



BRITISH HALLMARKING COUNCIL

Annual Report and Accounts
for the year ended 31 December 2007

Presented to the House of Commons pursuant to
Section 7 of the Government Resources and Accounts Act 2000

Ordered by the House of Commons to be printed
12 May 2008



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BRITISH HALLMARKING COUNCIL

REPORT OF THE CHAIRMAN - 2007

Introduction

The wind of change has continued to blow on jewellery makers and retailers, and as a consequence there have been changes affecting those concerned with hallmarking in the United Kingdom.

Changes to domestic conditions have taken place against the background of slightly stronger demand in the market, and have centred on the introduction of the new regime for marking mixed metal goods and the proposals of Assay Offices for new sub Offices. Also, attention has been given to the implementation of the Services Directive in the UK.

Within the International Convention discussion about recognition of marks applied at sub Offices, and also those applied in a country other than the home country of the Office in question, has continued. In the meantime the main Dutch Assay Office has not ceased its operations in China despite the concerns of other countries.

In Brussels there has been continuing activity in negotiating the terms of the draft Mutual Recognition Regulation.

All these developments challenge the traditional structure for hallmarking in the UK to evolve in such a way that the drive for benefits of efficiency and costs reduction in manufacture do not take place at the expense of quality, and consumer protection. This in turn has meant that there has been plenty for Council to think about this year, and I am most grateful to Council members for the expertise and enthusiasm which they have contributed to the work.

Special thanks go to Dr Peter Clapham as Committee Chairman, and the other members of the Applications Committee - Linda Campbell and Adrian Levett. The Committee deals with the creation and running of sub Offices. Also to Fod Barnes, who has been most helpful in framing the proposals for legislative change Council has made. Thanks are also due to the new members of Council who took office at the beginning of the year and made valuable contributions, namely Eric Melrose, Derek Lassetter, Roland Rowell as well as Adrian Levett.

Lastly I must thank those at the National Weights and Measures Laboratory who have been concerned with hallmarking issues - principally Mike Fortune - for the work they have done to make the new relationship between Council and NWML work smoothly.

Sub Offices

There were two new applications made during the year, with the prospect of another being made early in 2008. The first was an application by the London Assay Office for permission to open at a carriers premises at Brinks, Heathrow - Brinks is a secure carrier of jewellery into the UK and has a bonded warehouse at Heathrow which is the location of the proposed sub Office. This application broke new ground in that the sub Office was to be at the premises of a carrier serving a multiplicity of importing customers. In view of the potential implicit in this concept, Council was concerned to ensure that its ability to review the effect on the adequacy of facilities for

hallmarking in the UK as the sub Office became established was retained, and imposed conditions on the permission accordingly.

The second application was from the Birmingham Assay Office for a sub Office at an importers premises at Teddington, and this too was granted, again subject to appropriate conditions.

The success of the sub Office concept and the passage of three years since Councils policy and procedures were introduced caused Council to initiate a review. A working party established for the purpose met before the year end and will report to Council early in 2008.

Changes to UK legislation

The new regime for mixed metals marking became established during the year, and reports from the Assay Offices are that it is working well.

A Regulatory Impact Assessment for palladium to become a precious metal within the hallmarking regime was finalised during the year and, with extensive support from the trade, submitted to NWML for onwards transmission to the Department of Innovation, Universities and Skills.

Discussion about a draft Regulatory Impact Assessment for UK Offices to be permitted to apply UK marks outside the UK was postponed pending progress being made in persuading the main Dutch Assay Office to cease marking in China. Although that Office has stopped applying Convention marks outside Holland, it seems, Dutch national marks are still applied in circumstances which create concern about both legality and maintenance of appropriate standards, and these issues are being raised with the Dutch Government by NWML, with the agreement of the Department of Business Enterprise and Regulatory Reform.

Implementation of the Services Directive has a number of implications for hallmarking, and it has therefore been appropriate for Council to have discussed and to continue to discuss the questions arising from the consultation and other issues. Council will be concerned to see that the cross border mobility and flexibility given to providers of services - including hallmarking - does not reduce the accountability of those providers. Council will also be concerned to find suitable solutions to questions about the nature and content of the marks applied by incoming providers, and also questions about how the UK Offices can make use of the opportunities made available to them by the Directive, in terms of activities elsewhere in the EU.

Council has been involved in the consultation about the proposals for regulatory reform, in the shape of the Regulatory Enforcement and Sanctions Bill, and has put forward submissions about changes to the text to enable both Council and the Offices to contribute to enforcement of hallmarking law when the changes take effect.

European Legislation

The draft Mutual Recognition Regulation has been the subject of much debate during the year, as it appeared that the effect of early versions could have been to undermine the status and effect of the Houtwipper decision and therefore the legitimacy within the EU of compulsory hallmarking systems. While an amount of uncertainty remains at the time of writing this report, progress has been made in amending the text to reduce this outcome, and also to preserve the scope of enforcement authorities to place an immediate embargo on offending goods for sale.

Statutory notice

Consideration was given to changes to the statutory hallmarking notice - required by section 11 of the Hallmarking Act. It was appreciated that any changes has significant consequences in terms of convenience and expense bearing in mind that the introduction of a new form has the effect of making all existing forms obsolete. For this reason, and because it is foreseeable that there may be further changes necessary in the near future - in connection with palladium for instance - it has been decided to postpone any changes for the time being.

Inspection by the Royal Mint

The Hallmarking Act requires an officer of the Royal Mint to visit each Assay Office on an annual basis in order to report on the accuracy and efficiency of assay methods and procedures. The reports for 2007 were all satisfactory.

Enforcement

Local Trading Standards Departments continue to be the bodies responsible in practice for the enforcement of the Hallmarking Act.

At the time of writing only 75 Local Authorities have completed their Annual Returns for 2007 for work done under the Hallmarking Act 1973. This is a considerable reduction on the returns for 2005 and 2006 which were 147 and 106 respectively.

In looking for an explanation for these diminishing returns one suggestion is that Local Authorities annual reporting point is April each year which coincides with the start of their financial year and therefore their reporting systems are not geared to examining and collating data during intervening periods.

The fact that fewer Local Authorities have completed their Annual Returns does not mean that no work has been done under the Act, although it must be accepted that enforcement of Hallmarking is not a major priority for Local Authority Enforcement Officers. (The LACORS risk assessment figure is 35 which is a low category/low risk assessment).

Although the number of returns was reduced in 2007 there was, surprisingly, a small increase in the number of premises visited and a considerable increase in the number of unhallmarked articles detected under the section "Offences Detected" from 576 in 2006 to 10610 in 2007.

Several Local Authorities stated that they encountered problems with retail outlets operated by members of ethnic minority groups. Difficulties of translation and different selling methods were encountered.

It is pleasing to report that one third of Local Authorities reported that they had regular contact with their relevant Assay Office and several had carried out joint surveys and enforcement initiatives. Local Authorities also reported that the Assay Offices were a valuable training resource for their Officers.

	Premises whose principal business is jewellery (jewellers, goldsmiths, etc)		Premises whose secondary business is jewellery (fashion shops, gift shops, clothes shops, etc)	
	Number		Number	
1. Number of premises liable to inspection	4260		6021	
2. Number of premises visited (Jan-Dec)	597		496	
3. Offences Detected:				
a) Unhallmarked articles described as gold, silver platinum (Section 1)	10610		100	
b) Failure to display notice (Section 11)	52		86	
c) Other offences	76		425	
4. Verbal advice to Trader	88		106	
5. Warning letter to Trader (not formal caution)	33		22	
6. Formal caution (issued in accordance with Lord Chancellor's guidelines)	3		4	
7. Information laid	3			
8. Prosecutions brought				
a) successful	3			
b) unsuccessful	1			
9. Results of proceedings				
1	<u>Fine £</u>	<u>Costs £</u>	<u>Fine £</u>	<u>Costs £</u>
2	400	1,094		
3				
4				
5				

Finance

The expenses of the Council are covered by the Assay Offices pro rata to their respective turnover figures in the preceding year as laid down in the Hallmarking Act. Accordingly, it would not be appropriate for Council to have either a permanent surplus of income over expense or to create reserves. The Accounts for the year are included in the combined Report and Accounts.

Prices for Assay and Hallmarking

Council fixes the maximum charges which may be made by an Assay Office for assaying and hallmarking. These were left unchanged during 2007 and details are set out in Appendix I to this Report.

The Date Letter

The date letter is an optional mark. The date letter for 2008 is I.

Statistics

Details of the number and weight of gold, silver and platinum items dealt with by the Assay Offices and other statistical information are set out in Appendices II and III to this report.

The total number of items marked during the year was 25,413,275

Auditors

The Comptroller and Auditor General has audited the Accounts for the year ended 31 December 2007.

Race Equality Policy

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

Publication Scheme

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

Conclusion

The precious metal trade has changed out of all recognition in the last 35 years since the British Hallmarking Council was formed but hallmarking itself remains the cornerstone of consumer protection in this field.

Looking ahead the British Hallmarking Council face many challenges but it is essential that we face up to these if we are going to ensure that the protection which consumers have been afforded in the United Kingdom when purchasing precious metals over the years are going to continue to be both effective and valued in a global economy.

Thomas K Murray
Chairman

Date: 18th April 2008

BRITISH HALLMARKING COUNCIL

MEMBERS OF THE COUNCIL

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

Chairman

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

Members appointed by former DTI:

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

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

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

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

Mr Fod Barnes is a former Head of Public Affairs at the National Consumer Council. He is a consultant with extensive experience of providing policy advice on consumer related matters to clients at senior level including Ministers and Sectoral Regulators. He has an interest in silversmithing.

Dr Peter Clapham CB is a former Chief Executive of the National Engineering Laboratory, the National Physical Laboratory and National Weights and Measures Laboratory. He is now a consultant specialising in standards, testing and conformity assessment. During the past three years he has chaired the Council's sub Office Applications Committee.

Mr Adam Green has had over thirty years experience in the jewellery manufacturing and retail trade and is presently Managing Director of a family retail jewellery business located in Shrewsbury.

Mr Eric Melrose is the former Director of Planning and Environmental Services for Aberdeenshire Council having held senior management posts directing trading standards and consumer protection activities in Grampian Council. He has chaired the Metrology Panel of LACORS and was the Scottish Champion of the DTI Consumer Direct service in Scotland.

Mr Adrian Levett is the former head of Trading Standards Warwickshire County Council. He has chaired several key national and regional trading standards bodies concerned with service delivery, and is a consultant in change management activities.

Mr Derek Lassetter is a Director of Argex Limited which is a company which supplies silver and semi manufactured silver to the jewellery trade, of which he has more than 30 years experience.

Assay Office Representatives (London):

Mr Dick Melly is the Clerk of the Goldsmiths Company.

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

Assay Office Representative (Sheffield):

Mr Simon Batiste is the Law Clerk of the Sheffield Office, and a barrister with Chambers in Leeds. He has a long family connection with hallmarking.

Assay Office Representatives (Birmingham):

Ms Kay Alexander is Chairman of the Wardens of the Birmingham Assay Office, and a Broadcaster and Journalist with the BBC.

Mr Roland Rowell is a Guardian of the Birmingham Assay Office and a consultant and advisor in the field of UK and EU consumer protection law.

Assay Office Representative (Edinburgh):

Mr Peter Nussey is a Management Consultant specialising in human resources issues and Managing director of Murrayfield Consultants Limited. He is a member of the Incorporation of Goldsmiths of the City of Edinburgh. Mr Nussey became a member in June 2006.

Co-Opted Members:

Mr Michael Laing OBE is Deacon of the Incorporation of Goldsmiths in Edinburgh. He is a Director of retail jewellers Laing the Jewellers and Parkhouse & Wyatt, and a member of the NAG. He has served on the Education Committee of the NAG for 20 years latterly as Chairman. His OBE was awarded in 2002 for services to hallmarking.

Mr Christopher Jewitt is the Chairman of the Wardens of the Sheffield Assay Office and the Chief Executive of a Sheffield Toolmaker, Footprint Tools Limited.

Assay Masters (entitled to attend):

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

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

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

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

APPENDIX 1

THE BRITISH HALLMARKING COUNCIL

MAXIMUM CHARGES

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

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

APPENDIX 2

WEIGHT IN KILOGRAMS OF ARTICLES DEALT WITH BY ALL THE ASSAY OFFICES FOR 2006 AND 2007

(Platinum articles are shown in grams)

	GOLD												SILVER		PLATINUM	
	999		980		916		750		585		375					
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	
QUARTER	4.1	3.2	0.4	0.0	1,197	915	2,338	2,340	326	271	10,283	11,249	30,180	31,336	726,015	800,713
FIRST	4.1	3.2	0.4	0.0	1,197	915	2,338	2,340	326	271	10,283	11,249	30,180	31,336	726,015	800,713
SECOND	9.0	6.6	0.4	0.0	1,303	1,028	2,852	2,540	176	252	9,980	10,357	37,248	28,613	831,628	737,663
THIRD	2.9	0.4	0.4	0.2	1,442	1,258	3,035	2,659	562	214	11,602	12,410	42,449	34,360	705,148	692,802
FOURTH	6.6	1.9	0.1	0.0	1,013	1,265	3,654	3,300	441	326	17,398	18,810	49,756	47,234	714,242	602,197
Cumulative total to date	22.6	12.1	1.3	0.2	4,955	4,466	11,879	10,839	1,505	1,063	49,263	52,826	159,633	141,543	2,977,033	2,833,375

**NUMBERS OF ARTICLES DEALT WITH BY ALL THE ASSAY OFFICES FOR
2006 AND 2007**

QUARTER	ALL ARTICLES -1000 units		GOLD ARTICLES - 1000 units		SILVER ARTICLES - 1000 units	
	2007	2006	2007	2006	2007	2006
FIRST	5,008	5,261	3,241	3,535	1,681	1,641
SECOND	5,272	4,914	3,225	3,263	1,957	1,569
THIRD	6,320	5,945	3,813	3,961	2,422	1,911
FOURTH	8,810	8,770	5,592	5,922	3,136	2,773
TOTAL	25,410	24,890	15,871	16,681	9,196	7,893

PERCENTAGE FIGURE FOR THE ABOVE TOTALS FOR EACH ASSAY OFFICE				
OFFICE	ALL ARTICLES 2007	GOLD ARTICLES 2007	SILVER ARTICLES 2007	PLATINUM ARTICLES 2007
LONDON	21	22	19	38
BIRMINGHAM	41	44	36	45
SHEFFIELD	27	30	22	13
EDINBURGH	11	4	23	4

APPENDIX 3

**CONVENTION ON THE CONTROL & MARKING OF ARTICLES
OF PRECIOUS METAL
UNITED KINGDOM
YEAR TOTAL 2007**

	GOLD	SILVER	PLATINUM	TOTAL
London	2,025,327	830,831	42,818	2,898,976
Birmingham	4,202,409	1,770,316	85,282	6,058,007
Sheffield	3,933,115	1,257,097	10,205	5,200,417
Edinburgh	81,713	302,135	948	384,796
Total	10,242,564	4,160,379	139,253	14,542,196

BRITISH HALLMARKING COUNCIL

Accounts

31 December 2007

ACCOUNTS 2007

CONTENTS

	Page
Officers and professional advisers	18
Foreword to the accounts	19-22
Statement of Council and Accounting Officer's responsibilities	23
Statement on internal control	24-25
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	26-27
Income and expenditure account	28
Balance sheet	29
Cash flow statement	30
Notes to the accounts	31-34

ACCOUNTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

Chairman

Thomas K Murray

Secretary and Accounting Officer

David J Gwyther

Bankers

Lloyds TSB Bank Plc
125 Colmore Row
Birmingham
B3 3AD

Solicitors

Martineau Johnson
No. 1 Colmore Square
Birmingham
B4 6AA

Auditors

Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

FOREWORD TO THE ACCOUNTS

Year ended 31 December 2007

Preparation of accounts

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

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

History, statutory background and principal activities

The British Hallmarking Council was constituted by and is governed by the Hallmarking Act 1973.

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

Financial Reporting Manual disclosure requirements

The Directors report and Operating and Financial Review information required to be disclosed by the Government Financial Reporting Manual is contained in the Foreword to the Accounts and the Report of the Chairman . A Remuneration Report is also required by the Financial Reporting Manual. All relevant disclosures required are included in note 4 to the accounts - "Employees and Officers" - therefore no separate Remuneration report has been produced.

Results for the year

The results for the year are set out on page 28. The costs of the British Hallmarking Council are funded by contributions from the Assay Offices in London, Birmingham, Sheffield and Edinburgh in accordance with the Hallmarking Act 1973. Any additional income collected by the Council reduces the Assay Offices' contributions.

FOREWORD TO THE ACCOUNTS

Year ended 31 December 2007

(Continued)

Council members

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

Mr Tom Murray	Chairman
Peter Clapham	Chairman of sub Office Applications Committee
Fod Barnes	
Adam Green	
Linda Campbell	
Mike Drewry	
Martyn Pugh	
Stephan Waclawski	
Richard Vanderpump	
Kay Alexander	
Simon Batiste	
Michael Laing	
Dick Melly	
Peter Nussey	
Eric Melrose	
Adrian Levett	
Derek Lassetter	
Roland Rowell	
Christopher Jewitt	

FOREWORD TO THE ACCOUNTS

Year ended 31 December 2007

(Continued)

Duties of Council members

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

Disclosure of Council members' interests

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

Payment policy

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

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

The BPPC target is to pay all undisputed supplier invoices within 30 days, unless other payment terms have been agreed. This target was achieved in relation to 40% (2006 - 33%) of invoices by value because of delays in settling invoices from Martineau Johnson in relation to one off projects.

Employees

The British Hallmarking Council does not have any employees.

Auditors

The statement of accounts has been audited by the Comptroller and Auditor General. The auditors are appointed under statute and report to Parliament. The audit fee for the year ended 31 December 2007 is £ 2,500 (£2,400 in 2006). No other services were provided.

Future developments

For the 2008 calendar year the specific objectives of the British Hallmarking Council are described in the Chairman's Report - pages 3 to 7.

Post balance sheet events

There are no post balance sheet events which might affect the understanding of the statement of accounts.

David J Gwyther
Secretary and Accounting Officer
Date: 18th April 2008

Thomas K Murray
Chairman
Date: 18th April 2008

STATEMENT OF COUNCIL AND ACCOUNTING OFFICER'S RESPONSIBILITIES

Year ended 31 December 2007

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

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

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

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

STATEMENT ON INTERNAL CONTROL

Year ended 31 December 2007

Scope of responsibility

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

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risk to the achievement of Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the British Hallmarking Council for the year ended 31 December 2007 and up to the date of approval of the annual accounts, and accords with Treasury guidance.

Capacity to handle risk and the risk and control framework

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

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

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

Review of effectiveness

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

A Corporate Statement was agreed between Council and DTI and signed in January 2005. Following the transfer of sponsorship from DTI to the National Weights & Measures Laboratory on 1 April 2007 and the subsequent Machinery of Government change from DTI to DIUS in June 2007, a new Corporate Statement was agreed with the National Weights & Measures Laboratory and signed in April 2008. A copy is available from me.

David J Gwyther
Secretary and Accounting Officer
Date: 18th April 2008

BRITISH HALLMARKING COUNCIL

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

I certify that I have audited the financial statements of the British Hallmarking Council for the year ended 31 December 2007 under the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Council, Accounting Officer and auditor

The Council and Accounting Officer are responsible for preparing the Annual Report and the financial statements in accordance with the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000 and the Accounts Direction made by the Secretary of State, with the approval of HM Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Council and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000 and the accounts direction issued by the Secretary of State, with approval of HM Treasury. I report to you whether, in my opinion, the information which comprises the Report of the Chairman and the Foreword to the Accounts included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the British Hallmarking Council has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal control reflects the British Hallmarking Council's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the British Hallmarking Council's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Members of the Council and Appendices. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in

the financial statements. It also includes an assessment of the significant estimates and judgments made by the Council and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the British Hallmarking Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000 and directions made thereunder by the Secretary of State, with the approval of HM Treasury, of the state of British Hallmarking Council affairs as at 31 December 2007 and of its results for the year then ended;
- the financial statements have been properly prepared in accordance with the Hallmarking Act 1973 as amended by the Government Resources and Accounts Act 2000 and directions made thereunder by the Secretary of State, with the approval of HM Treasury; and
- information which comprises the Report of the Chairman and the Foreword to the Accounts included in the Annual Report, is consistent with the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

T. J. Burr

Comptroller and Auditor General

*National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS*

25 April 2008

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 December 2007

	Notes	2007 £	2006 £
Contributions from Assay Offices	2	79,001	72,112
Income from sale of notices	6.1	2,071	3,343
Other income		219	-
		<hr/>	<hr/>
Operating charges	5	81,291 (81,595)	75,455 (75,600)
		<hr/>	<hr/>
Operating deficit		(304)	(145)
Interest receivable	3	304	145
		<hr/>	<hr/>
Result for the year		NIL	NIL
		<hr/> <hr/>	<hr/> <hr/>

All operations are continuing.

There are no recognised gains or losses for the current or previous financial year other than as stated in the income and expenditure account. Accordingly, no statement of total recognised gains and losses is required.

BALANCE SHEET
31 December 2007

	2007		2006	
	£	£	£	£
Current assets				
Amounts due from Assay offices in relation to 2007		23,185		-
Amounts due from Assay Offices in respect of 2006		-		24,829
VAT debtor		7,459		-
Cash at bank		18,458		2,317
		<u>49,102</u>		<u>27,146</u>
Creditors: amounts falling due within one year				
Trade creditors and accruals	49,102		26,229	
VAT creditor	-		917	
	<u>49,102</u>		<u>27,146</u>	
		<u>(49,102)</u>		<u>(27,146)</u>
Assets less liabilities		<u>NIL</u>		<u>NIL</u>

These accounts were approved by the Council on

Signed on behalf of the Council

Thomas K Murray
Chairman
Date: 18th April 2008

David J Gwyther
Secretary and Accounting Officer
Date: 18th April 2008

CASH FLOW STATEMENT
Year ended 31 December 2007

	Note	2007 £	2006 £
Net cash inflow/(outflow) from operating activities	(I)	15,837	157
Return on investments and servicing of finance			
- interest received		304	145
Taxation		-	-
Capital expenditure		-	-
Financing		-	-
		<hr/>	<hr/>
Increase in cash	(II)	16,141	302
		<hr/>	<hr/>
Note (I) - Reconciliation of operating deficit to operating cash flows			
Operating deficit		(304)	(145)
(Increase)/Decrease in debtors		(5,815)	11,692
Increase/(Decrease) in creditors		21,956	(11,390)
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		15,837	157
		<hr/>	<hr/>
	At		At
	1 January		31 December
	2007	Cash flow	2007
	£	£	£
Note (II) - Analysis of changes in net funds			
Cash at bank		2,317	16,141
		<hr/> <hr/>	<hr/> <hr/>
		18,458	18,458

NOTES TO THE ACCOUNTS
Year ended 31 December 2007

1. Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with the Government Financial Reporting Manual (FREM) issued by HM Treasury. The accounting policies contained in the FREM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the Public Sector. Where FREM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of BHC for the purpose of giving a true and fair view has been selected. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts. The financial statements have been prepared on a historical cost basis.

1.2 Funding

The activities of the Council are funded by the Assay Offices. Charges are levied in proportion to the relevant sales of the Assay Offices in the previous financial year, net of any other income received, such as income from notices.

1.3 VAT

Expenditure is recognised net of recoverable Value Added Tax. Amounts due to, or from H M Revenue and Customs in respect of VAT are included in creditors, or debtors within the balance sheet.

2. Income

Contributions from Assay Offices are analysed as follows:

	2007	2006
	£	£
London	20,979	15,223
Birmingham	34,484	30,053
Sheffield	15,697	19,547
Edinburgh	7,841	7,289
	<hr/>	<hr/>
	79,001	72,112
	<hr/> <hr/>	<hr/> <hr/>

3. Tax on interest receivable

There was no taxation payable on interest receivable (2006 - £Nil) because the liability was offset by the operating deficit.

NOTES TO THE ACCOUNTS
Year ended 31 December 2007
(Continued)

4. **Employees and Officers**

	2007	2006
	£	£
Emoluments of Chairman - Tom Murray	NIL	NIL
Emoluments of Secretary and Accounting Officer - David J Gwyther	NIL	NIL

There were no employees of the Council during 2007. The current Chairman, Mr Tom Murray, is a solicitor in private practice with Gillespie MacAndrew. At the Council meeting dated 11 November 2005, it was agreed the Gillespie MacAndrew's fee in respect of Mr Murray's services should be increased to £14,000 per annum with effect from the date of his appointment, 11 March 2004. The formal duties of the Chairman are set out in the Hallmarking Act 1973 and include conducting meetings of Council and liaising with the Secretary of State. The Chairman does not have set hours of work, nor a target for total hours of work. His remuneration is set by the Council on the basis of an recommendation by an informal committee of Council members. The Chairman is elected by the Council.

The Secretary of the Council during 2007 was Mr David Gwyther, a solicitor and partner in private practice with Martineau Johnson in Birmingham. Mr Gwyther received no remuneration from the Council for the work he carries out. His time is charged by Martineau Johnson at an agreed rate which was £245.00 per hour during 2007. The amount of Martineau Johnson's charges in respect of Mr Gwyther's time varies from year to year in accordance with the time spent. In 2007 the amount was £39,140 (£23,250, 2006). The Secretary is appointed by the Council for an undefined period by the Council.

Martineau Johnson have provided secretarial and accounting services to the Council since its formation on terms agreed from time to time. During the year, Martineau Johnson were engaged to provide book-keeping services for £1,050 (£1,000, 2006), and to provide accounts preparation services for £1,750 (£1,550, 2006).

Save for the Chairman's remuneration, and an allowance of £75 per hour paid to the members of the sub-Offices' Application Committee, Dr Peter Clapham, Ms Linda Campbell, and Mr Adrian Levett and also to Mr Fod Barnes in connection with time he spent in relation to a sub Office application,(the amounts of which during the year amounted to £3,000, £150, £412 and £1,200 respectively), no payments are made to Council members in respect of their time, although they are reimbursed for their travelling expenses.

NOTES TO THE ACCOUNTS
Year ended 31 December 2007
(Continued)

5.

5.1 Expenses

Expenses are analysed as follows:

	2007	2006
	£	£
Chairman's remuneration	14,000	14,000
Council members' expenses	12,810	4,469
Less: recharged to sub-Offices	(7,713)	(2,240)
Audit fee	2,500	2,400
Secretarial costs and expenses	39,140	23,250
Other professional charges	18,108	31,983
Other expenses	2,750	1,738
Brinks sub office	40,471	-
Less: re-charged to London Assay Office	(40,471)	-
	<hr/>	<hr/>
	81,595	75,600
	<hr/> <hr/>	<hr/> <hr/>

5.2 During the year additional legal costs including Counsel's fees in relation to the proposed Brinks sub-office, amounting to £40,471 were incurred and recharged to the London Assay office. Council member expenses include £6,271 in relation to Brinks, recharged to the London Assay office.

6. Related party transactions

6.1 With effect from 1 March 2000 the London Assay Office has taken over responsibility for distribution of Hallmarking notices. Included in 'sale of notices' is £2,071 (2006 - £3,343) received from the London Assay Office in respect of commission on sale of notices.

6.2 Amounts payable to Martineau Johnson in respect of the year were £97,719 (2006 - £55,233). David Gwyther, the Council's Secretary and Accounting Officer, is a partner in Martineau Johnson. All invoices submitted by Martineau Johnson are approved by the Chairman prior to payment.

6.3 As set out in note 4, the Chairman is a Solicitor in private practice with Gillespie MacAndrew and the Council pays Gillespie MacAndrew in respect of Mr Murray's remuneration. Gillespie MacAndrew's fee in respect of Mr Murray's remuneration for the year was £14,000 (2006 £14,000).

7. **Events after the Balance Sheet**

- 7.1 The financial statements were authorised for issue by the Accounting Officer, David Gwyther, on 25 April 2008

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