	(16,701)	(17,406)	81,293

The profit and loss reserve represents cumulative profits or losses, net of dividends paid.

The retired benefit obligation reserve represents cumulative actuarial gains and losses and cumulative credits or charges derived by deferred tax movement in relation to the defined benefit pension scheme.

The share premium reserve represents the premium to their nominal value arising on the issue of equity shares, net of issue expenses.

Balance sheet

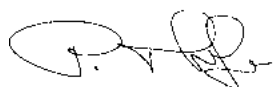
As at 31 December 2024

		2024	2023
	Notes	£000s	£000s
Fixed assets			
Intangible assets	9	6,295	-
Tangible assets	10	75,577	69,107
Total fixed assets		81,872	69,107
Current assets			
Stock		378	243
Debtors:			
- amounts falling due within one year	12	55,427	42,159
- amounts due after more than one year	13	2,446	8,689
Cash at bank and in hand		25,519	38,359
		83,770	89,450
Creditors: amounts falling due within one year	14	(74,490)	(68,674)
Net current assets		9,280	20,776
Total assets less current liabilities		91,152	89,883
Creditors: amounts falling due after one year	20	(40,039)	(36,439)
Provision for liabilities and charges	15	(1,152)	(1,333)
Net assets excluding retirement benefit asset		49,961	52,111
Retirement benefit assets	18	31,332	37,381
Net assets including retirement benefit asset		81,293	89,492

		2024	2023
	Notes	£000s	£000s
Capital and reserves			
Share capital	16	-	-
Share premium reserve	17	115,400	115,400
Retirement benefit obligation reserve		(16,701)	(12,579)
Profit and loss account		(17,406)	(13,329)
Shareholders' funds		81,293	89,492

The financial statements of NPL Management Ltd (company number 02937881) were approved by the Board of Directors and authorised for issue on 1 July 2025.

These were signed on its behalf by:



Dr Peter Thompson CBE | CEO

Date: 7 August 2025

Notes to the financial statements

For the year ended 31 December 2024

1. Accounting policies

◉ The principal accounting policies have been described below. They have been applied consistently throughout the year and the preceding year.

a) General information and basis of accounting

◉ NPL Management Limited is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The registered office address is given on page 99. The nature of the Company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The Company is consolidated within the Whole of Government Accounts, and is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the cash flow statement and related notes, and Section 33 'Related Party Disclosures' – compensation for key management personnel.

The Company is also a qualifying entity for the disclosure exemptions relating to the requirements of Section 11, paragraphs 11.39 to 11.48A, as the equivalent disclosures required by the FRS are included in the consolidated financial statements of the group in which the Company is consolidated.

The functional currency of NPL Management Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company has taken advantage of the exemption from the requirement to prepare consolidated financial statements in FRS 102 paragraph 9.9A, on the grounds of immateriality. Consequently, these financial statements present the financial position and financial performance of the Company as a single entity.

b) Going concern

• The directors have acknowledged the guidance on going concern and financial reporting published by the Financial Reporting Council in April 2016.

As the UK's National Metrology Institute, the Company remains at the heart of the UK Measurement Strategy, and is currently wholly owned by DSIT.

The Company's revenues are principally derived from long-term contracts with the UK government and competitively won grants which, historically, have been largely unaffected by changes in the general economy. Consequently, the directors have a good level of visibility of contracted levels of revenue.

In view of the above, coupled with NPL's continued profitability in 2024 and its cash reserves of £25.5 million at December 2024, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

c) Turnover

Turnover from contracts

• Turnover from contracts represents the value of services provided under contracts to the extent that there is a right to consideration, and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date, turnover represents the fair value of the service provided to date, based on the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably, and its receipt is considered probable.

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year. Any turnover recognised in excess of amounts invoiced is recorded as 'amounts recoverable on contracts' with debtors. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Grant income

► The Company accounts for capital grant income as deferred income, and recognises the revenue as it utilises the assets for which the grant income was received. For revenue, grants are accounted for under the accruals method. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to capital is deferred, it is recognised as deferred income.

d) Research and development

► Research and development expenditure is expensed as incurred and included in cost of sales.

e) Intangible assets

► Intangible assets relate to software development costs that have future economic benefit to NPL. Intangibles are amortised when ready for use based on useful life. Intangible assets are amortised over 10 years, representing the estimated useful economic life of the underlying asset.

f) Tangible assets and depreciation

► Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible assets on cost over the estimated useful lives of the assets. The rates of depreciation are as follows:

- Technical equipment 10-33%
- Office equipment 20-33%
- Furniture and fittings 10-20%

Assets in course of construction are not depreciated until ready for use.

g) Taxation

► Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date, at rates expected to apply to the reversal of the timing difference. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that

there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

h) Leasing

► Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term, even if payments are not made on such a basis.

i) Financial assets

► The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition. Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs.

Loans and receivables

- ▶ Trade debtors, loans, other debtors and prepayments that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'.

Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. They are included in current assets, except where maturities are in greater than 12 months after the balance sheet date, which are classified as non-current assets. The Company's loans and receivables comprise 'trade and other debtors' and 'cash and cash equivalents' in the balance sheet.

Derecognition of financial assets

- ▶ Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

j) Financial liabilities

- ▶ Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial liabilities

- ▶ Loans and borrowings are recognised initially at fair value of the consideration received, less transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

Derecognition of financial liabilities

- ▶ Financial liabilities are derecognised when, and only when, the Company's obligations are discharged or cancelled, or they expire.

Equity instruments

- ▶ Ordinary shares are classified as equity. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

k) Employee benefit

Defined benefit scheme

For defined benefit schemes, the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs.

The net interest received on the net defined benefit asset is credited to profit or loss and included within interest receivable. Remeasurement amounts, comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit asset), are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. The net defined benefit asset represents the fair value of the pension scheme assets less the present value of the scheme liabilities (measured on an actuarial basis using the projected unit credit method). The asset recognised is limited to the present value of refunds available, the value of the reduction in future contributions to the plan, or the value of the surplus that would be recoverable on the death of the last member. Deferred tax is measured at 25% of the pension scheme asset.

Defined contribution scheme

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

l) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange applicable at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Gains and losses on translation are included in the profit and loss account as they arise.

2. Critical accounting judgements and sources of estimation uncertainty

• In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

• The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies, and which have the most significant effect on the amounts recognised in the financial statements. There are no critical judgements other than those which involve estimations. These are as follows:

- **Recoverability of deferred tax assets (note 13)**

NPL is required to make a judgement concerning the timing and likely extent of recovery of deferred tax asset balances held on the balance sheet, based on the expected future profitability of the business and the current tax regime. Future profitability is assessed through the Company's annually updated five-year plan, however, following the changes regarding capital allowances announced in the Autumn Budget 2023, and subsequently reconfirmed in the Autumn Budget 2024, the Company has taken the decision to derecognise £7.3 million of the previously recognised deferred tax assets on the basis that recoverability of those assets is unlikely during the next five years. This derecognition adjustment, coupled with the £2.63 million of unrecognised deferred tax assets arising during 2024, brings the total value of unrecognised deferred tax assets to £21.3 million at 31 December 2024.

- **Timing of revenue recognition (note 3)**

NPL is required to make an assessment about the timing of revenue recognised. NPL's revenue recognition policy requires forecasts to be made about the outcomes of its long-term contracts, including requiring judgements to be made on the cost forecasts of delivering those contracts. Further, for contracts which span the balance sheet date, consideration is required concerning the stage of completion of that contract.

- **Recognition of pension scheme asset (note 18)**

The pension scheme assets are measured at fair value, and liabilities are measured on an actuarial basis, using the projected unit credit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date. There is significant estimation in the assumptions used to derive the value of the pension scheme liabilities and each assumption is subject to NPL's judgement. NPL has recognised a pension asset as a result of a net surplus for the defined benefit pension scheme. In accordance with paragraph 28.22 of FRS 102, NPL is of the view that it is allowed to recognise this as an asset as it would be able to recover the surplus on the death of the last member.

The valuation of the amounts recognised in the balance sheet has been assessed through the following sensitivity analysis. The effect of marginal changes on discount rate, inflation rate, and mortality has the following impact on the net defined benefit asset:

	2024	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality – 1-year age rating
Fair value of plan assets	155,245	155,245	155,245	155,245	155,245	155,245
Defined benefit obligation	(123,913)	(127,987)	(120,044)	(120,114)	(127,867)	(126,995)
Net defined benefit asset	31,332	27,258	35,201	35,131	27,378	28,250

3. Turnover

An analysis of the Company's turnover by class of business is set out below:

	2024 £000s	2023 £000s
National Measurement System (NMS)	90,029	87,103
Non-National Measurement System	89,973	69,019
Total	180,002	156,122

As in 2023, all turnover arose from the provision of services in the United Kingdom. Turnover includes grant income of £29.3 million (2023: £25.1 million).

4. Information regarding directors and employees

The average monthly number of employees (including executive directors) was:

	2024 No.	2023 No.
Average number of full time equivalent employees during the year		
Technical staff	1,009	916
Administration	353	301
Total	1,362	1,217

The employee numbers above represent full time equivalents. The average total number of staff, including both full time and part time staff, is 1,438 (2023: 1,293).

Their aggregate remuneration comprised:

	2024 £000s	2023 £000s
Wages and salaries	70,317	58,182
Social security costs	8,025	6,540
Other pension costs	11,557	9,546
Total	89,899	74,268

Directors' remuneration

	2024 £000s	2023 £000s
Directors' emoluments		
Emoluments (excluding pension contribution)	840	675
Pension contributions	61	32
Total	901	707

Highest paid directors' remuneration

	2024 £000s	2023 £000s
Aggregate of emoluments	282	227
Pension contributions	21	17
Total	303	244

Number of directors who:

	2024 £000s	2023 £000s
Are members of a defined benefit pension scheme	-	-
Are members of a money purchase scheme	3	3
Total	3	3

5. Interest receivable and similar income

	2024 £000s	2023 £000s
Bank interest receivable	67	49
Net interest on defined benefit pension scheme	1,762	1,835
Total	1,829	1,884

6. Interest payable and similar charges

	2024 £000s	2023 £000s
Other loans	1,474	1,294
Total	1,474	1,294

7. Profit before taxation

Profit before taxation is stated after charging:

	2024 £000s	2023 £000s
Depreciation of tangible assets	9,994	8,755
Operating lease rentals		
• Plant and machinery	673	426
• Property rental costs	18,119	16,936
Loss on disposal of property, plant and equipment	79	86
Research and development expenses	63,491	53,241
Exchange losses	75	17

The analysis of the auditor's remuneration is as follows:

	2024 £000s	2023 £000s
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	99	69
Fees payable for grant auditing services	162	159
Total	261	228

8. Taxation

The tax charge/(credit) comprises:

	2024 £000s	2023 £000s
Analysis of tax charge for the period		
Current tax		
• UK corporation tax at 25% (2023: 23.52%)	-	-
• Adjustments in respect of prior periods	1,274	
Total current tax charge	1,274	-
Deferred tax		
Origination and reversal of timing differences	8,183	(196)
Adjustment in respect of prior periods	(566)	(108)
Total deferred tax charge/(credit)	7,617	(304)
Tax on profit on ordinary activities	8,891	(304)
Tax relating to other comprehensive income	(1,374)	(109)

The deferred tax balances at 31 December 2024 have been calculated at 25%.

The tax charge recognised for the year ended 31 December 2024 is lower than the effective United Kingdom corporation tax rate of 25% (2023: 23.52%). The reasons for this are set out below.

	2024 £000s	2023 £000s
Reconciliation of tax charge/(credit)		
Profit before tax	4,814	6,777
Tax on profit at standard corporation tax rate of 25% (2023: 23.52%)	1,203	1,594
Expenses not deductible for tax purposes	30	39
R&D expenditure credits	263	658
Adjustments to tax charge in respect of previous periods	1,274	-
Adjustments to tax charge in respect of previous periods – deferred tax	(566)	(108)
Timing differences not recognised in the computation	-	(1,204)
Remeasurement of deferred tax for changes in tax rates	-	68
Movement in the deferred tax not recognised	6,687	(1,351)
Tax charge/(credit) for the year	8,891	(304)

9. Intangible assets

Cost	2024 £000s	2023 £000s
At 1 January	-	2,250
Addition	6,348	-
Amortisation	(53)	-
Impairment	-	(2,250)
At 31 December	6,295	-

Intangible assets relate to software development costs that have future economic benefit to NPL. The rescope enterprise resource planning (ERP) project was completed, and capitalised, in November 2024. Intangible assets are amortised based on their estimated useful economic life.

10. Tangible assets

Cost	Assets in the course of con- struction £000s	Technical equipment £000s	Office equipment £000s	Total £000s
At 1 January 2024	13,104	115,122	3,387	131,613
Additions	5,370	10,527	646	16,543
Disposals	-	(1,536)	(114)	(1,650)
At 31 December 2024	18,474	124,113	3,919	146,506
Depreciation				
At 1 January 2024	-	59,883	2,623	62,506
Charge for the year	-	9,533	461	9,994
Disposals	-	(1,457)	(114)	(1,571)
At 31 December 2024	-	67,959	2,970	70,929
Net book value				
At 31 December 2024	18,474	56,154	949	75,577
At 31 December 2023	13,104	55,239	764	69,107

11. Investments

	2024	2023
Cost	£000s	£000s
At 1 January	-	-
Investment in subsidiary – direct ownership	275	200
Impairment	(275)	(200)
At 31 December	-	-

This investment relates to Thermology Health Limited, which was incorporated on 19 July 2023. The investment in Thermology Health Limited is fully provided against.

12. Debtors: amounts falling due within one year

	2024	2023
	£000s	£000s
Trade debtors	16,168	15,139
Amounts recoverable on contracts	16,266	10,426
Other debtors	460	107
Prepayments	5,338	4,694
RDEC tax asset	17,195	11,793
Total	55,427	42,159

13. Deferred tax asset

The deferred tax asset has moved in the year as follows:

	2024	2023
	£000s	£000s
Recognition of deferred tax		
Accelerated capital allowances	7,670	7,569
Short-term timing differences	(7,833)	(8,830)
Tax losses carried forward and other deductions	-	7,341
Other	2,609	2,609
Total deferred tax asset	2,446	8,689

Movement in deferred tax asset:

	2024 £000s	2023 £000s
Asset at 1 January	8,689	8,276
Deferred tax credit/(charge) in the profit and loss account for the year	(7,617)	304
Statement of comprehensive income	1,374	109
Deferred tax asset at 31 December	2,446	8,689

	2024 £000s	2023 £000s
Within one year	-	-
More than one year	2,446	8,689
Total	2,446	8,689

Following the changes regarding capital allowances announced in the Autumn Budget 2023, and subsequently reconfirmed in the Autumn Budget 2024, the Company has taken the decision to derecognise £7.3 million of the previously recognised deferred tax assets on the basis that recoverability of those assets is unlikely during the next five years. This derecognition adjustment, coupled with the £2.63 million of unrecognised deferred tax assets arising during 2024, brings the total value of unrecognised deferred tax assets to £21.2 million at 31 December 2024 (2023: £11.4million).

14. Creditors: amounts falling due within one year

	2024 £000s	2023 £000s
Other loans (see note 20)	3,502	3,386
Trade creditors	4,208	7,744
Other taxes and social security	5,437	4,013
Other creditors	32,217	28,368
Accruals	16,230	8,557
Deferred income	12,896	16,606
Total	74,490	68,674

Other creditors includes £31.7 million (2023: £27.2 million) of grant income to fund the purchase of capital equipment.

15. Provisions for liabilities and charges

The provisions balance is made up as follows:

	2024 £000s	2023 £000s
Opening balance	1,333	1,564
Increase in provisions	245	30
Provisions released	(426)	(261)
Closing balance	1,152	1,333

The provisions balance is made up of provisions for future loss on contracts and provisions for warranty expenses. Should a project have a requirement to give a warranty, this is provided for based on the best estimate of future cash flows.

16. Share capital

Allotted, called up and fully paid	£
At 1 January 2024 (76 ordinary shares at £1 each)	76
At 31 December 2024 (76 ordinary shares at £1 each)	76

Ordinary share rights

The Company’s ordinary shares carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. All shares rank equally.

17. Share premium reserve

	Share premium £000s
Balance at 1 January and 31 December 2024	115,400

18. Employee benefits

Defined contribution schemes

► The Company operates a defined contribution scheme for all qualifying employees in the UK. The contributions payable by the Company and charged to profit or loss amounted to £10.97 million (2023: £7.68 million). Contributions totalling £746,000 (2023: £759,000) were payable to the fund at the year end and are included in the creditors.

Defined benefit scheme

The NPL Management Limited pension scheme

► The Company operates a defined benefit scheme under which qualifying employees of the Company previously earned benefits. As of 30 June 2024, the scheme is closed to future benefit accrual.

Under the scheme, the employees previously earned retirement benefits varying between 1.111% and 1.667% of final pensionable pay for each year of pensionable service on attainment of their normal retirement age of 60. No other post-retirement benefits are provided. The scheme is a funded scheme. The defined benefit scheme was closed to future accrual on 30 June 2024.

Following conclusion of the formal actuarial valuation conducted, as at 5 April 2022, it was agreed that the Company would cease cash contributions to the scheme while the scheme remains in surplus.

The most recent comprehensive triennial valuation of the scheme was carried out at 5 April 2022. The Company has employed an independent actuary to approximately update this valuation, as required by FRS 102, allowing for differences between the actuarial assumptions used by the scheme for funding purposes and those adopted by the Company to measure the scheme's assets on the financial statements, as well as adjustment for benefits paid by the scheme.

	Valuation at	
	2024	2023
Key assumptions used		
Discount rate	5.60%	4.80%
Rate of salary increases	n/a ¹	3.10%
Rate of increase in pensions in payment	3.00%	2.90%
Inflation (RPI)	3.20%	3.10%
Inflation (CPI)	2.95%	2.80%

¹ the scheme closed to future accrual with effect from 30 June 2024.

Mortality assumptions

The assumed life expectations on retirement at age 60 are:

	Valuation at	
	2024	2023
Retiring today		
Males	27.3	27.3
Females	29.4	29.3
Retiring in 20 years		
Males	28.7	28.2
Females	31.3	30.7

Amounts recognised in the profit and loss account in respect of the defined benefit scheme are as follows:

	2024	2023
	£000s	£000s
Current service cost	2,073	1,056
Net interest gain	(1,762)	(1,835)
Admin expenses paid from plan assets	510	483
Total charged to the profit and loss account	821	(296)

Amounts recognised in other comprehensive income in respect of the defined benefit scheme are as follows:

	2024	2023
	£000s	£000s
Total cost relating to defined benefit scheme	5,496	434

Movements in the fair value of scheme assets were as follows:

	2024	2023
	£000s	£000s
At 1 January	170,354	166,112
Interest income	8,044	8,213
Return on plan assets (excl. amounts incl. in net interest costs)	(17,602)	(286)
Contributions from employer	268	1,171
Contributions from scheme participants	24	35
Benefits paid	(5,333)	(4,408)
Admin expenses paid from plan assets	(510)	(483)
At 31 December	155,245	170,354

Movements in the fair value of scheme liabilities were as follows:

	2024	2023
	£000s	£000s
At 1 January	132,973	129,764
Service cost	2,073	1,056
Interest expense	6,282	6,378
Benefits paid	(5,333)	(4,408)
Settlement payments from employer	24	35
Effect of change in assumptions	(12,492)	1
Effect of experience adjustments	386	147
At 31 December	123,913	132,973
Net asset recognised in the balance sheet	31,332	37,381

The analysis of the scheme assets at the balance sheet date was as follows:

	Fair value of assets	
Year	2024	2023
	£000s	£000s
Cash and cash equivalents	297	607
Equity instruments	-	7,680
Debt instruments	142,375	142,082
Real estate	1,343	2,552
Other assets	11,230	17,433
Total	155,245	170,354

The Directors are aware that the Court of Appeal has upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained.

On the 5 June 2025, the Government announced its intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written confirmation that historical benefit changes met the necessary standards. However, details of the legislation have not been announced. Subject to the Directors being able to comply with the legislation and the pension scheme obtaining the required written actuarial confirmation(s), the Directors do not expect the valuation of the scheme liabilities to change.

19. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2024	2023
	£000s	£000s
Within one year	605	651
Between one and five years	727	835
Total	1,332	1,486

In respect of the premises and accommodation services, the Company paid base rent of approximately £18.9 million.

(2023: £16.9 million).

20. Creditors: amounts falling due after one year

Other loans	2024	2023
	£000s	£000s
Within one year	3,502	3,386
Between one and two years	3,812	3,506
Between two and five years	12,267	11,285
In over five years	23,960	21,648
Less amounts due within one year	(3,502)	(3,386)
Total	40,039	36,439

The loan facility is provided by DSIT to finance the purchase of capital equipment and the creation of associated infrastructure for the laboratories and testing facilities that support the NMS.

Loans are repayable by instalments over a 10-year term. The amount of the instalments will vary depending on the level of drawdown. The rate of interest is fixed at 3.5%.

21. Controlling party

▶ NPL Management Limited's registered office is National Physical Laboratory, Hampton Road, Teddington, Middlesex, TW11 0LW. The Company is wholly owned by the Secretary of State for Science, Innovation and Technology. The smallest and largest group that the Company's financial statements are consolidated into are the Whole of Government Accounts, available at www.gov.uk and from The National Archives.

22. Related parties

▶ The Company has taken advantage of the exemption granted by FRS 102 not to disclose details of related party transactions with DSIT and other entities within its 100% owned group.

23. Capital commitments

▶ The Company had capital commitments relating to scientific equipment of £11.79 million at 31 December 2024 (2023: £7.98 million).

24. Post Balance Sheet events

▶ There are no post balance sheet events requiring adjustment to, or disclosure within, the Annual Report.

Notes

[illegible]



NPL Management Limited Annual Report and Financial
Statements for the year ended 31 December 2024
Company Registration No: 02937881 (England and Wales)

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