



BRITISH HALLMARKING COUNCIL

Annual Report and Accounts for the year ended 31 December 2008

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

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BRITISH HALLMARKING COUNCIL

REPORT OF THE CHAIRMAN - 2008

Introduction

In 2008 economic conditions generally went from bad to worse, and the same happened with the market for jewellery. This meant that the overall total of items marked by the four UK Offices fell from about 25.4 million in 2007 to 18.95 million in 2008 - a reduction of 27%.

It was inevitable that such a large loss of turnover would force the Assay Offices to reduce their costs, particularly through the regrettable loss of employees, many of whom were long serving, very experienced, people.

During the year the Sheffield Office moved to new purpose built accommodation and is now enjoying the benefits of more efficient space to operate in. Also the London Office carried out a major refurbishment of its space at Goldsmiths Hall.

Apart from economic conditions, the main issue occupying Councils attention was the initiative by the Department of Business, Enterprise and Regulatory Reform, and by the National Weights and Measures Laboratory, to prepare to implement the Services Directive to UK hallmarking.

The second most pressing issue has been recognition of foreign marks, especially Dutch national marks struck outside Holland.

In spending huge amounts of time on these issues Council has been concerned both to be open to any benefits which cross border activity can bring, while at the same time ensuring that harmonisation of standards does not result in the reduction, and even abandonment, of the levels of consumer protection hallmarking gives to buyers of precious metal jewellery in the UK.

As ever, I am grateful to the members of Council who enthusiastically give up their time. 2008 has been the second year of life of the present Council, and unlike in previous years all of the members remain in place. Their commitment is greatly appreciated.

Sub Offices

The pace of development of new sub Offices has slowed markedly. There have been no applications for permission to open new sub Offices. The Heathrow sub Office operated by London Assay Office became operational early in the year, as did the sub Office at Argos operated by Birmingham Assay Office, but the sub Office at Teddington operated by Birmingham Assay Office closed.

Changes to UK legislation

The proposal to bring palladium within the hallmarking regime was progressed to the formal consultation stage by the National Weights and Measures Laboratory. Dependent on the outcome of the consultation it is expected that the necessary changes to the law will be effective in the Summer of 2009, with significant benefits to the trade and consumers.

The Regulatory Enforcement and Sanctions Bill was enacted during the year and as part of their latest consultation the Department of Business and Regulatory Reform is proposing that both the Council and the Assay Offices should be brought within the scope of the Compliance Code by the second listing order. This move will be welcome, not least because the close working relationship between the Council and the Offices is very much in tune with the principles of regulation embodied in the Code.

European Legislation

Following the Department of Business and Regulatory Reform reaching the conclusion that UK hallmarking is a service within the meaning of the Services Directive, attention focussed on the implementation steps which would need to be taken. It became apparent very quickly that there would be significant problems to overcome if the terms of the Directive were implemented in the UK without that causing a major reduction in the standards of consumer protection provided by the existing regime. Further, as the year progressed it also became apparent that there were very few - if any - other EU countries who shared the interpretation adopted by the UK. In particular it seemed that almost all of those countries with compulsory hallmarking systems regarded hallmarking as exempt as an exercise of official authority.

At the time of writing this report it seems to be very likely that the UK Government will also conclude that hallmarking is not a service for the purposes of the Directive, and that confirmation is eagerly awaited.

Also during the year, attention centred on the negotiations within the EU about the wording of the draft Mutual Recognition Regulation the outcome of which was satisfactory in that the hallmarking regime as such is not affected by the key provisions of the Regulation about enforcement activity, although those provisions do affect the activities of the Assay Offices in deciding that items submitted to them are non compliant and cannot be marked. The Offices are working with the National Weights and Measures Laboratory and the Department of Innovation, Universities and Skills to create the necessary machinery to make this work.

Inspection by the Royal Mint

The Queens Assay Master has confirmed that the results of inspections of all the Offices in 2008 were 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 86 Local Authorities have completed returns for 2008 for work done under the Hallmarking Act 1973. This is a slight increase on 75 returns completed by the equivalent time last year, and compares with the total number of 200 Authorities asked to respond.

It is difficult to detect trends in compliance or in enforcement from the available information although it is noteworthy that although information was laid in 46 instances there was 1 reported prosecution, which was successful.

Reports from the Authorities continue to indicate that enforcement in this area is not a high priority for them, also that hallmarking is not perceived to be a high risk area and that there are ongoing

resources issues. Further, the reports indicate that following Hampton principles inspections are only triggered when there is a specific reason to justify them.

During each year Council receives information from the Assay Offices about ongoing co-operation with Trading Standards Departments both in relation to training, and inspections of premises and reports. Council is aware that there has been at least one notable success by the Metropolitan Police in prosecuting a maker of fake antique silver spoons.

In summary although it is undoubtedly the case that the Hallmarking Act 1973 is being enforced, and the activities of makers and retailers are being monitored, the level of activity relating to traders and premises is low and is inadequate to combat the amount of offending which is believed to exist. That situation is compounded by the lack of adherence to hallmarking law evident in large numbers of jewellery items sold on the internet.

These issues are a continuing concern to the Council which hopes to address them further with help from the three former Senior Trading Standards Officers who are current members of Council: Mike Drewry, Adrian Levett and Eric Melrose.

	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	4773	34318
2. Number of premises visited (Jan-Dec)	506	3908
3. Offences Detected:		2
a) Unhallmarked articles described as gold, silver, platinum (Section 1)	271	15
b) Failure to display notice (Section 11)	55	36
c) Other offences	17	3
4. Verbal advice to Trader	68	48
5. Warning letter to Trader (not formal caution)	71	12
6. Formal caution (issued in accordance with Lord Chancellor's guidelines)	1	
7. Information laid	46	
8. Prosecutions brought	2	

- a) successful
- b) unsuccessful

1

No information about the result of the proceedings was reported.

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 by the Hallmarking Act. Accordingly, it would not be appropriate for Council to have either a permanent surplus of income over expense or to create reserves. The accounts for the year are included in the combined report and accounts.

In view of the increased expense caused by the amount of time it was necessary to spend on the Services Directive and Mutual Recognition Regulation, it was felt appropriate to apply to the National Weights and Measures Laboratory for support in relation to Councils expenses in 2008, but this request was declined.

Prices for Assay and Hallmarking

Council fixes the maximum charges which may be made by the Assay Offices for assaying and hallmarking. These were left unchanged during 2008 and details are set out in Appendix I to this report.

The Date Letter

The date letter is an optional mark, and the letter for 2009 is K.

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 18,950,000.

Auditors

The Comptroller and Auditor General has audited the Accounts for the year ended 31 December 2008

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 current uncertainty about the validity in the UK of national marks from other EU States struck both elsewhere in Europe and in the Far East also raises problems both for the Assay Offices and Trading Standards organisations. It is to be hoped that this can be resolved as a matter of urgency.

In all of this it is easy to lose sight of the fact that Hallmarking is all about Consumer Protection. In times of economic trouble precious metals have always been seen as a safe place to invest and this is no time to lessen the protection offered to consumers by reducing the robustness of the British hallmarking system.

Thomas K Murray
Chairman

Date : 8 th April 2009

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.

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
2007 AND 2008

(Platinum articles are shown in grams)

	GOLD												SILVER		PLATINUM		
	999	980	916	750		585		375		2007		2008		2007		2008	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
QUARTER	2.1	4.1	0.0	0.4	773	1,197	2,101	2,338	207	326	7,330	10,283	29,351	30,180	652,724	726,015	
FIRST	2.1	4.1	0.0	0.4	773	1,197	2,101	2,338	207	326	7,330	10,283	29,351	30,180	652,724	726,015	
SECOND	3.4	9.0	0.4	0.4	1,013	1,303	2,426	2,852	171	176	6,788	9,980	30,783	37,248	677,474	831,628	
THIRD	2.7	2.9	2.3	0.4	976	1,442	2,198	3,035	182	562	7,822	11,602	37,036	42,449	597,297	705,148	
FOURTH	3.2	6.6	1.6	0.1	691	1,013	2,419	3,654	156	441	10,056	17,398	39,568	49,756	600,991	714,242	
Cumulative total to date	11.4	22.5	4.3	1.2	3,453	4,955	9,144	11,879	716	1,505	31,996	49,263	136,738	159,634	2,528,486	2,977,033	

**NUMBERS OF ARTICLES DEALT WITH BY ALL THE ASSAY OFFICES FOR
2007 AND 2008**

QUARTER	ALL ARTICLES - 1,000 units		GOLD ARTICLES - 1,000 units		SILVER ARTICLES - 1,000 units		PLATINUM ARTICLES - single units	
	2008	2007	2008	2007	2008	2007	2008	2007
FIRST	4,165	5,008	2,330	3,241	1,766	1,681	68,475	86,442
SECOND	4,058	5,272	2,169	3,225	1,813	1,957	75,824	90,649
THIRD	4,857	6,320	2,616	3,813	2,171	2,422	70,446	84,726
FOURTH	3,217	8,810	3,217	5,592	2,577	3,136	74,815	80,938
TOTAL	18,950	25,410	10,332	15,871	8,327	9,196	289,560	342,755

PERCENTAGE FIGURE FOR THE ABOVE TOTALS FOR EACH ASSAY OFFICE				
OFFICE	ALL ARTICLES 2008	GOLD ARTICLES 2008	SILVER ARTICLES 2008	PLATINUM ARTICLES 2008
LONDON	21	25	16	37
BIRMINGHAM	39	43	34	37
SHEFFIELD	24	27	21	16
EDINBURGH	16	5	29	4

APPENDIX 3

CONVENTION ON THE CONTROL & MARKING OF ARTICLES
OF PRECIOUS METAL
UNITED KINGDOM
YEAR TOTAL 2008

	GOLD	SILVER	PLATINUM	TOTAL
London	1,335,176	638,820	48,913	2,022,909
Birmingham	3,107,076	1,613,760	60,504	4,781,340
Sheffield	2,169,319	1,123,478	7,496	3,300,293
Edinburgh	83,593	280,083	632	364,308
Total	6,695,164	3,656,141	117,545	10,468,850

BRITISH HALLMARKING COUNCIL

Accounts

31 December 2008

ACCOUNTS 2008

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ACCOUNTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

Chairman

Thomas K Murray

Secretary and Accounting Officer

David J Gwyther

Bankers

Lloyds TSB Bank Plc
125 Colmore Row
Birmingham
B3 3AD

Solicitors

Martineau
No. 1 Colmore Square
Birmingham
B4 6AA

Auditors

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

FOREWORD TO THE ACCOUNTS

Year ended 31 December 2008

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 2008

(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	
Christopher Jewitt	

FOREWORD TO THE ACCOUNTS

Year ended 31 December 2008

(Continued)

Duties of Council members

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

Disclosure of Council members' interests

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

Payment policy

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

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

The BPPC target is to pay all undisputed supplier invoices within 30 days, unless other payment terms have been agreed. This target was achieved in relation to 45% (2007 - 40%) of invoices by value because of delays in settling invoices from Martineau in relation to one off projects.

Employees

The British Hallmarking Council does not have any employees.

Auditors

The statement of accounts has been audited by the Comptroller and Auditor General. The auditors are appointed under statute and report to Parliament. The audit fee for the year ended 31 December 2008 is £ 2,500 (£2,500 in 2007). No other services were provided.

Personal data

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

Future developments

For the 2009 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: 8 th April 2009

Thomas K Murray

Chairman

Date: 8 th April 2009

STATEMENT OF COUNCIL AND ACCOUNTING OFFICER'S RESPONSIBILITIES

Year ended 31 December 2008

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 2008

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 2008 and up to the date of approval of the annual accounts, and accords with Treasury guidance.

Capacity to handle risk and the risk and control framework

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

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

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

Review of effectiveness

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

A Corporate Statement was agreed between Council and DTI and signed in January 2005. Following the transfer of sponsorship from DTI to the National 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: 8 th April 2009

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 2008 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, Members of the Council 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 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 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 the British Hallmarking Council's affairs as at 31 December 2008 and of its results and cash flows 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, Members of the Council and Foreword to the Accounts included within 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 Rd Victoria London SW1S 9SS

1 May 2009

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 December 2008

	Notes	2008 £	2007 £
Contributions from Assay Offices	2	97,246	79,001
Income from sale of notices	6.1	2,096	2,071
Other income		25	219
		<hr/>	<hr/>
Operating charges	5	99,367 (99,764)	81,291 (81,595)
		<hr/>	<hr/>
Operating deficit		(397)	(304)
Interest receivable	3	397	304
		<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 2008

	2008		2007	
	£	£	£	£
Current assets				
Amounts due from Assay offices in relation to 2008		19,629		-
Amounts due from Assay Offices in respect of 2007		-		23,185
VAT debtor		-		7,459
Cash at bank		2,710		18,458
		<u>22,339</u>		<u>49,102</u>
Creditors: amounts falling due within one year				
Trade creditors and accruals	21,951		49,102	
VAT creditor	388		-	
	<u>21,951</u>		<u>49,102</u>	
		<u>(22,339)</u>		<u>(49,102)</u>
Assets less liabilities		<u>NIL</u>		<u>NIL</u>

These accounts were approved by the Council on 23rd March 2009

Signed on behalf of the Council

Thomas K Murray
 Chairman
Date: 8 th April 2009

David J Gwyther
 Secretary and Accounting Officer
Date: 8 th April 2009

CASH FLOW STATEMENT
Year ended 31 December 2008

	Note	2008 £	2007 £
Net cash (outflow)/inflow from operating activities	(I)	(16,145)	15,837
Return on investments and servicing of finance			
- interest received		397	304
Taxation		-	-
Capital expenditure		-	-
Financing		-	-
		<hr/>	<hr/>
(Decrease)/Increase in cash	(II)	(15,748)	16,141
		<hr/>	<hr/>
Note (I) - Reconciliation of operating deficit to operating cash flows			
Operating deficit		(397)	(304)
Decrease /(Increase) in debtors		11,015	(5,815)
(Decrease)/Increase/ in creditors		(26,763)	21,956
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		(16,145)	15,837
		<hr/>	<hr/>
	At		At
	1 January		31 December
	2008	Cash flow	2008
Note (II) - Analysis of changes in net funds	£	£	£
Cash at bank	18,458	(15,748)	2,710
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS
Year ended 31 December 2008

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:

	2008	2007
	£	£
London	25,863	20,979
Birmingham	40,425	34,484
Sheffield	19,318	15,697
Edinburgh	11,640	7,841
	<hr/>	<hr/>
	97,246	79,001
	<hr/> <hr/>	<hr/> <hr/>

3. Tax on interest receivable

There was no taxation payable on interest receivable (2007 - £Nil) because the liability was offset by the operating deficit.

NOTES TO THE ACCOUNTS
Year ended 31 December 2008
(Continued)

4. **Employees and Officers**

	2008	2007
	£	£
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 2008. 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 2008 was Mr David Gwyther, a solicitor and partner in private practice with Martineau in Birmingham. Mr Gwyther received no remuneration from the Council for the work he carries out. His time is charged by Martineau at an agreed rate which was £275.00 per hour until end October then £260 per hour until the end of 2008. The amount of Martineau's charges in respect of Mr Gwyther's time varies from year to year in accordance with the time spent. In 2008 the amount was £28,534 (£39,140, 2007). The Secretary is appointed by the Council for an undefined period by the Council.

Martineau have provided secretarial and accounting services to the Council since its formation on terms agreed from time to time. During the year, Martineau were engaged to provide book-keeping services for £1,050 (£1,050, 2007), and to provide accounts preparation services for £1,750 (£1,750, 2007).

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 £225, £412, £262 and £862 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 2008
(Continued)

5.

5.1 Expenses

Expenses are analysed as follows:

	2008	2007
	£	£
Chairman's remuneration	14,000	14,000
Chairman's expenses	853	-
Council members' expenses	6,227	12,810
Less: recharged to sub-Offices	(1,310)	(7,713)
Audit fee	2,500	2,500
Secretarial costs and expenses	28,534	39,140
Other professional charges	46,926	18,108
Other expenses	2,034	2,750
Brinks sub office	-	40,471
Less: re-charged to London Assay Office	-	(40,471)
	<hr/>	<hr/>
	99,764	81,595
	<hr/>	<hr/>

5.2 During 2007 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 in 2007 included £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 £2,096 (2007 - £2,071) received from the London Assay Office in respect of commission on sale of notices.

6.2 Amounts payable to Martineau in respect of the year were £74,860 (2007 - £97,719). David Gwyther, the Council's Secretary and Accounting Officer, is a partner in Martineau. All invoices submitted by Martineau are approved by the Chairman prior to payment.

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 (2007 £14,000).

7. **Events after the Balance Sheet**

- 7.1 The financial statements were authorised for issue by the Accounting Officer, David Gwyther, on 8 th April 2009

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