



Annual Report and Accounts 2004-2005

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Significant progress made on the Measuring Instruments Directive

Calibration laboratories fully refurbished and re-equipped with state of the art automatic balances

Successfully completed our three year programme on legal metrology for DTI

1 April 2004

31 March 2005

Four very successful Roadshows which were attended by over 300 participants

NWML has been very active in global legal metrology, making a significant input to the International Organisation of Legal Metrology

The smooth introduction of electronic document records management (EDRM)

A cost reduction project has been initiated to realise significant savings over the coming year

dti

A DTI SERVICE



NATIONAL WEIGHTS AND
MEASURES LABORATORY

EXECUTIVE AGENCY OF DTI

The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK.

We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.



ANNUAL REPORT AND ACCOUNTS 2004-2005

National Weights and Measures Laboratory

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The past year has undoubtedly been a turbulent one for the Laboratory in which we have overcome some difficult challenges and have achieved some notable successes.

A major flood in March 2004 from a leak in the heating system caused serious damage to our calibration laboratories and put them out of action for most of the year. They have now been fully refurbished and re-equipped with state of the art automatic balances and were formally re-commissioned in March 2005. I would like to pay tribute to the Calibration Team for maintaining our service to customers during the year in temporary facilities and under very trying conditions.

The top priority for the Laboratory throughout the year has been the implementation of the Measuring Instruments Directive. As an outcome of the public consultation on the proposed implementation plan, it has been decided to implement the Directive on the basis of the 'status quo'; maintaining the current scope of regulatory control, producing a Statutory Instrument for each type of instrument to be regulated and including information received about costs and benefits in an updated Regulatory Impact Assessment. The implementation process is on track and the Government plans to issue a further consultation document in autumn this year. It will include the individual draft regulations themselves.

In common with the rest of DTI, the Agency has been required to make savings and improvements in efficiency throughout the year as part of the Department's 'Gershon' Efficiency Plan. In this context DTI undertook a review of all of its Agencies' functions in the summer of 2004 and as an outcome decided upon a more detailed review of NWML. This was conducted by Alison Brimelow CBE, the former Chief Executive of the Patent Office, whom we were delighted to welcome as the new Chair of the NWML Steering Board in November following the retirement of John Rhodes. As a consequence of the review, the Laboratory is to refocus on its core business of legal metrology, stop unprofitable commercial work and abandon its policy, launched following the Quinquennial Review of 2001, of developing commercial business in new market sectors. A cost reduction project has been initiated to realise significant savings over the coming year.

A major achievement of the year was the smooth introduction of electronic document records management (EDRM) throughout the Laboratory by the end of year deadline set by the Office of the e-Envoy. At the same time we replaced and upgraded our entire IT systems, whilst rationalising office accommodation – all with minimal disruption to business.

As in previous years NWML has been very active in global legal metrology, making a significant input to the International Organisation of Legal Metrology (OIML) and its technical committees and to the European Co-operation in Legal Metrology (WELMEC) and its various Working Groups. We have continued our collaboration with AQSIIQ in China, have hosted several visits from Chinese Officials and presented an invited paper on the European systems for the regulation of metrology at the Chinese Legal Metrology Forum.

Within the UK we have continued to enjoy close working relationships with local authority trading standards departments, with LACORs and the Trading Standards Institute (TSI). Highlights of the year included four very successful 'Roadshows' in Teddington, Birmingham, Manchester and Edinburgh, which were attended by over 300 participants from industry and local authorities. Furthermore, the Legal Metrology Conference in Birmingham, hosted jointly with TSI in December, was well attended and gained very positive feedback from those present.

We have successfully completed our three year programme on legal metrology for DTI, delivering 91% of the milestones due in the final year, either on, or ahead of schedule. A further two year programme of work for DTI has been approved by Ministers following extensive consultation with stakeholders from industry and local government during its formulation. Indeed despite the 'turbulence' NWML has met or exceeded all of its service delivery targets for the year with the exception of the calibration completion time target where some work was delayed by the closure of the laboratories.

I am pleased to report that following a competitive tender in December, NWML has won a contract from DTI to provide enforcement for the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) Regulations 2004. This will be an interesting extension of our remit which builds on our core regulatory skills. It will provide a significant new income stream over the next three years.

The future promises to be an exciting one for the Laboratory following the publication of the 'Hampton' Report in March this year. This recommended that NWML should form part of a new Consumer and Trading Standards Agency (CTSA) along with the consumer regulation functions of OFT, the British Hall Marking Council and the Hearing Aid Council. I welcome the recommendation – the CTSA will be in many ways a natural 'home' for weights and measures regulation with its centuries old history of duties shared between central and local government. The successful establishment of the new body will provide the backdrop for the Laboratory's work over the next few years and presents a challenge that we will tackle with enthusiasm.

In conclusion, I would like to thank all staff at the laboratory for their commitment and hard work throughout a testing period. I would also like to thank Mr John Rhodes (formerly DTI) for his support to me personally and his wise stewardship of the NWML Steering Board.



Jeff Llewellyn, Chief Executive.



Flood damaged laboratories



Newly refurbished laboratories

“NWML champions innovation and excellence through fair, accurate and legal measurement”

NWML is an Executive Agency of the Department of Trade & Industry (DTI) and reports into the Innovation Group of DTI. The Innovation Group aims to promote a significant increase in innovation throughout the economy. The challenge for companies is to bring to the market a stream of new and improved, added-value, products and services that enable the business to achieve higher margins and thus profits to re-invest in the business.

Innovation is the successful exploitation of new ideas, incorporating new technologies, design and best practice is the key business process that enables UK businesses to compete effectively in the global environment. To see how DTI is working with other organisations, including NWML, to promote and support innovation throughout the UK, please see the 'idea to market' map on page 7.

NWML contributes to the Department's knowledge transfer objective through its regulatory service, ACB, training and consultancy and is responsible for ensuring measurement in the UK is fair, accurate and legal. See also bottom of page 13 for details on how NWML supports the Measurement for Innovators programme funded by DTI.

How do we ensure fair, accurate and legal measurement?

Based in purpose built laboratories in Teddington, south west London, NWML staff have responsibility for:

Preparation of weighing and measuring legislation under the UK Weights & Measures Act and EEC Act 1972

NWML has lead responsibility for national policy on measuring instruments in use for trade and produces legislation to protect the consumer and competitiveness of the marketplace. [See pages 11 and 12 for more detail](#)

Representation of the UK in the European Community and in the International Organisation for Legal Metrology (OIML)

NWML is the UK member for the intergovernmental OIML and plays a leading role in the long term development of recommendations and mutual recognition agreements which help companies trade to common standards across borders. [See page 11 for more detail](#)

Maintaining traceability in trade measurement

NWML provides traceability in trade measurement on behalf of the Secretary of State by maintaining mass, length and volume standards which are used to re-verify the standards that local authorities use to enforce legal weights and measures on a five year cycle.

[See page 9 for more detail](#)

Achieving conformity to directives and standards

NWML is the national body in the UK that provides a type approval service for weighing and measuring instruments in use for trade, for equipment ranging from railway weighbridges to supermarket scales and from spirit measures to petrol pumps.

[See page 10 for more detail](#)

The importance of fair, accurate and legal measurement

The work carried out by NWML staff to ensure accurate measurement in the UK, plays an important economic role. In our everyday lives, we all make purchases, such as food or petrol, which rely on us having confidence in the system that ensures correct weights and measures. Similarly, businesses need to know they are trading in a fair marketplace where no single company has an unfair competitive advantage.

NWML works with industry to keep manufacturers and enforcers abreast of developments in weighing and measuring legislation and technology, by means of seminars, newsletters and the NWML website.

NWML also provides a range of weighing and measuring related services which include: type approval, calibration, self verification, quality management systems certification to ISO 9001:2000, training and international consultancy.



Supermarket scales



Railway weighbridge



Spirit optics



Petrol pump testing



How DTI, its agencies and other organisations promote and support innovation in the UK.

HOW DO I GET MY IDEA TO MARKET?

IDEA



Exploring your concept, developing your business plan, starting your business and accessing finance:

- Business Link
- Design Council
- Patent Office

DEVELOPMENT



Protecting your intellectual property and creating a finished product that meets user needs, legal requirements and technical standards:

- BSI
- Business Link
- Design Council
- Manufacturing Advisory Service (MAS)
- National Measurement System (NMS)
- Patent Office

LAUNCH



Getting your product or service to market and building your business:

- BSI
- Business Link
- Design Council



Business Link

- Provides information, advice and support to help businesses start up and grow.
- Website helps businesses comply with regulation and improve, using online tools and information from across Government.

www.businesslink.gov.uk
0845 600 9 006



British Standards Institution

- Helps your business operate to recognised safety and quality standards.
- Website offers information on the different standards and how they can improve your business.

www.bsi-global.com
020 8996 9000



Patent Office

- Commercial services to help you explore and assess your ideas.
- Website has searchable databases and information on how patents, designs, trade marks and copyright can protect you.

www.patent.gov.uk
0845 9 500 505



National Measurement System (NMS) - www.dti.gov.uk/nms

NWML – www.nwml.gov.uk
NWML supports the NMS by:

- producing legislation that protects the consumer and competitiveness of trade
 - helping companies trade to common standards across borders
 - helping keep manufacturers/enforcers abreast of developments in weighing and measuring legislation and technology
 - providing weighing and measuring related services: type approval, calibration, self verification, training and consultancy
- Other suppliers include:

www.npl.co.uk (physical measurements)
www.lgc.co.uk (chemical & biological)
www.tuvnel.com (flow measurements)



Design Council

- Helps UK businesses use design to innovate, develop better products and open up new markets.
- Website provides evidence and guidance about how design generates competitive advantage at all stages of the business lifecycle.

www.designcouncil.org.uk
020 7420 5200



Manufacturing Advisory Service (MAS)

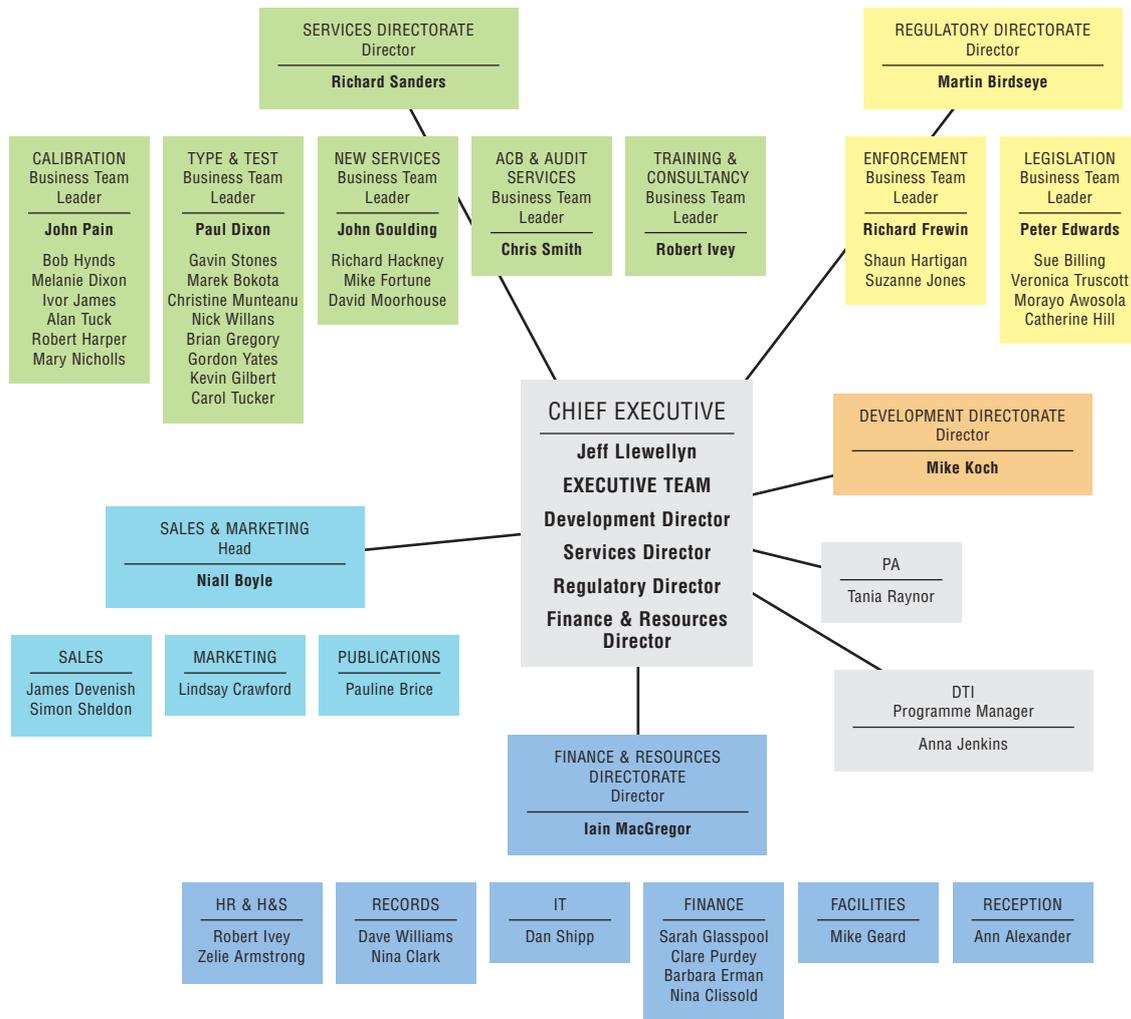
- Offers a free diagnostic or advisory visit to all manufacturers in England and Wales.
- Website includes factsheets on different aspects of manufacturing and contact details for their regional offices.

www.mas.dti.gov.uk
0845 658 9600

Organisational structure

During 2004-05 NWML's structure was modified to enable us to respond more quickly to opportunities such as potential bids. Business teams were created, and each business team had a clear focus on specific projects. However, following the agency reviews mentioned in the Chief Executive's letter on page 5, some further changes have been made to NWML's organisational structure. The structure for 2004-05 is set out below and the new structure which came into effect on 1 April 2005 is set out on page 15.

NWML organisation chart



Staffing & Recruitment at NWML

Fifty-one staff were employed by NWML during 2004-05. NWML ensures that recruitment is carried out on the basis of fair and open competition and that selection is on merit in accordance with the Civil Service Commissioners' (CSC) Recruitment Code. Recruitment systems are subject to regular internal audit. Vacancies are advertised in local/national press, job centres and internally.

There were three successful external exercises during 2004/05:-

- **PA to Chief Executive** Range 4 [female]
- **Sales Executive** Range 9 [male]
- **Trainee Metrologist** Range 4 [male]

[0 ethnic minority, 0 disabled persons]

During 2004/5, there was one exception to the CSC rules.



Accredited Certification Body (ACB) & Audit Services

NWML operates a UKAS accredited certification body which provides independent third party assessment and certification of quality management systems to the ISO 9001:2000 standard. The service complements NWML's other services and has a clear relationship with NWML's Regulatory, Enforcement and Type Approval services. The quality management systems certification service is primarily used by NWML customers in the weighing and measuring industry.

NWML uses its skills in audit processes to support new methods of regulation. As a regulator, NWML uses the accreditation held by the certification services to demonstrate that it is able to effectively deliver regulation using this new process.

The main aim of the ACB & Audit service is to provide customers with a route through NWML to gain approval as self verifiers. It also aims to develop NWML's services in preparation for the MID so that NWML can deliver a one stop shop for UK manufacturers post MID.

NWML is a specialist in measurement and this helps NWML to provide a uniquely beneficial service to its traditional customers.

Calibration Services

On 2nd March 2005, NWML officially opened its new calibration facilities. This major refurbishment project was carried out as a result of the extensive flood damage experienced in 2004. NWML's team of metrologists and calibration experts worked hard over many months to ensure that the modernised laboratories provide our customers with one of the finest laboratories in the world in terms of accuracy and reliability. We have received UKAS accreditation for mass calibration above E1 level, which represents the highest metrological accuracy level possible for mass calibration.

New calibration facilities

We have invested heavily in the new laboratory and now have a range of equipment which can calibrate an extensive variety of products. These include new balances which can collectively calibrate weights ranging from up to 64 kilograms down to 1 milligram. The lower weight balances have a readability of 0.1 microgram – a 10 millionth of a gram.

“We are delighted to finally unveil these new facilities which will provide our existing and prospective customers with unrivalled service and support,” commented John Pain, Business Team Manager, Calibration, NWML. **“Our calibration laboratories are now one of the finest in the world, and I'm incredibly excited about the extent of our offering from this point forward.”**

Calibration Open Day

To celebrate the reopening of our laboratories, NWML held a 'Calibration Open Day' on 2nd March. Previous calibration customers were invited to come along to see our new laboratories, and to talk with our calibration experts. They also had the opportunity to hear presentations from UKAS, about the value of UKAS accreditation, and Trevor Baylis OBE, Inventor of the Clockwork Radio.

Customers attending the NWML Calibration Open Day represented a wide range of businesses and services in the UK, including: the weighing industry (Marco Weighing Systems), the pharmaceutical industry (GlaxoSmithKline), the NHS (Kingston Hospital), the defence industry (The Atomic Weapons Establishment) and the National Measurement System (National Physical Laboratory). All the delegates who attended the open day enjoyed the experience. Mr Cong Pham of Eurofins Scientific was lucky enough to win the prize draw for an autographed clockwork radio.



One of our new balances



Delegates at the Open Day



Trevor Baylis OBE and Cong Pham
of Eurofins Scientific

Importance of accurate calibration

Accurate calibration provides an invaluable service to many industries in the UK, especially to the pharmaceutical industry where people's health depends on the very accurate measurement methods used.

NWML provides a range of calibration services centred around the trading parameters of mass, length and volume. These calibration services are directly traceable to national standards held by the National Physical Laboratory and, in most cases, are accredited by the United Kingdom Accreditation Service.

NWML has worked on calibration projects as diverse as the calibration of crash test dummies to the weighing of parts of aircraft undercarriages. Other customers include tape manufacturers and the petrochemical industry, where NWML is responsible for calibrating dip tapes used for large oil refinery tanks to measure oil levels.

Type Approval & Testing Service

The Type Approval & Testing Business Team is responsible for type approval of the 17 different types of weighing and measuring instruments that are legally controlled in the UK. Our mission is to offer a world-class type approval service to satisfy the requirements of NWML as a regulator and to support manufacturers of weighing and measuring instruments who require type approval to get their new and innovative products onto the world market.

A fast and efficient type approval service with technical and legal support

Having worked closely with manufacturers and their trade associations it is evident that they require a fast and efficient type approval service, coupled with a high level of technical and legal support. This is because manufacturers are now looking to gain access for their products to a range of European and world-wide markets, in addition to their existing UK-based market. NWML approvals are used for this purpose under the WELMEC Type Approval Agreement and the various Mutual Recognition Agreements that NWML has developed with countries such as Australia. This situation will evolve further with the introduction of the Measuring Instruments Directive (MID) in October 2006.

To support the developing needs of manufacturers, the Type Approval & Testing Business Team has continued to develop and implement a type approval strategy to ensure:

- (a) that we are one of the fastest - if not the fastest - type approval body in the world;
- (b) that we are at the forefront of international type approval policy so that we can continue to implement new and innovative ways of approving products in the timescales that our manufacturers demand, and
- (c) that we will be designated as a Notified Body for EC Type Approvals, EC Unit Verification and Quality Assurance plus Design Examination under the MID.

Case Study: OutTrak and NWML team up to meter out cost efficiencies

The Type Approval & Testing Business Team has undertaken a number of projects assisting manufacturers to obtain approval for their innovative new products. An example of one such collaboration is the recent type approval that was issued for software used in road tankers for mobile communications specialist OutTrak, who developed the product in collaboration with Alpeco. The OutTrak Fuel delivery system links a sophisticated in-cab system to the Alpeco LC Electronic Meter to ensure that the right amount of fuel is invoiced, reducing the risk of driver input error and guaranteeing that end consumers are charged for the exact amount of fuel they have pumped.

Fuel companies investing in the OutTrak Fuel system can expect significant improvements to driver productivity, stock reconciliation and office administration. The driver uses a touch screen handheld computer and the LC Electronic Meter's printer to process all delivery dockets, invoicing the customer directly without the need for manual calculation or paperwork. The paperless system provides real-time information to head office, driving greater levels of efficiency and customer service.

In order to gain endorsement for the system, OutTrak worked closely with Nick Willans, Senior Approval Engineer at NWML to audit compliance with the Measuring Equipment (Liquid Fuel Delivered from Road Tankers) Regulations. After consultation on the requirements of the legislation, demonstrations of the equipment and an examination of sample system printouts, NWML issued a revised Type Approval Certificate to cover OutTrak's software interface with the Alpeco LC Electronic Meter.

OUTTRAK



International Training and Consultancy Services

As globalisation continues, it is important for NWML to represent the UK's needs on the international scene.

Participating in OIML

NWML works closely with the International Organisation for Legal Metrology (OIML) whose main objective is to achieve international harmonisation for legal metrology. NWML promotes the use of International Recommendations, standards infrastructure and mutual acceptance agreements, to aid harmonisation of global legal metrology for the benefit of UK trade and industry, who ultimately benefit from the reduction in technical barriers to trade.

OIML projects during 2004-05

As the OIML Secretariat for Automatic Weighing Instruments, NWML, in collaboration with UK stakeholders, has developed the OIML Recommendation 61 (2004) for Automatic Gravimetric Filling and the Supplement for Certificate Transformation Requirements, which are available for free download from the OIML website. In addition, NWML completed R 51 for Automatic Catchweighers, and R 134 for Automatic Instruments for Weighing Road Vehicles in Motion, which are now awaiting approval at the International Committee of Legal Metrology (CML) conference in June 2005.

OIML projects in collaboration with others

In collaboration with the British Leather Confederation (BLC), NWML has completed R 136 (2005) Instruments for Measuring the Area of Leather, which is awaiting publication.

NWML has worked closely with the National Engineering Laboratory (NEL) Secretariat for Water Meters, in the development of R 49 (2004) for Water Meters which has now been published.

Working with the UK Forensic Science Service (FSS), it has been agreed that the FSS will represent the UK for the development of R 126 for Evidential Breath Analysers.

Other OIML work continues in liaison with interested parties on many other topics including liquids other than water, and length measures.

Collaboration with China

NWML's close collaboration with China began back in September 2003, with the secondment of a senior expert in metrology and quality supervision. This led to an official Memorandum of Understanding (MoU), signed in March 2004, between NWML and China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), and had the aim of furthering collaboration on training and testing. A second MoU followed in June 2004 between DTI and AQSIQ to further collaboration on general and legal metrology. Further work is continuing to negotiate a Mutual Acceptance Agreement on type approvals which, if successful, may help UK manufacturers gain access to the Chinese market place.

The MoUs that NWML has recently signed with China come in addition to agreements that NWML has already established with Australia and New Zealand, all with the aim of facilitating trade between nations and lessening the approval burdens on manufacturers.

Metrology training

On the training front, we again ran the Legal Metrology Course successfully for the 19th year. Participants included delegates from Montserrat, New Zealand, Japan and China. The course provides a solid foundation in measurement technology and is suitable for engineers, enforcers, and government regulators; from practitioners to policy makers. We also held a one day training course on UK legal metrology for delegates from the Newly Independent States (NIS) of the former Soviet Union (Kazakhstan, Uzbekistan, and Tajikistan). In addition, a course in non-automatic weighing instruments was given for AEW Delford Systems.

Legislation

The most important project the legislation team have been working on during the year was the Measuring Instruments Directive (MID), in which significant progress has been made.

Purpose of the MID

The Measuring Instruments Directive is intended to provide a single European market for measuring instruments. The 'single market' will provide greater opportunities for manufacturers of measuring instruments to market their equipment across the EEA, because only one type approval will then be needed for the same instrument.

MID – transposition phase on-going

The Directive was adopted on 30 April 2004 and the timescale for transposition into national legislation has been set for 30 April 2006 and to come into force by 30 October of that year. This financial year has seen the putting into place of the project plans for implementation and the start of the legislative process.



OIML leaflet



British Leather Confederation (BLC)



Weights & Measures legislation

MID – continued

As part of this exercise a consultation document on the approach to implementation was drafted and issued to some 500 stakeholders on 30 November 2004. This document set out in broad terms the proposed approach and sought the views of our stakeholders primarily on our plan to transpose the Directive on the basis of status-quo and to produce individual Statutory Instruments (SI) for each instrument type to be regulated in the UK.

The document presented not only the views of NWML but those of Ofgem and the Department for Transport who are the other regulators involved in the implementation process.

During the consultation period NWML held a number of stakeholder meetings with trade associations and manufacturers to discuss the plans and enable stakeholders to raise any issues of concern. In addition to these meetings, over thirty written responses were received.

On the legislative front, drafting instructions have been issued to DTI lawyers to cover all the instrument types the UK currently regulates. This may well be different from the regulated scope in other member States. In addition regulatory provisions will allow for the designation of notified bodies where the UK does not regulate.

The instrument specific regulations being drafted by NWML will additionally include in-service provisions to mirror existing national provisions. Subsequent verification will remain a national provision provided by weights and measures authorities and approved verifiers. Inspection of instruments will equally remain the function of local weights and measures authorities.

Transposition work continues into 2005-06 with the publication of the Government responses to the consultation at the end of May 2005, and the consultation on the suite of draft regulations including the Regulatory Impact Assessment, which NWML is expecting to issue in late summer 2005.

The types of instrument for which draft regulations are being prepared by NWML include automatic gravimetric filling instruments, beltweighers, in-motion rail-weighbridges, catchweighers (not including checkweighers), discontinuous totalisers, liquid fuel and lubricants, liquid fuel delivered from road tankers, measures of length, capacity serving measures and cold water meters.

Enforcement**The Team**

During the year NWML restructured its support to the enforcement community in the UK and appointed a Team Manager for Enforcement. The responsibilities of the newly created enforcement team focus on working in partnership with local trading standards weights and measures departments as well as with the organisations that work to support the wider enforcement role. These include notified bodies conducting conformity assessment activities and approved verifiers who ensure weighing and measuring equipment is accurate before being put on the market.

Consistency of enforcement

One of the tasks undertaken during the year by the enforcement team was a review of the potential risk of failure of a wide range of equipment. The results were correlated against possible influencing factors. This review followed on from work in previous years and the purpose was to verify claims that the level of enforcement activity between individual local authorities differed significantly.

The resulting report identifies a risk matrix which can assist in targeting scarce resources and complementing the authorities other inspection activities. The report was presented to the Trading Standards community through LACORS.

Enforcement conference

Since the year 2000, the enforcement team have been running a conference aimed solely at Trading Standards Officers. In December 2004 NWML again joined forces with the Trading Standards Institute to run the annual legal metrology seminar. This is a popular event, which in December took place at the Crowne Plaza hotel in Birmingham and was attended by over 100 TSO's from local authorities. The purpose of the one day event was to allow trading standards professionals from all over the country to come together and discuss metrology related issues, and also for them to be updated on current and topical issues in legal metrology. The event was very successful – one delegate commented:

“Very informative and thought provoking day. Good variety of topics covered and a breath of fresh air. I look forward to next year's event”.

NWML staff are already planning a similar event to take place later this year.

Legal metrology student of the year

For the first time, NWML awarded a "Legal Metrology Student of the Year Award" to Austin Shields, a Trading Standards Officer with Cumbria Trading Standards Department in June 2004. The award is for excellent performance in a training course or examination supported by NWML. Austin was recognised for his overall performance in the weights and measures elements of the Diploma in Trading Standards. Austin was presented with the Legal Metrology Student of the Year award by NWML's Richard Frewin at the Trading Standards Institute's Conference in Manchester in June 2004. The award includes an engraved presentation standard. Following the presentation Austin commented

“I would like to express my appreciation to NWML for selecting me for this award. I would also like to thank my colleagues within Cumbria Trading Standards and the staff at Manchester Metropolitan University for the knowledge they imparted during my training”.



NWML's Richard Frewin, Business Team Manager for Enforcement, awards Austin Shields his certificate.

Type approval services to manufacturers

NWML has continued to provide high quality type approval services in a market being further opened up to European competition.

Verification services for new equipment

Continued development stemming from recently enacted provisions allowing manufacturers and others to place equipment on the market themselves has seen the number of companies capable of undertaking this function rise to sixty, quality assured by three notified bodies and five accredited certification bodies. Local authorities, including a number of regional initiatives, have continued to provide verification services for Non Automatic weighing instruments under notified body arrangements and other equipment not dealt with by the commercial sector. However, these changes have seen a reduction in the verification function carried out by Trading Standards Officers across the UK.

Standards, accuracy and traceability

The provision of physical standards allowing regulatory functions to be carried out continues at similar levels to previous years. One hundred and fifteen local authorities currently hold dispensations allowing them to test their working standards against high accuracy standards held by other authorities in regional centres of expertise. Reduced income from verification activities places additional pressures on these centres to present a robust business case for their continued existence.

Enforcement and compliance services to consumers and businesses

As part of the national performance framework, NWML commented on the data supplied by trading standards departments relating to weighing and measuring equipment. The final national performance framework report was produced by the Chartered Institute of Public Finance and Accountancy.

NWML also issued a report to LACORS metrology groups identifying the potential risk of failure of a wide range of equipment types and some of the influencing factors, to assist in the prioritisation of Trading Standards enforcement activities in this area.

The number of local authorities holding dispensations allowing them to test equipment against high accuracy Local Standards held by other authorities has remained constant throughout the year. However a number of high profile local authorities have significantly reduced their services and facilities during the year leading to greater levels of equipment sharing and regional cooperation. The flexibility offered to manufacturers of equipment in relation to conformity assessment under the Measuring Instruments Directive places additional pressures on individual authorities to further co-operate to deliver effective services.

LINKS WITH OTHER ORGANISATIONS

As part of their daily work, NWML staff regularly work with other organisations in order to achieve our mission of championing innovation through fair, accurate and legal measurement.

With other partners in the National Measurement System

NWML works with other national measurement institutes to help innovators overcome barriers related to measurement issues, under a 'measurement for innovators' programme funded by DTI. The programme is designed to promote innovation by offering the expertise and facilities of the national measurement institutes with three mechanisms for communication. Each of these collaboration mechanisms is focussed on innovation and delivering solutions to measurement problems. The range of industries that can benefit and the project scope are considerably wide.

With industry organisations

In addition to helping industry via the Measurement for Innovators programme, NWML operates clubs for industry, which act as forums for industry and regulators to come together and discuss the various issues concerning the legal control of measuring instruments. These clubs currently cover the following topics: Software, Volume Measurement and Weighing. The clubs are funded by DTI and each club holds regular meetings which can be attended free of charge by both manufacturers and regulators. NWML also works closely with trade associates such as UKWF, FEF, PPMA and PRA.



Delegates at a Weighing Club Meeting



Delegates at the Legal Metrology Conference

With European & International metrology organisations

NWML participates in WELMEC, the European Co-operation in Legal Metrology which has members from 29 European countries. An NWML representative attends the annual committee meeting each year and NWML also contributes to most of WELMEC's eight Working Groups. NWML's profile at these meetings ranges from providing the Chair and Secretariat for Working Group 2 which looks at Directive Implementation (90/384/EEC) to NWML technical experts attending and participating in other Working Group meetings.

NWML is also the UK member of OIML (International Organisation for Legal Metrology) whose main objective is to obtain international harmonisation for legal metrology.

With Local Government

NWML works with Trading Standards Departments in a variety of ways from calibrating the equipment used by TSO's in their enforcement work, to answering the myriad of measurement related queries TSO's encounter in their daily business, to providing an annual seminar where they can be updated on developments in legal metrology.

Communicating with our stakeholders

NWML communicates with a wide range of stakeholders via a variety of mechanisms.

Customer Satisfaction Measurement

NWML actively seeks feedback from customers in order to improve future services.

Roadshows

During 2004 NWML ran a series of roadshows throughout the UK to find out what measurement projects our stakeholders would like us to work on in the future.

Stakeholder Consultation

In addition NWML's legal team consulted a range of stakeholders on both the Measuring Instruments Directive and the NAWI Directive.

Newsletter

NWML produce and send out a bi-annual newsletter to all our stakeholders, which contains a range of legislative updates, news, articles about NWML's achievements and forthcoming metrology events.

Website

NWML's website www.nwml.gov.uk contains a wealth of metrology related information, ranging from latest updates on progress with the Measuring Instruments Directive, guidance notes on pieces of legislation and a comprehensive list of FAQs covering topics such as 'what is the difference between an automatic and a non automatic weighing instrument' or 'what are the controls that apply to cold water meters'.

Exhibitions

NWML staff also attend a range of exhibitions where they meet with customers and potential customers, and provide information and advice on a variety of measurement issues. During 2004-05 NWML staff exhibited at Farnborough airshow, TSI conference & exhibition, EMC UK, the Southern Manufacturing exhibition and the International Flow Day.

Enquiry Line System

All NWML staff have access to a web based enquiry line system where all enquiries are logged and responses documented. Reports from this system will help NWML to further improve its knowledge transfer capabilities.



www.nwml.gov.uk homepage, 41,274 visits were made to the NWML website in 2004/05



NWML's March 2005 Newsletter



Delegates at the Museum of Science and Industry for NWML's Manchester roadshow

As a result of the various reviews that have taken place over the last year at NWML, a new organisational structure was implemented at NWML on 1st April 2005. The new structure, shown below, will allow us to refocus on our core business of legal metrology.

NWML organisation chart (from 1 April 2005)





List of employees

1. Marek Bokota
2. Kevin Gilbert
3. Chris Smith
4. Peter Edwards
5. Mike Geard
6. Dan Shipp

7. Robert Harper
8. David Moorhouse
9. Suzanne Jones
10. Bob Hynds
11. Jeff Llewellyn
12. Clare Purdey

13. Mike Fortune
14. Nick Willans
15. Martin Birdseye
16. Nina Clarke
17. Paul Dixon
18. John Pain

19. Ivor James
20. Pauline Brice
21. Lindsay Crawford
22. Niall Boyle
23. John Goulding
24. Alan Tuck



25. Catherine Hill
 26. Gavin Stones
 27. Richard Frewin
 28. Mike Koch
 29. Gordon Yates
 30. James Devenish

31. Sarah Glasspool
 32. Simon Sheldon
 33. Morayo Awosola
 34. Richard Sanders
 35. Christine Munteanu
 36. Iain MacGregor

37. Brian Gregory
 38. Jo Symons
 39. Zelie Armstrong
 40. David Williams
 41. Nina Clissold
 42. Ann Alexander

43. Barbara Erman
 44. Richard Hackney
 45. Sue Billing
 46. Veronica Truscott
 47. Anna Jenkins
 48. Carol Tucker

TARGETS AND PERFORMANCE AGAINST TARGETS

NWML's overall purpose is to support DTI's objectives of improving UK competitiveness, securing a fair regulatory framework and encouraging innovation. Within this context DTI Ministers set the Agency efficiency and quality of service targets.

Majority of targets met

NWML met seven of its eleven targets set by the Secretary of State for Trade and Industry for 2004/2005. The targets and performance are set out in full below:-

FINANCIAL

To report a cumulative surplus of no less than £42k in the Income and Expenditure Account for the period 2003/2004 to 2005/2006.

Fee income for the year was £3327k. The total cost of NWML services was £3508k. A deficit of £181k was reported. This includes costs associated with the effects of a major flood in the laboratories and disposal of furniture. The deficit excluding these costs is £10k. The target for 2004/2005 was a surplus of £105k, which was not met.

EFFICIENCY

To contribute to continuous efficiency improvement by ensuring that total overhead costs are less than 55% of total costs.

The target was missed. A figure of 58% was achieved.*

THROUGHPUT

To complete all type approval work (new patterns, variants, amendments, renewals, additions, Test Certificates, & OIML Certificate of Conformity) within 10 weeks (50 working days).

The target was achieved. 100% of all type approval jobs were completed within 10 weeks. The scope of the target was expanded in 2003/2004 and it is the second year in succession that the target was achieved.

In respect of European approvals (new patterns only) to achieve an average time per job of better than 5 weeks (25 working days).

A figure of 1.6 weeks was achieved which is an improvement on the 2.6 weeks reported the previous year.

In respect of UK approvals (new patterns only) to achieve an average time per job of better than 7 weeks (35 working days).

A figure of 4.2 weeks was achieved for the second year of this target compared to 3.6 the previous year.

To complete calibration jobs within the time requested by customers, with at least 95% of all jobs (including preparation of certificates) completed within 18 working days of acceptance of the work and an average completion time of less than 14 working days.

89.8% of calibration jobs were completed on time compared to 95.8 the previous year. The target was missed as a result of a serious flood in the laboratories in March 2004. The average completion time was 10 days, the same figure as the previous year.

To complete 80% of the milestones scheduled for year 3 of the National Measurement System (NMS) legal metrology programme by their due dates.

Following failure to meet the target the previous year, the target for 2004/05 was achieved with a reported figure of 91.4%.

In respect of approved verification, to complete the evaluation of the application and supporting quality documentation within thirty working days (six weeks) of receipt for at least 95% of applications.

A figure of 100% is reported, a significant improvement on the figure of 50% reported in the first year of this target.

Chief Executive to reply within 10 working days to all letters from Members of Parliament delegated to him for reply.

A figure of 100% is reported. One letter was replied to within the timescale.

CUSTOMER SATISFACTION

To satisfy all its customers as demonstrated by at least 95% of them reporting that they are satisfied or very satisfied with NWML's provision of services.

A figure of 98.8% was achieved and reflects the importance NWML attaches to service delivery. The target was achieved.

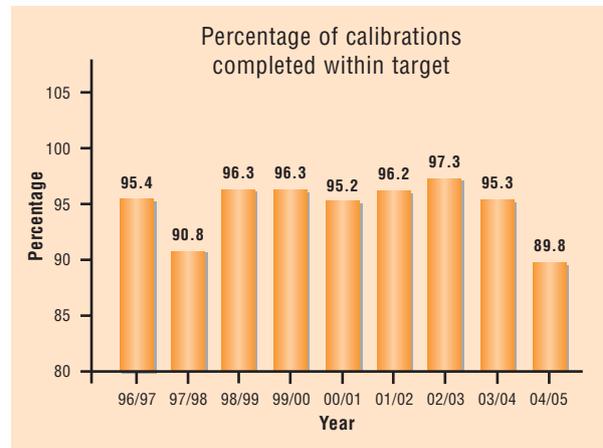
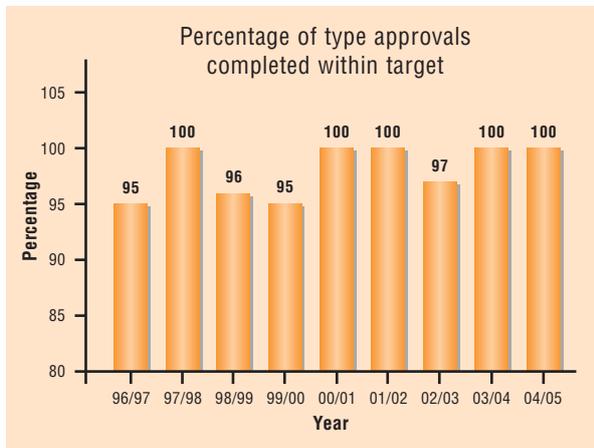
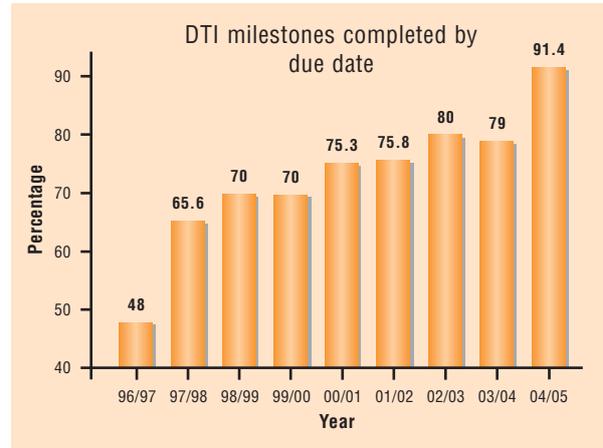
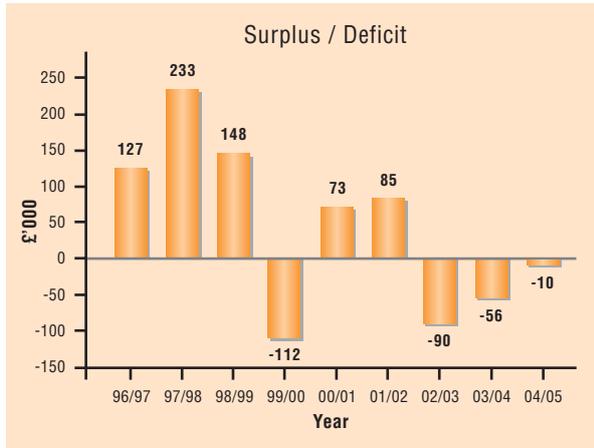
GROWTH

To achieve £566k worth of new external income during the period 2002/2003 to 2005/2006.

NWML achieved a cumulative figure of £113k for the first three years of the target. The target was missed.

* Provisional figure

Performance against targets 1996/1997 to 2004/2005



Targets set for 2005/2006 subject to approval by DTI Ministers

- To report a break even in the Income and Expenditure Account for 2005/06.
- To satisfy all its customers as demonstrated by at least 95% of them reporting that they are satisfied or very satisfied with NWML's provision of services.
- To complete all type approval work (new patterns, variants, amendments, renewals, additions, Test Certificates, & OIML Certificate of Conformity) within 45 working days.
- In respect of European approvals (new patterns only) to achieve an average time per job of better than 23 working days.
- In respect of UK approvals (new patterns only) to achieve an average time per job of better than 32 working days.
- To complete calibration jobs within the time requested by customers, with at least 95% of all jobs (including preparation of certificates) completed within 18 working days of acceptance of the work and an average completion time of less than 13 working days.
- To complete 85% of the milestones scheduled for year 1 of the National Measurement System (NMS) legal metrology programme by their due dates.
- In respect of approved verification to complete the evaluation of the application and supporting quality documentation within thirty working days (six weeks) of receipt for at least 80% of applications.
- To complete implementation of the MID by 30 October 2006 (interim target to submit all requisite draft regulations to the European Commission by 31 March 2006).
- To meet efficiency targets (financial and headcount) in the NWML Efficiency Delivery Plan.
- To meet ROHS Regulations enforcement contract delivery targets by dates specified in the Memorandum of Understanding.
- Chief Executive to reply within 10 working days to all letters from Members of Parliament delegated to him for reply.

Foreword to NWML Accounts

Basis of Accounts and Audit Arrangements

The accounts cover the activities of the National Weights and Measures Laboratory for the year ended 31 March 2005. They have been prepared in accordance with the direction given by the Treasury in pursuance of Section 7 of the Government Resources and Accounts Act 2000. They have been audited by the Comptroller and Auditor General.

History and statutory background

NWML has been an Executive Agency of the Department of Trade and Industry since April 1989 and a net running cost Agency since April 1996. It is the focus for legal metrology in the United Kingdom. The majority of NWML's work arises from the Agency's statutory responsibilities, and the Secretary of State is accountable to Parliament on all matters relating to NWML.

Mission

NWML champions innovation and excellence through fair, accurate and legal measurement. NWML supports the importance of an infrastructure provided by a legal weights and measures system in the UK as a basis for competitive markets and consumer protection locally, nationally and internationally. More details can be found at www.nwml.gov.uk.

Principal activities

NWML's principal activities are the following:

- maintenance of national measurement standards in the trading parameters of mass, length and capacity;
- preparation of secondary legislation (under the Weights and Measures Act 1985 and the European Communities Act 1972);
- presentation of the national viewpoint on legal metrology in the European Community and in the International Organisation for Legal Metrology (OIML);
- ensuring, by a system of design assessment and approval, that weighing and measuring equipment used for trade complies with the UK Regulations or EC Directives;
- provision of a calibration and equipment testing service;
- provision of quality management certification through an accredited certification body;
- provision of training and consultancy services in legal metrology.

Financial review

During the year, NWML incurred additional costs and loss of income due to a flood that occurred in March 2004, which seriously affected the operation of the laboratories.

In addition, NWML became a Disaster Recovery site for Central DTI, which involved installing new furniture and incurring the loss on disposal of its old furniture.

These two factors contributed to the reported deficit of £181k as shown on the Income and Expenditure Account for the year. To take these into account, a revised deficit of £10k is to be used to measure against the planned surplus of £105k.

Costs were less than planned, but this was matched with less than planned income in new business areas.

Future developments

During the year, NWML underwent a review of its status and operations. As a result of this, NWML is to refocus its activities into its core functions, with the aim of operating at its most efficient, whilst providing a high calibre service to its customers.

As a result of the Hampton Review, NWML will be forming part of a new Consumer and Trading Standards Agency. This new agency is planned to commence on 1 April 2009.

The Measuring Instruments Directive will affect the future earning potential of NWML's Type Approval business. This is a 'new approach' Directive covering 10 different instrument categories, many of which fall within NWML's regulatory responsibility. The implementing regulations are due to come into force on 30 October 2006. The Directive will also provide a great opportunity for NWML to provide alternative routes to certification over a wider range of measuring instruments in an expanded geographical area.

Employee involvement

NWML involves all members of staff in the delivery of the objectives set out in the Corporate Plan. The main channels of internal communication include feedback from the monthly Executive Team meetings, office circulars, a staff newsletter and all staff meetings. Staff are helped to realise their potential through training. NWML have been awarded the Investors in People award as recognition of its commitment to staff.

Equal opportunities and diversity

NWML is fully committed to providing equal opportunity for all staff. NWML follows Civil Service guidelines providing that all eligible people must have equality of opportunity for employment and advancement on the basis of their suitability for the work. There is no discrimination on the basis of age, disability, gender, marital status, sexual orientation, race, colour, nationality, ethnic or national origin or religion. NWML has formed an equal opportunities working group to support new initiatives in this area.

Creditors payment, policy and performance

NWML settles its own accounts with payments made every two weeks: 98% of invoices were paid within 30 days of receipt of invoice. Invoices were settled within an average of 10.9 days.

In November 1998, the Late Payment of Commercial Debts (Interest) Act came into force, providing small businesses with a statutory right to claim interest from large businesses (and all public sector bodies) on payments that are more than 30 days overdue. Amended legislation (the Late Payment of Commercial Debts Regulations 2002) came into force on 7 August 2002 providing all businesses, irrespective of size, with the right to claim statutory interest for the late payment of commercial debts. No interest has been paid to trade creditors under this Act during 2004/05.

Auditors

The Comptroller and Auditor General has been appointed under statute to perform the statutory audit and report to Parliament. A notional charge of £17,000 has been made in the 2004/05 accounts in respect of this. In addition audits were made during 2004/05 by DTI's internal audit. A charge to cover all internal audit services of £11,600 was made and is included in the DTI overheads.

Audit Committee

The Audit Committee is an advisory body to the NWML Steering Board with no executive powers. Its main functions are to ensure propriety and accountability of public funds through improving and promoting financial reporting and discipline. Meetings are generally 3 times a year.

The committee members are:

- Mr Peter Douglas, Director of Professional Standards, CIMA (Chair)
- Mr Roger Quince, Managing Director, Granat Park
- Miss Jacqui Entwistle, Finance and Resource Management Directorate, DTI (until 30 June 2004)
- Dr Jeff Llewellyn, Chief Executive and Director, NWML

Fixed Asset Changes

During 2004/05, NWML performed a thorough check of all its assets and their valuation. This has resulted in changes to asset values of £50k.

During 2004/05, there were additions of £461k, this included £110k for an automatic balance to support NWML's calibration services; £195k on upgrading our IT system including a new electronic records management system, and £75k on new furniture as part of DTI's disaster recovery at NWML.

There were disposals of £179k which included the disposal of much of the old computer system and also the old furniture; these were both replaced with items that are shown under additions.

Pension Liabilities

The provisions of the Principal Civil Service Pension Scheme (PCSPS) cover present and past employees. The costs of contributions for currently employed staff are charged through the Income and Expenditure Account. There is no liability for future benefits; this is a charge to the PCSPS.

Management

The Executive Team performs the senior management of NWML. Its function is to produce a long-term business strategy for the laboratory, with the objective of ensuring a successful business, which meets the requirements and needs of all the laboratory's stakeholders. The Chief Executive appoints the members. Remuneration is determined by the DTI staffing and pay system and details are shown in note 3 to the accounts. The Chief Executive was appointed by open competition on a contractual basis. He was appointed on 21 January 2002 on a five year contract.

The Executive Team replaced the Strategy Team on 1 April 2004. From this date it comprised of the following personnel:

- | | |
|-------------------|--|
| Dr Jeff Llewellyn | Chief Executive |
| Mike Koch | Director, Strategic Development |
| Iain MacGregor | Director, Finance and Resources |
| Martin Birdseye | Director, Regulation |
| Richard Sanders | Director, Commercial Services (appointed 29 June 2004) |

Steering Board 2004/05

The Board's key responsibilities are to consider the Agency's strategic forward look; its strategic priorities, high level objectives and targets; and its new ways of working. Non Executive members receive a remuneration of £5,000 per year which is set by the Secretary of State; details are shown in note 3 of the accounts.

- | | |
|---------|--|
| Chair | Mr John Rhodes, Director, Innovation Group, DTI (until 29 June 2004) |
| | Miss Alison Brimelow CBE (from 1 November 2004) |
| Members | Mrs Margaret Carmichael, Consultant |
| | Mr Peter Douglas, Director of Professional Standards, CIMA |
| | Mr Roger Quince, Managing Director, Granat Park |
| | Miss Jacqui Entwistle, Finance and Resource Management Directorate, DTI (until 30 June 2004) |
| | Mr Peter Mason, Finance and Resource Management Directorate, DTI (from 16 November 2004) |
| | Mr John Arnott, Consumer and Competition Directorate 5, DTI (until 17 November 2004) |
| | Ms Sharon Coe, Consumer and Competition Directorate 5, DTI (from 23 February 2005) |
| | Ms Rolande Anderson, Deputy Director General, Innovation Group, DTI (from 16 November 2004) |
| | Dr Jeff Llewellyn, Chief Executive and Director, NWML |



Dr Jeff Llewellyn

Date: 11 July 2005

Chief Executive and Accounting Officer

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, the Agency is required to prepare resource accounts for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held or disposed of during the year and the use of resources by the Agency during the year. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency, the income and expenditure, total recognised gains and losses, and cash flows for the financial year.

The Department of Trade and Industry has appointed the Chief Executive of the National Weights and Measures Laboratory as Accounting Officer of the Agency, with responsibility for preparing the Agency's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the Accounting Officer is required to comply with the Resource Accounting Manual prepared by HM Treasury, and in particular to:

- observe relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Resource Accounting Manual, have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances, for which an Accounting Officer is answerable, for keeping of proper records and for safeguarding the Agency's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in Government Accounting.

Accounting Officer's Statement on Internal Control in NWML

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of NWML's policies, aims and objectives, whilst safeguarding the public funds and Agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. NWML is a net running cost Agency and part of the Innovation Group of DTI. DTI Ministers approve NWML's Corporate Plan each year.

I am advised by:

- The NWML Steering Board, which includes an independent Chairman, three independent members, and senior officials from the DTI. It is attended by the Agency's Executive Team and meets quarterly and advises on strategic issues.
- The Audit Committee, which reports to the Steering Board. Membership of the Audit Committee includes two independent members with one Non-Executive as Chairman and myself. Meetings are attended by the Finance Director of NWML, DTI Internal Audit and our External Auditors. The Audit Committee meets three times a year.
- The Agency Executive Team also meets on a quarterly basis to discuss performance and risk management, and consider cost cutting issues which could impact on NWML achieving objectives.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than 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 risks to the achievement of NWML's 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 in NWML for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

The senior executive team has overall responsibility for risk management and this is set out in its Terms of Reference. Members are responsible for promoting the consideration of risk within their directorates and for embedding the management of risk in all local systems. Responsibility for risk management has been devolved to the managers of seven business teams established during the year.

The risk and control framework

From April 2004, a system has been in place requiring Business Team Managers and Directors to review risk management and internal control on a quarterly basis. From October onwards all Business Team Managers and Directors have reported their findings to me on a quarterly basis. In addition all of the Business Team Managers and Directors have provided an annual declaration that I have considered in the preparation of this statement.

An Agency risk register is now well established and the key risks are reviewed annually. The risks were prioritised using the likelihood of the risk occurring and its effect as criteria in assessing the level of priority. A control strategy for each of the key risks has been drawn up but not all the related analysis has been updated. Each of the seven business teams and the support Directorates have their own risk register. The consideration of risk is an integral part of the preparation of all project initiation documents (PIDS) for both DTI programme work and other major projects. The DTI programme alone represents about 80% of the Agency's work.

The Agency works with DTI Internal Audit Unit, operating to Government Internal Audit Standards. The work of Internal Audit is informed by an analysis of risk to which NWML is exposed, and the annual audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Audit Committee and approved by myself. At the end of each financial year the Head of Internal Audit (HIA) provides me with a report on the internal audit activity at NWML. This report contains an opinion on the adequacy and effectiveness of NWML's internal controls and the management processes that are in place to control risk.

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 the internal auditors and of the directors within the Agency 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 and of any strengths or weaknesses in the system, by the Steering Board and the Audit Committee.

The Audit Committee with one of the Non-Executive directors of the Steering Board as chairman, has considered risk management and internal control at its last three meetings and the chairman has made progress reports to me and to the NWML Steering Board. A dedicated Audit Committee meeting was held in February 2005 to discuss the annual declarations made by Directors and Business Team Managers.

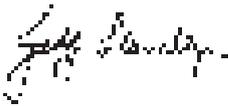
Many of the laboratory's operational systems are accredited by UKAS and in support of this, NWML has its own schedule of internal audits. NWML is also accredited for ISO 9001 and is an Investor in People (IIP).

Risk Management training for all staff was completed during the year and advice from the Treasury received. The Agency Executive Team consider risk at every Executive Team meeting and guidance on risk management is available in the NWML quality system.

Further action planned on risk management

During the year, risk management systems and guidance on risk issues have been enhanced. The embedding of risk management across the whole organisation has been more challenging and the following actions are planned for 2005/06:-

- Communication of risk management issues between business teams and the Executive Team to be improved.
- Risk management seminar for Business Team Managers to be arranged.
- Major review of the Agency risk register to be completed in September.
- Project plan to address areas for improvement to be completed and monitored quarterly by the Executive Team.
- An extension of the traffic light/balanced scorecard system will be introduced to alert the Executive Team to changes in risk.



Dr Jeff Llewellyn

Date: 11 July 2005

Chief Executive and Accounting Officer

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements on pages 24 to 26 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 26 to 27.

Respective responsibilities of the Agency, the Chief Executive and Auditor

As described on page 22, the Agency and Chief Executive are responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Agency and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 22 to 23 reflects the Agency's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An 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 judgements made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

NWML ACCOUNTS

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 error, or by fraud or other irregularity 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the National Weights and Measures Laboratory at 31 March 2005 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by Treasury; and
- 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.

I have no observations to make on these financial statements.

John Bourn

Comptroller and Auditor General

Date: 14 July 2005

National Audit Office

157-197 Buckingham Palace Road

Victoria

London SW1W 9SP

Income and Expenditure Account

for the year ended 31 March 2005

	Notes	2005	2004
		£'000	£'000
Income			
Income from activities	2	3,327	3,167
Expenditure			
Staff costs	3	1,959	1,919
Depreciation and amortisation of fixed assets	5 & 6	171	174
Other operating costs	4	1,326	1,197
Total operating costs for the year		3,456	3,290
Operating deficit		(129)	(123)
Notional capital charge	18	(52)	(36)
Deficit for the financial year		(181)	(159)

All income and expenditure are derived from continuing operations.

Statement of Total Recognised Gains and Losses

for the year ended 31 March 2005

	2005	2004
	£'000	£'000
Deficit for the financial year	(181)	(159)
Net gain on revaluation of fixed assets prior year	97	-
Net gain on revaluation of fixed assets 2004/05	9	4
Total recognised losses for the financial year	(75)	(155)

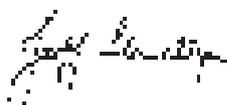
The notes on pages 26 to 34 form part of the accounts

Balance sheet

as at 31 March 2005

	Notes	2005		2004	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	5		1,117		922
Intangible fixed assets	6		85		-
			1,202		922
Current assets					
Stocks	7	27		19	
Debtors	8	261		865	
Cash at bank and in hand	9	289		134	
		577		1,018	
Current liabilities					
Creditors: amounts falling due within one year	10	(149)		(158)	
Net current assets			428		860
Total assets less current liabilities			1,630		1,782
Taxpayers' Equity					
General reserve	11		1,523		1,737
Revaluation reserve	12		107		45
			1,630		1,782

The notes on pages 26 to 34 form part of the accounts



Dr Jeff Llewellyn

Date: 11 July 2005

Chief Executive and Accounting Officer

NWML ACCOUNTS

Cash flow statement

for the year ended 31 March 2005

	2005		2004	
	£'000	£'000	£'000	£'000
Net cash inflow from operating activities		840		(387)
Capital expenditure				
- Payments to acquire tangible fixed assets		(400)		(165)
- Payments to acquire intangible fixed assets		(58)		-
- Receipt from sale of fixed assets		6		-
		388		(552)
Financing to/from the DTI (see note 13).		(233)		640
Increase in cash in year		155		88
Reconciliation of deficit to net cash inflow				
Deficit		(181)		(159)
Depreciation charge		171		174
Permanent diminution of fixed assets		58		72
Notional charges				
Capital charge	52		36	
Audit fee	17		16	
DTI overheads	87	156	86	138
Loss on disposal of fixed assets		60		8
(Increase)/Decrease in stocks		(8)		(9)
Decrease/(Increase) in debtors		604		(648)
(Decrease)/Increase in creditors		(20)		37
Net cash inflow from operating activities		840		(387)

The notes on pages 26 to 34 form part of the accounts

Notes to the Accounts for the year ended 31 March 2005

1 Statement of accounting policies

These accounts have been prepared in accordance with the Resource Accounting Manual issued by HM Treasury. The particular accounting policies adopted by the Agency are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

The accounts have been prepared under the historical cost convention, adjusted by the revaluation of tangible fixed assets.

Tangible fixed assets

Expenditure on tangible fixed assets of over £1,000 are capitalised with the exception of IT equipment where every item is capitalised. Tangible fixed assets are restated to current value each year and published indices appropriate to the category of asset are normally used to estimate value. The increase or

decrease in value is transferred to the revaluation reserve unless there has been a permanent diminution in which case it is charged to the operating cost statement in accordance with FRS11. Tangible fixed assets are depreciated on a straight line basis to the residual value over the assets' expected useful life. There is a group of assets which are held for statutory purposes; these are not revalued or depreciated as they are non-operational and have very long estimated lives.

If any asset becomes out of use due to obsolescence or physical deterioration then it is treated as an impairment in the year that it became out of use. Any impairment is included in the cumulative depreciation; in accordance with FRS11 the Gross value is not adjusted.

The stock of furniture and fittings is treated as a permanent asset pool and replacement expenditure is charged to the income and expenditure account in the year of purchase.

Asset lives are normally in the following ranges:

Plant and machinery	from 5 to 25 years
Scientific equipment	from 5 to 100 years
Computer equipment and office machinery	from 3 to 5 years
Motor vehicles	from 5 to 20 years
Purchased software licenses	from 5 to 12 years

Intangible Fixed Assets

Expenditure on purchased software licenses over £1000 are capitalised and revalued in the same way as tangible fixed assets. They are amortised on a straight line basis over the useful life of the asset.

Stocks and Work in Progress

Stocks are valued at the lower of cost or net realisable value. Work in progress is valued at the lower of cost, including appropriate overheads, and net realisable value.

Income

Income comprises services provided to the DTI and external customers (net of VAT). Income is recognised in the period to which it relates.

Segmentation

The income is analysed in segments to meet the relevant sections of the statute under which NWML operates. This is a Treasury requirement in order to comply with the "Fees and Charges Guide". Income is also analysed on a geographical basis, in accordance with SSAP25, Segmental Reporting.

Value Added Tax

NWML is covered under the VAT registration of the Department of Trade and Industry. It recovers VAT on certain contracted-out services, as directed by the Treasury. Irrecoverable VAT is included as expenditure or included in the costs of tangible fixed assets purchased.

Insurance

No insurance is effected against fire, explosion, common law, third party and similar risks.

Capital charge

A charge, reflecting the cost of capital utilised by NWML is included in the income and expenditure account in accordance with Treasury guidelines (see note 18).

Leases

Operating lease rentals are charged to the Income and Expenditure Account on a straight line basis over the term of the lease. NWML has no finance leases.

Foreign Exchange

Transactions, which are denominated in a foreign currency, are translated into sterling at the exchange rate ruling at the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used. These translation differences are dealt with in the income and expenditure account. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rates ruling as at that date.

Pensions

Past and present employees are covered by the provisions of the Civil Service Pension Schemes which are described at Note 3(i). The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. NWML recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, NWML recognises the contributions payable for the year.

2 Income

The following information is given to satisfy the disclosure requirements of the HM Treasury Fees and Charges Guide. This requires the disclosure of the financial objective, full cost, income, surplus or deficit and performance against each objective. The financial objective is to recover the full cost on each market segment as indicated overleaf.

NWML ACCOUNTS

LEGAL METROLOGY	2005	2005	2005	2004	2004	2004
	Income	Full cost	Surplus/(Deficit)	Income	Full cost	Surplus/(Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Intradepartmental	2,740	2,772	(32)	2,530	2,312	218
Statutory	377	394	(17)	411	601	(190)
Commercial	210	248	(38)	226	402	(176)
Flood and furniture*	-	94	(94)	-	11	(11)
Total	3,327	3,508	(181)	3,167	3,326	(159)

The methodology has changed for allocating costs in 2004/05 to more accurately reflect the use of the laboratory areas. 2003/04 has not been restated due to the excessive amount of effort involved.

* The furniture refers to the loss of furniture due to DTI replacing it for their disaster recovery plan.

Geographical analysis of income

The geographical analysis of income is as follows:

	2005	2004
	£'000	£'000
UK	3,187	3,030
EU	75	73
USA	25	34
China	21	3
Japan	4	4
Other	15	23
	3,327	3,167

3 Staff costs

a) Staff costs

	2005	2004
	£'000	£'000
Wages and salaries	1,591	1,549
Social security costs	133	126
Superannuation	225	218
Agency staff	10	6
Seconded out staff	-	20
	1,959	1,919

b) Average number of full time equivalent staff employed during the year

	2005	2004
Services	20	25
Regulation	12	9
	32	34
Administration	17	17
	49	51

c) The salary and pension entitlements of the senior managers are as follows:

Name	Dr Jeff Llewellyn	Mr Mike Koch	Mr Iain MacGregor	Mr Richard Sanders	Mr Martin Birdseye
Salary incl. performance pay (£k) (last year)	70-75 (70-75)		45-50 (40-45)	45-50 (40-45)	45-50 (40-45)
Real increase in pension at age 60 (£k)	0-2.5		0-2.5	0-2.5	0-2.5
Total accrued pension at age 60 at 31/3/05 and related lump sum (£k)	5-15		70-80	50-60	25-35
CETV at 31/3/04 (nearest £k)	33		301	138	131
CETV at 31/3/05 (nearest £k)	50		323	164	148
Real increase in CETV after adj. for inflation & changes in market investment factors (nearest £k)	15		11	18	11
Employer contribution to partnership pension account including risk benefit cover- to nearest £100	0-2.5		0-2.5	0-2.5	0-2.5
Benefits in kind (rounded to nearest £100)	0		0	0	0

Consent to disclose salaries and accrued pension entitlements was withheld by Mr M Koch.

d) Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

e) Pension

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants from 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employees contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3 years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may give up (commute) some of their pension to provide a lump sum. Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the CSP arrangements can be found at the website: www.civilservice-pensions.gov.uk

Rows 4 & 5 of the above table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Row 6 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

f) Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

g) Agency Steering Board

The non-executive members were entitled to the following fee:

Name	Fee (£k)	Full year numbers	
Mrs M Carmichael	0-5	NWML	1
Mr R Quince	0-5	DTI	3
Mr P Douglas	0-5	Private sector	4
Miss A Brimelow	0-5		8

Miss J Entwistle, Mr J Rhodes, Mr J Arnott, Mr P Mason, Ms S Coe and Ms R Anderson were members of the Steering Board during 2004/05 and were salaried employees of DTI. Mr P Mason replaced Miss J Entwistle on 16 November 2004. Miss A Brimelow replaced Mr J Rhodes on 1 November 2004 and Ms S Coe replaced Mr Arnott on 23 February 2005.

h) Early retirement

NWML meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early retirement and normal retirement date. None was paid on behalf of NWML in 2004/05. No member of NWML staff retired under the scheme in 2004/05 and there was no future liability as at 31 March 2005.

i) Pension

The PCSPS is an unfunded multi-employer defined benefit scheme but NWML is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). For 2004/05 employers' contributions of £225,443k were payable to the PCSPS (2003/04 £220,483) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. Rates will increase from 2005/06 to rates between 16.2 and 24.6 per cent. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution.

4 Other operating costs

Other operating charges comprise:	2005	2004
	£'000	£'000
Accommodation	470	443
Travel and subsistence	58	71
Telecommunications	30	24
IT*	111	68
General administrative expenses*	582	503
Notional audit fee	17	16
Permanent diminution in fixed assets**	58	72
	1,326	1,197

* The 2003/04 figures have been restated to reflect true cost of computers, some of which were previously included in general admin expenses.

** The figures for 2004/05 and 2003/04 include £50k and £52k relating to prior years respectively.

A total of £11k was paid under operating leases and included in operating costs in 2004/05.

5 Tangible fixed assets

	Plant and Machinery	Scientific Equipment	Computer equipment and office machinery	Furniture and Fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
COST/VALUATION						
At 1 April 2004	1,809	-	390	187	42	2,428
Asset review	(1,162)	1,172	(105)	(20)	-	(115)
Restated 1 April 2004	647	1,172	285	167	42	2,313
Additions	4	167	156	76	-	403
Revaluation	16	(7)	(13)	6	1	3
Disposals	(11)	(5)	(68)	(95)	-	(179)
At 31 March 2005	656	1,327	360	154	43	2,540
DEPRECIATION						
At 1 April 2004	(1,149)	-	(252)	(78)	(27)	(1,506)
Asset review	684	(635)	72	4	(1)	124
Restated 1 April 2004	(465)	(635)	(180)	(74)	(28)	(1,382)
Charge for year	(30)	(74)	(46)	-	(8)	(158)
Disposals	10	-	61	47	-	118
Revaluation	(8)	3	6	(2)	-	(1)
At 31 March 2005	(493)	(706)	(159)	(29)	(36)	(1,423)
NET BOOK VALUE						
At 31 March 2005	163	621	201	125	7	1,117
At 30 April 2004	660	-	138	109	15	922
Asset Review	(478)	537	(33)	(16)	(1)	9
Restated 1 April 2004	182	537	105	93	14	931

6 Intangible fixed assets

Purchased software licences	
	£'000
COST/VALUATION	
At 1 April 2004	-
Asset Review	93
Restated 1 April 2004	93
Additions	58
Revaluation	(3)
At 31 March 2005	148

6 Intangible fixed assets (continued)

AMORTISATION	
	£'000
At 1 April 2004	-
Asset Review	(52)
Restated 1 April 2004	(52)
Charged in year	(13)
Revaluation	2
At 31 March 2005	(63)
NET BOOK VALUE	
At 31 March 2005	85
At 1 April 2004	-
Asset review	41
Restated net book value at 1 April 2004	41

7 Stocks

	2005	2004
	£'000	£'000
Work in Progress	25	17
Stock of goods for resale	2	2
	27	19

8 Debtors

	2005	2004
	£'000	£'000
Trade debtors	197	141
Intradepartmental debtors	-	633
Other debtors	4	12
Prepayments and accrued income	60	79
	261	865
Intra-government balances for Debtors		
	2005	2004
	£'000	£'000
Balances with other central government bodies	-	633
Balances with local authorities	29	6
Balances with bodies external to government	232	226
At 31 March	261	865

9 Cash at bank and in hand

	Balance at 1 April 2004	Net cashflows	Balance at 31 March 2005
	£'000	£'000	£'000
	134	155	289

The balance is held at the Office of HM Paymaster General.

10 Creditors

	2005	2004
	£'000	£'000
Trade creditors	43	4
Other creditors	12	-
Accruals and deferred income	94	154
	149	158

For 2004/05 all balances are with bodies external to government. Intra-government balances for 2003/04 cannot be identified.

11 General reserve

	2005	2004
	£'000	£'000
Balance at 1 April	1,737	1,052
Contribution from the DTI	(233)	640
Deficit for the financial year	(181)	(159)
Other notional and non-cash costs	156	138
Realised element of revalued assets	44	66
Balance at 31 March	1,523	1,737

12 Revaluation reserve

	2005	2004
	£'000	£'000
Balance at 1 April	45	55
Asset review	97	-
Surplus on revaluation	9	4
Permanent diminution in value	-	52
Realised element of revalued assets	(44)	(66)
Balance at 31 March	107	45

13 Note to the cash flow statement

	2005	2004
	£'000	£'000
Receipts	70	2,249
Less:		
Operating costs	238	(2,833)
Capital expenditure	(75)	(56)
Financing to/(from) the DTI	233	(640)

14 Capital commitments

There were no capital commitments authorised or contracted as at 31 March 2005. (2004 – Nil)

15 Commitments under leases

Commitments under operating leases to pay rentals during the coming year are given in the table below, analysed according to the period in which the lease expires.

	2005	2004
	£'000	£'000
Office Equipment		
Expiry within 1 year	-	-
Expiry after 1 year but not more than 5 years	8	6
Motor Vehicles		
Expiry within 1 year	-	-
Expiry after 1 year but not more than 5 years	3	3
	11	9

16 Other financial commitments

NWML has not entered into any non-cancellable contracts.

17 Financial performance measures

The key NWML financial performance targets set for 2004/05 were:

(a) To report a surplus of no less than £105k in the income and expenditure account.

NWML produced a deficit of £181k. Included in this is £77k loss of income, and £46k costs due to a flood that occurred on 14 March 2004.

Also included is £48k for loss on disposal of furniture which was replaced by furniture provided by DTI as part of its disaster recovery plan.

These are not to be included in our performance against target, and a revised deficit performance of £10k can be reported.

(b) To achieve £566,000 worth of new external income during the four year period 2002/03 to 2005/6. NWML achieved new external income of £24,386 in 2002/03; £36,180 in 2003/04 and £52,258 in 2004/05 giving a total of £112,824 to date.

18 Capital charge

The capital charge is calculated as 3.5% of the average net assets employed during the year.

19 Related party transactions

NWML is an Executive Agency of the Department of Trade and Industry, which is regarded as a related party.

Included in the Income and Expenditure Account are £2,740,494 sales to DTI (2004 - £2,529,856) and purchases from DTI of £441,470 (2004 - £377,583).

During the year none of the Steering Board members, Executive Team members or associated bodies of these members, members of the key management staff or other related parties has undertaken any material transactions with NWML.

20 Post balance sheet events

There were no post balance sheet events.

21 Contingent Liabilities

There were no contingent liabilities as at 31 March 2005.

22 Derivatives and other financial instruments

FRS13 derivatives and other financial instruments, requires disclosure of the role which financial instruments have had during the period, in creating or changing the risk the National Weights and Measures Laboratory faces in undertaking its activities.

Because of the largely non-trading nature of its activities and the way in which it is financed, NWML is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS13 mainly applies. NWML has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing NWML in undertaking its activities.

As permitted by FRS13, debtors and creditors which mature or become payable within 12 months of the balance sheet, have been omitted from this note.

Liquidity risk NWML makes most of its payments and receipts from its own bank account. This is funded when necessary from the DTI's main bank account so is not exposed to any liquidity risk.

Interest rate risk NWML holds its bank account with the Office of Paymaster General and has no investments or financial leases and is therefore not subject to interest rate risk.

Foreign currency risk NWML does carry out transactions with the US, Japan and Europe, but these transactions are small in comparison to transactions within the UK and as such NWML is not exposed to significant foreign currency risk.

General Enquiry Line 020 8943 7272			
Jeff Llewellyn	Chief Executive	020 8943 7211	jeff.llewellyn@nwml.gov.uk
Accredited Certification Body & Audit Services			
Chris Smith	Manager, ACB & Audit Services	020 8943 7245	chris.smith@nwml.gov.uk
Calibration Services			
John Pain	Manager, Calibration Services	020 8943 7222	john.pain@nwml.gov.uk
Enforcement			
Richard Frewin	Manager, Enforcement	020 8943 7236	richard.frewin@nwml.gov.uk
Finance & Resources			
Clare Purdey	Finance Office Manager	020 8943 7207	clare.purdey@nwml.gov.uk
International Training & Consultancy			
John Goulding	Manager, International Training & Consultancy	020 8943 7247	john.goulding@nwml.gov.uk
Legislation			
Peter Edwards	Manager, Legislation	020 8943 7298	peter.edwards@nwml.gov.uk
Marketing & Knowledge Transfer			
Niall Boyle	Head of Marketing & Knowledge Transfer	020 8943 7220	niall.boyle@nwml.gov.uk
Type Approval & Testing			
Paul Dixon	Manager, Type Approval & Testing	020 8943 7282	paul.dixon@nwml.gov.uk

Glossary

ACB	Accredited Certification Body
AQSIQ	Administration of Quality Supervision, Inspection and Quarantine (in China)
AWI	Automatic Weighing Instrument
BSI	British Standards Institute
CIML	International Committee of Legal Metrology
DTI	Department of Trade and Industry
DFID	Department for International Development
EEA	European Economic Area
EMC	Electromagnetic Compatibility
FEF	Forecourt Equipment Federation
LACORS	Local Authority Co-ordinating Body for Regulatory Services
MID	Measuring Instruments Directive
NAWI	Non automatic weighing instrument
NIS	Newly Independent States of the former Soviet Union
NEL	National Engineering Laboratory
NMS	National Measurement System
NPL	National Physical Laboratory
NWML	National Weights and Measures Laboratory
OIML	International Organisation of Legal Metrology
PPMA	Process & Packaging Machinery Association
PRA	Petrol Retailers Association
ROHS	Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment

SQAM	Standards, Quality, Accreditation and Metrology
TSI	Trading Standards Institute
TSD	Trading Standards Department
TSO	Trading Standards Officer
UKAS	United Kingdom Accreditation Service
UKWF	United Kingdom Weighing Federation
WELMEC	European Cooperation in Legal Metrology

Services

Calibration	The process of determining the error associated with a standard or measuring instrument
Metrology	The science of measurement
Self Verification	National verification conducted by a manufacturer, installer or repairer, who has been granted an approval by the Secretary of State to undertake such activities (subject to the requirements and conditions of the approval)
Testing	Process and procedure for determining whether or not the equipment under assessment complies with specific criteria
Type Approval	Affirmation that a weighing or measuring instrument is suitable for use for trade or complies with requirements in a Directive or Act
Verification	The testing, passing as fit for use for trade, and stamping (with the prescribed stamp) of equipment



Stanton Avenue, Teddington,
Middlesex TW11 0JZ
Tel: +44 (0)20 8943 7272
Fax: +44 (0)20 8943 7270
E-mail: info@nwml.gov.uk
Website: www.nwml.gov.uk

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