

National
Measurement
Office

Annual Report and Accounts 2013-14



Department for Business, Innovation & Skills



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Measurement
Office

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Annual Report and Accounts 2013-14

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Chapter 1

Chief Executive Officer's Introduction

I am pleased to introduce the Annual Report and Accounts for the National Measurement Office (NMO) covering the year to 31 March 2014.

We achieved eight of the nine targets set by Ministers last year and I would like to congratulate all our staff for their hard work in striving to meet these targets.

Over the past year we have made significant progress on our project to establish the new arrangements for the National Physical Laboratory (NPL) involving one or more university partners. At the time of writing the Minister of Universities and Skills has decided to progress one of the bids to preferred bidder status, and we are currently working up the partnership arrangements.

We are also managing a major project to construct an Advanced Metrology Laboratory for NPL on the Teddington site, having successfully cleared a Gateway Review of the project earlier in the year.

As we are a delivery organisation, we take great satisfaction that we continue to achieve high customer satisfaction ratings for our technical regulation services - 100% of surveyed customers were 'satisfied' of which 86% of them were 'very satisfied'.

Last year we welcomed 19 new recruits, mainly for our enforcement work where we continue to win new contracts due to our growing reputation for 'business-friendly' enforcement. In addition, our income from the certification services and training team exceeded £1 million for the first time. We also had small growth in our technical policy activities providing services for the Northern Ireland Gas Authority and securing testing work for the European Commission. This growth in our income has resulted in an increase in staff from an average of 67 in 2012-13 to an average of 74 in 2013-14. The benefit of external income is that it reduces the cost of providing our statutory regulatory services and provision of policy advice to our 'parent' department, BIS. At the same time there has been a decrease in the number of corporate services staff which has also contributed to the reduction in the overhead rate.

The next year will present many challenges including further expansion of our enforcement portfolio with two new contracts, plus a review by BIS of the future shape of NMO itself. However, I am confident that the staff and management of NMO are capable of meeting these challenges. In doing so we can achieve our vision of becoming the Government's centre of excellence for technical regulation and enforcement so that UK business and citizens can prosper and the environment is protected.

Finally I would like to thank the members of our Steering Board and our departmental 'sponsors' in BIS for their support and advice, and pay tribute to Peter Mason who stepped down as Chief Executive this year having successfully guided this Agency over the past seven years.

A handwritten signature in black ink that reads "Richard Sanders". The signature is written in a cursive style with a large, prominent initial "R".

Richard Sanders

Acting Chief Executive

Date: 2 July 2014



Chapter 2

Strategic Report

Our Strategy and Role

NMO became an Executive Agency of the Department of Trade and Industry in April 1989 and has operated on a net running cost basis since April 1996. NMO is now an Executive Agency of the Department for Business, Innovation and Skills (BIS). The Secretary of State is accountable to Parliament on all matters relating to NMO.

On the 1 April 2009 responsibility for the National Measurement System was transferred from NMO's parent Department and integrated with the Agency. On that date the National Weights and Measures Laboratory changed its name to the National Measurement Office reflecting this significant expansion. As part of the current BIS review of the future shape of NMO, it may be decided that these responsibilities no longer reside with NMO.

NMO's Mission is 'To provide policy support to Ministers on measurement issues and a measurement infrastructure which enables innovation and growth, promotes trade and facilitates fair competition and the protection of consumers, health and the environment' with the following four objectives:

1. Increase economic growth, innovation and social impact through a world class scientific and industrial measurement infrastructure.
2. Promote competition and fair trading both in the UK and internationally through a modern weights & measures and hallmarking regime.
3. Provide good value for money metrology services.
4. Protect the interests of the public, business and the environment by enforcing relevant legislation.

NMO manages the National Measurement System and its purpose is to continue to develop the national measurement infrastructure which is a world leader in measurement science. A good measurement infrastructure is essential as the bedrock of business development and innovation because new products and processes need reliable measurements to support their development and commercial exploitation.

NMO provides support for the legislation on weights & measures, utilities metering and hallmarking which are important elements of the UK's trading and consumer protection framework. Many purchases made by reference to measurement are virtually impossible for consumers to check the quantity they are paying for, so appropriate controls are essential for confidence in the pricing mechanism that facilitates trading at both local and international levels. NMO is committed to building a regulatory framework that supports business growth whilst providing better information and confidence for consumers.

NMO's activities have an important international dimension and in legal metrology our approach is to promote harmonisation and the reduction of barriers to trade in order to reduce burdens on industry. In Europe, we are a leading voice within WELMEC (European Cooperation in Legal Metrology), having UK representation in all committees, working groups, and the chairperson's group. We also provide a major influence on the implementation and future design of EU legislation via membership of the Commission's Measuring Instruments Working Group.

NMO is a designated measurement institute in legal metrology, providing a range of statutory and commercial certification services for businesses and Local Authorities. NMO provides laboratory-based certification services so that UK businesses have access to services that enable them to introduce innovative new products and develop new opportunities through the export of their products to international markets. These services provide assurance to manufacturers that their products meet the relevant certification requirements, which are a pre-requisite for instruments used in legally controlled applications, including those used for trade based on quantity.

NMO provides a range of training courses to manufacturers, local authority Weights & Measures Inspectors and international delegates, as well as undertaking European funded programmes for capability development and related international initiatives.

The NMO Enforcement Authority ensures that the statutory information that must be made available with products, in marketing material, online and in instruction booklets is clear, sufficiently detailed and accurate so that consumers can use this information to choose products that meet their needs. It enforces a wide range of statutory requirements which place minimum quality requirements on products. Consumers in both the domestic and business environment therefore have confidence that the products they buy meet these challenging standards.

NMO works with businesses by providing support and advice so that there is higher levels of compliance across all its legal enforcement responsibilities. When the Authority discovers products giving incorrect information or not meeting minimum standards, it acts quickly to limit the damage to consumer confidence and the competitiveness of the market.

Market surveillance is governed by complex legislative rules encompassed in the EC's New Legislative Framework and the EC Regulation on Market Surveillance. There are requirements to work together at an international and global level in all aspects of the work and NMO currently participates in all the relevant EU forums.

Finance

During 2013-14 the Agency has continued to grow with an increase in income from Enforcement Authority activities to cover timber and tyre regulations, and from certification, calibration and training services. This growth in income has resulted in an increase in staff from an average of 67 in 2012-13 to an average of 74 in 2013-14. There has also been a decrease in the number of Corporate Services staff which has contributed to the reduction in the overhead rate. All of the services that NMO provides are based on full cost recovery; both costs and income were monitored and managed well during the year, putting NMO on a stable financial position for the future. The income streams and their associated costs are classed as Programme.

Administration spend includes the policy work that NMO performs and Programme and Estate Management, all of which are funded by BIS. This spend has increased from 2012-13 due to the costs for

the NPL future project. This project is run by BIS, acting through the NMO, to establish a partnership to run the NPL. This project accelerated considerably during the year with the launch of a competition and the establishment of bidding groups. The costs were managed well during the year and the Admin budget provided by BIS was not exceeded.

Programme spend funded by BIS is for the National Measurement System where the majority of costs are for measurement science with NPLML, LGC, TUVNEL and also NMO, and the associated accommodation costs for occupying the estate. Spend for 2013-14 was in line with 2012-13 as NMO received a 'flat cash' budget in the 2010 Spending Review. Income is received from NPLML for occupying the buildings on the estate. The cash budget was slightly exceeded, but kept within the 1% limit.

The value of NMO's non-current assets mainly consisting of the land and buildings on the Teddington estate was increased by circa £4m from 2012-13 to £192m. The estate was subject to a quinquennial professional valuation at the end of March 2014, which showed an increase in the value of the land due to market fluctuations and also a decrease in the value of the plant and machinery. This resulted in an impairment charge to the Statement of Comprehensive Net Expenditure as some assets decreased below their historic net book value, resulting in the non cash budget from BIS being exceeded. The value of the land shown in the accounts of £17.6m is less than the market value as it is based on Depreciated Replacement Cost.

There was a significant decrease in the value of the NPLML pension provision due to the increase in the gilts yield resulting in a decrease in the value of the liabilities in the informal valuation dated 5 April 2014. The formal valuation is yet to be completed.

Capital spend in 2013-14 of £8.3m mainly used for maintaining the estate, this will reduce future energy costs and maintenance. However this was significantly less than the budget provided by BIS as there were delays in the construction of the Advanced Metrology Laboratory which is to be progressed during 2014-15.

The Agency is committed to deliver these objectives with support from professional, value for money Corporate Services.

The legislative basis for this is the Science and Technology Act 1965 and the Weights and Measures Act 1985 Standards.

Risks and Uncertainties

The most significant risk that NMO is facing in achieving its objectives is the potential for delay or shortcomings with the future arrangements for the NPL after the end of the existing contract with NPLML which has now been extended to March 2015, subject to early termination at three months notice. The package will need to provide the UK with a world class scientific measurement infrastructure taking into account Government budget restraints. The handling and evaluation of the options process is crucial to achieving this objective.

The other key risk that faces NMO is the management of the AML project. This is an important construction project on the Teddington estate over the next few years and it will be crucial that NMO manages the project so that it achieves its objectives on time and on budget.

NMO is facing uncertainties on its future shape following the new arrangements for operating NPL. NMO is working closely with its parent department to manage these over the forthcoming year and ensure that the Agency is able to operate effectively and meet its objectives.

Days lost due to absence

NMO encourages a culture where good attendance is expected and valued. However, it recognises that from time to time absences for medical reasons may be unavoidable. NMO aims to treat its staff who are ill with sympathy and fairness and where possible to provide them with support which will enable them to recover their health and attend work regularly.

In 2013-14 the average number of working days lost was 1.65 per full time equivalent employee. In 2012-13 the figure was 5.2 days.

Sustainability Commitment

Sustainability is embedded in the philosophy and culture of NMO. A Sustainability Working Group manages the Agency's Sustainable Development Action Plan, which looks at both short and longer term issues.

A Travel Plan has been produced and accepted by the Management Board. The Travel Plan provides an overview of the current situation regarding transport arrangements at NMO. It also sets out measures which the Agency will introduce in order to meet the Travel Plan objectives.

As the Agency is responsible for the Teddington estate on which it and the National Physical Laboratory are located, it has responsibility for reporting on progress towards meeting sustainability targets for the Government estate.

Basis of accounts and audit

The accounts cover the activities of the National Measurement Office for the year ended 31 March 2014.

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.

Ministerial Targets

Each year NMO agrees its key public targets with Ministers following discussion and agreement of its Corporate Plan. The targets cover both finance and delivery and reflect the Agency's overall strategic priorities.

In 2013-14 the following nine targets were set, of which NMO achieved eight.

- Improve performance of the NMS programmes over this Corporate Plan period.

Target achieved. 16 of the 20 indicators on the scorecard show an increase since last year, with only 2 decreasing, the others not changing.

- Support business by ensuring 95% of meter examiner appointments, manufacturer authorisations/consents and modifications to meter approval and decisions are made with five business days of receipt of all necessary documentation.

Target achieved. 96.0% of decisions were made within 5 business days.

- Achieve a satisfaction rating among Certification Service customers of at least 95% for customers scoring satisfied or above, with at least 60% scoring 'very satisfied'.

Target achieved. 100% of customers surveyed were satisfied or above with 82.6% very satisfied. An increase of 10.3% for very satisfied compared with 72.3% from the previous year.

- Achieve an increase in income of 5% for Certification Services from the 2012/13 financial year.

Target achieved. Income increased by 25%.

- Generate a positive 3:1 net contribution to consumers and the environment as well as the low carbon economy through the activities of the Enforcement Authority.

Target achieved. The target was achieved, making a direct impact on the market of over £11m, measured by consumer detriment, the cost of non-compliant goods to the market place as well as the costs of non-compliant goods removed or brought into compliance.

- Reduce non ring-fenced Admin costs by at least 14% in cash terms over this Corporate Plan period.

On Target. (Excluding the costs for the NPL future project) The Administration costs for 2013-14 were 35% less than those originally forecasted for 2010-11 (2012-13 27%). NMO is on target for meeting the target in 2014-15 with a reduction of 35% (excluding the NPL future project).

- Ensure that reduced contributions from BIS towards overheads are absorbed without any increase in per capita overhead rate.

Target achieved. Overhead costs per head decreased by 14% from the 2012-13 financial year, due to the increase in non-overhead staff and reduced overhead costs.

- Reduce NPL energy consumption in 2013 calendar year by 5% from 2012 calendar year.

Target achieved. The improvements to equipment and control systems (aided by the favourable weather) led to a reduction of 13% in NPL's energy consumption for the year, i.e almost 3 times the target.

- Agree the partners who will work with Government on NPL and the model under which the partnership will operate post March 2014.

Target not achieved. Following the competition to identify the initial partner a decision was taken to move from a sequential approach to one in which the partnership was based on groups. This required an amendment to the process and timescale.



Richard Sanders

Acting Chief Executive

Date: 2 July 2014



Chapter 3

Directors' Report

The **Management Board** consists of the Chief Executive, the heads of the four operational Directorates, the Director of Finance and the Director of Change and Development. It meets formally every two weeks to make decisions and monitor high-level business planning, financial, risk and management issues. The Management Board is also responsible for setting standards, values and controls within the Agency.

Travel and subsistence expenses incurred by the Management Board during 2013-14 totalled £25k. The Management Board comprised the following personnel during 2013-14:



Peter Mason
Chief Executive



Richard Sanders

Director
Regulation



Sarah Glasspool

Director
Finance



Robert Gunn

Director
Programmes and
Estate



Jo Symons

Director
Change and
Development



Richard Frewin

Director
Enforcement



Paul Dixon

Director
Certification
Services

The **Steering Board** consists of myself, three non-executive members from outside Government and one member from BIS. It meets formally at least three times a year, with additional informal discussion days on key issues affecting the Agency. Its role is to provide strategic oversight, which involves:

- Advising on the Agency's strategy and its allocation of resources.
- Agreeing business plans, and monitoring the Agency's performance.
- Assessing risks/issues which could undermine the Agency's strategy/business plans.
- Assessing Agency capability and plans for the future.

During 2013-14 the Steering Board Members comprised the following personnel:

Prof Isobel Pollock, Non-Executive Member, Chair

Steering Board Members

Peter Mason, Chief Executive, NMO

John Dodds, Director Innovation, BIS (to September 2013)

Amanda Brooks, Director Innovation, BIS (from September 2013)

Alan Proctor, Non-Executive Member

Peter Cowley, Non-Executive Member

The Steering Board met on the following dates: 7th June 2013, 20th September 2013 and 25th February 2014. All Board members attended these meetings, apart from the BIS member who missed the 20th September 2013 meeting, but was represented by a colleague.

The National Measurement System: Science Programme Management

NMO commissions and manages the measurement science programmes which provide the National Measurement System's infrastructure of national standards, facilities, expertise and leading edge research that is a key driver of innovation in the UK economy. The measurement infrastructure also underpins the emerging technology solutions for tackling Government priorities such as environmental sustainability, energy efficiency and supply, healthcare, digital communications and national security.

The NMS programmes provide the measurement traceability that enables the economy to function and underpins business, international trade and quality of life through such means as consumer protection, barrier-free trade, environmental controls, safe medical treatment and food safety regulation.

Under NMO's direction, the NMS supports innovation in business by stimulating the development of improved measurement techniques and instrumentation. It provides business with high-accuracy calibration and testing services and promotes good measurement practice through published standards and guides, together with access to training and expert advice.

During the year, the NMS Programmes team procured and managed 10 measurement research and dissemination programmes from five national measurement institutes (NMIs) - the National Physical Laboratory (NPL), LGC Ltd, NEL, the National Gears Metrology Laboratory (NGML) and NMO itself.

These laboratories are centres of excellence for measurement science and research and have prime responsibility for holding and improving the UK's national measurement standards.

A framework for the development of the NMS and investment in measurement science over the Government's Spending Review period was published in July 2011. The National Measurement System Strategy Document 2011-2015 sets out a focus on selected national challenges and strong national and international leadership and influencing roles for NMO and the NMS. It sets out the ambition for the NMS to be world class and world leading in areas of measurement science where the UK would benefit economically as well as the intention to maintain the core measurement infrastructure of national standards, calibration and testing capabilities that are essential for business productivity. Although the NMS strategy pre-dates the Government's Industrial Strategy it is very well aligned with its priority areas and includes work in support of each of the "8 great technologies" identified as key areas of growth.

Since publishing the Strategy the team has worked on means to implement its provisions to satisfy the measurement needs of users to deliver the best measurement research programmes in terms of value and impact. During the year more case studies demonstrating the impact of the NMS have been produced which can be found on our website: <http://www.gov.uk/nmo>.

The National Measurement System: Future Operation of NPL

As a result of the contractual arrangements introduced in the 1990s, and renewed in 2004, NMO has a special relationship with NPL, being responsible on behalf of the Secretary of State for the Government side of the Governed Owned Contractor Operated (GOCO) model embodied in the current NPL Science Contract with Serco plc.

On 27 November 2012, the Minister for Universities and Science announced that he had concluded that the future operation of NPL would take the form of a partnership arrangement between the Department for Business, Innovation and Skills, acting through the NMO, and one or more academic partners. For NPL and BIS's prospective partners, that means working together more closely and new collaborations to make the most of shared capabilities, competencies and products. This should increase the alignment between the activities of NPL, notably those funded from the NMS, and work related areas of science carried out in the university sector.

The Ministerial aims are to:

- Bring greater expertise and intellectual flexibility to strengthen the Laboratory's science;
- Make better use of the existing facilities by strengthening the Laboratory's links with its academic partners, through new and existing collaborations with academia and industry;
- Encourage greater interaction with business, driven by closer integration of existing innovation infrastructure and commercial activity;
- Make better use of the Teddington site by granting partners access to spare capacity; and in addition the Minister is seeking to allow for the formation of a dedicated applied science postgraduate institute.

In July 2013 we launched a competition to identify the initial partner to work with BIS and to explore whether there were better ways to complete the partnership. Following this competition, four potential bidding group leads were identified – the Universities of Edinburgh, Southampton, Strathclyde and Surrey. Rather than following a sequential process to select partners it was decided that bidding group leads would be asked to develop proposals around the entire partnership. In March 2014 the four bidding group leads were invited to prepare their proposals with the intention that the successful partnership would be selected by June 2014.

The existing Science Contract has been extended and now expires at the end of March 2015, though is subject to termination at 3 months notice should NPL be ready to move to the new operating model before then.

The National Measurement System: Estate Management

NMO manages the estate in Teddington where the NMO and NPL laboratories are situated. It is the responsibility of NMO to ensure the laboratories and estate meet the requirements to operate science and also the needs of users of the estate.

A site strategy for 2011-15 was agreed in July 2010 with the other main site occupiers and is being implemented.

The Building Management System (BMS) replacement works is very well advanced. A programme of asset renewal of essential plant using more energy efficient equipment and new LED lighting intended to reduce future maintenance costs and deliver further energy savings around the site is continuing. This has already achieved significant savings in energy consumption. During the past year work has been progressing on the design of new facilities to help NPL remain at the cutting edge of measurement research.

The National Measurement System: Legal Metrology

In addition to managing the NMS programmes as a whole, NMO itself delivers the Legal Metrology element. For Government accounting purposes some functions are classed as "Administration" and some as "Programme".

Administration

The administration budget covers legislation policy, various enforcement functions and engagement with international organisations. Our objective for regulation is "to ensure business and consumer confidence in the market place is delivered by proportionate and effective weights and measures and hallmarking legislation." We review and seek to modernise our legislation to minimise burdens on businesses while maintaining adequate consumer protection.

Weights and Measures and Hallmarking Policy

The purpose of regulating weights and measures, and hallmarking is to ensure consumers have the information and confidence in quantity measurements and hallmarks respectively that they need to make informed purchasing decisions and to ensure businesses are trading in a fair marketplace.

Each year in the UK, over *£200 billion worth of retail goods are sold on the basis of the measurement of their quantity. This equates to *£4 billion a week. In addition, goods worth nearly *£300 billion are weighed and measured at the industrial/business-to-business level. NMO provides the infrastructure that ensures the system of weights and measures is fair, accurate and legal. This is a fundamental part of a sustainable trading economy and enables consumers and businesses to be confident they are getting what they pay for thus facilitating business growth.

Hallmarks are markings applied to gold, silver, platinum and palladium to safeguard consumers (including businesses) by guaranteeing the type and fineness of the precious metal. They show that the object has been independently tested by an Assay Office. NMO 'sponsors' the British Hallmarking Council (BHC), a regulatory body which advises the Secretary of State and whose formal responsibilities are set out in the Hallmarking Act 1973.

Notable achievements during the year were:

- Following successful negotiations in Brussels, New Legal Framework (NLF) texts based on the 2008 Council Decision were adopted on 26th February 2014 for a number of New Approach Directives including the two metrology Directives (Measuring Instruments and Non Automatic Weighting Instruments). Transposition of these Directives will need to be completed by 20th April 2016.
- Progress has been made on improving weights and measures legislation to reduce or remove unnecessary burdens on business, while maintaining sufficient protection for consumers and businesses. NMO is on target to meet its Red Tape Challenge Commitments to scrap or improve over 20 weights and measures laws. This includes:

*Deloitte report for NMO (NWML) on the 'Analysis of the Economics of Weights and Measures Legislation' dated 19 June 2009.

- The national requirements for weight or volume labelling of cosmetics which were scrapped in July 2013.
- Legal provisions to scrap the Weights and Measures (Knitting Yarns) Order 1988 which have been included in the Deregulation Bill, now before Parliament.
- The changes to weights and measures legislation on foods as a result of the EU Regulation on Food Information to Consumers which are far advanced, legal instructions were sent in October 2013 and the legislative changes will come into force in December 2014.
- Progress made to scrap the national rules on crown stamping of capacity serving measures and the implementing legislation for Old Approach EU Directives including alcoholometers and alcohol meters. A draft Statutory Instrument has been prepared and will be subject to public consultation in 2014.
- The deregulation of record keeping of weight checks for bakers of non pre-packaged bread has been included in the Consumer Rights Bill which was introduced to Parliament in January 2014. It is estimated that this will save business just under *£10 million over 10 years.
- NMO has worked closely with the Consumer and Competition Policy Directorate of BIS to agree a generic set of enforcement powers for all consumer law including weights and measures. This is also included in the new Consumer Rights Bill and will simplify and streamline enforcement of weights and measures for Trading Standards and businesses.
- At the international level, NMO has played a leading role in WELMEC (European Cooperation in Legal Metrology), participating in all working groups, leading a refresh of the WELMEC Strategy and promoting the UK view within the Chairperson's Group. This activity links in with our policy discussions with the European Commission over the metrology directives and regulations. Similarly with our presidency of the OIML and active participation in several secretariats/committees, we are pushing the UK's interests at the global level in the formulation of international standards for measuring instruments.
- Following a comprehensive review of Trading Standards competency arrangements it was agreed in May 2013 that the Statutory Qualification for weights and measures should be retained to help maintain competency levels in this technical area.
- NMO has worked with the BIS review team on the review of the British Hallmarking Council as a Non-Departmental Public Body, part of an across government triennial review process of all NDPBs. The review is on-going and the final outcome is expected by the end of the summer 2014.
- A new 2014 'Blue Guide' has been published by the European Commission on Union harmonisation legislation, including the 'New legislative framework' in relation to 'New Approach' Directives. NMO worked closely with the Commission and other Member States to ensure that the Guide reflects the UK's position and allows conformity assessment to be undertaken by different manufacturers at different parts of the process. This will be a great benefit in particular to UK SMEs and micro-businesses in the weighing industry.

Enforcement of W&M legislation (including liaison with Trading Standards)

NMO works in partnership with local Trading Standards departments and businesses as well as with the organisations that support the wider enforcement role. These include notified bodies conducting conformity assessment activities and approved verifiers which ensure weighing and measuring equipment is accurate before being put on the market.

NMO is also responsible for the designation and auditing of notified bodies and market surveillance activities under the Non-automatic Weighing and the Measuring Instruments directives, as well as the appointment and monitoring of approved verifiers under national legislation.

The team works closely with Trading Standards Professionals in Local Government and throughout the year attended and presented at a wide variety of events and regional forums. This included NMO co-ordinating

the milk measuring project on behalf of the Local Government Metrology Group. The aim of this project was to make an assessment of the level of problems out there in this area of legal metrology which previously there has not been much information available about it. The project was prompted by a number of local authorities receiving a number of complaints from dairy farmers.

Other activities included various co-ordination meetings with Trading Standards, businesses, Approved Verifiers, Notified Bodies and UKAS.

Notable achievements during the year were:

- Very successful metrology seminar with the same number of delegates as last year - participation opened to businesses as well as the enforcement community this year with feedback so far being very positive.
- NMO hosted a hands-on NAWI verification training session at the Trading Standards Institute (TSI) conference in June. Feedback from attendees confirmed that the event was very successful.
- During the financial year 2013-14 the enforcement section of the regulation directorate made efforts to ensure that it receives sufficient input from interested parties and other stakeholders. This began with gaining access to consumer complaints made to CAB (Citizens Advice Bureau) made by members of the public. This was then extended to increasing the profile of intelligence reports within the legal metrology community with the aim to increasing the profile of metrology within the National Trading Standards Board (NTSB) intelligence hub. This was achieved by attending regional TS metrology meetings throughout the year to raise awareness of what an intelligence report was and how using the National Intelligence Model could increase the profile of issues within metrology enforcement work. These intelligence reports will then be able to be considered by the NTSB in conjunction with the risk matrix NMO produces from information received via the Section 70 returns.
- The Section 70 return date was brought forward from August to June so as to enable the s70 report to be written earlier so as to be more relevant and timely for local authorities to use.
- Market surveillance project on Automatic Weighing Instruments and national project on milk measuring systems have been co-ordinated.
- The guidance document on standard temperature accounting, STA, was revised and reissued after extensive consultation with business and trading standards.

International

NMO aims to positively influence EU and international legal metrology forums in order to benefit UK stakeholders, businesses, consumers and manufacturers. We do this by active participation in a number of international metrology committees covering areas of interest to UK businesses and stakeholders. We are working towards ensuring a level playing field and reducing technical barriers to international trade.

NMO is an actively participating Member State of OIML (the International Organisation of Legal Metrology) and WELMEC. OIML has over 58 Member States and a further 64 Corresponding Members and works to achieve international harmonisation for legal metrology by promoting the use of International Recommendations or Documents, which are developed in OIML technical committees, and provide the basis for laws regulating measuring equipment, quantity control and quantity labelling of pre-packages. NMO provides the Secretariats for important OIML technical committees such as TC9 / SC2 Automatic weighing instruments and TC8 / SC5 Water meters. NMO's Chief Executive, Peter Mason is the UK CIML (International Committee of Legal Metrology) member and is also the current CIML President.

WELMEC is an organisation of the European Union and European Free Trade association (EFTA) Member States that pursues cooperation in legal metrology. There are currently 30 Members and 7 Associate members, and 10 Observer and 9 Corresponding organisations who participate. WELMEC publishes Guides which are not mandatory but provide solutions which will be acceptable to European Regulators. NMO provides WELMEC Working groups such as WG 2 - Directive Implementation (90/384/EEC), WG 5 - Metrological Supervision, and Convenorship of WG 6 - Prepackages.

Notable NMO achievements during in 2013-14 were:

- NMO has proposed a change to OIML R35 *Material measures of length for general use*, to remove a potential barrier to trade - the proposal has been agreed by the Technical Committee and has been put forward to CIML.
- In March 2014, NMO attended three OIML meetings at NIST in Gaithersburg, USA; the first was an OIML TC9p1 meeting to discuss the revision of OIML R60 Load Cells, the second was an OIML MAA meeting to confirm NMO's issuing participant status for R49 *Water Meters*, R60 and R76 *Non-automatic weighing instruments* with the third was the ad-hoc meeting that was held to discuss proposals for raising awareness of the OIML MAA, how the operation of the management committee could be improved and how the OIML can move to a single certificate system.
- In October 2013, NMO represented the UK at the 48th Meeting of the International Committee of Legal Metrology (CIML), in Vietnam, Ho Chi Minh City, chaired by Peter Mason. NMO attended the OIML MAA seminar at the 48th CIML meeting where UK issues affecting the UK regarding the MAA were discussed.
- NMO together with NEL as the joint secretariat for OIML TC8/SC5 have developed the OIML Recommendation R49 Water meters which has been approved at the 48th CIML approved for publication and ensures that the needs of business and consumers are taken into account.
- In October 2013 NMO hosted a meeting of the working group for OIML TC 8/SC 3: *Dynamic volume and mass measurement (liquids other than water)* to discuss the revision of OIML R 117 Measuring systems for liquids other than water.
- In September 2013, NMO hosted senior metrology officials from the Metrology Division of Trinidad and Tobago Bureau of Standards.
- In June 2013, NMO hosted a group of senior Chinese government officials from AQSIQ. A series of lectures was provided covering UK metrology system, UK history and the culture of metrology, traceability system, and management of measuring instruments.
- In May 2013, the UK agreed to the allocation of the convenership of TC 10/p1 "Revision of OIML R 23 - *Tyre pressure gauges for motor vehicles*" to the Netherlands.

Programme

The Programme budget covers statutory calibration and statutory type approval which includes the following activities:

Recalibration Programme

NMO carries out a wide range of important activities from maintaining local weights and measures standards, equipment testing, maintaining uncertainty budgets to the automation, testing and commissioning of new equipment. The maintenance of weights and measures standards completes the traceability chain, which starts with the primary standards held at NPL and proceeds through NMO's secondary and tertiary standards. Our tertiary standards are then used to calibrate the local authority standards. This traceability chain provides the UK with legal measurement under the Weights and Measures Act. In support of this, the equipment must be tested at regular intervals to ensure optimum performance is being maintained. Uncertainty budgets are also maintained for all aspects of measurement ensuring an adequate overall accuracy of measurement. Automation has become an essential aspect of our operations in order to maintain optimum efficiency.

Local Authority Audits

Visits to Trading Standards Authorities are carried out to ensure local and working standards of mass, length and volume and the in situ reverification of standards and equipment if required.

Maintenance of Coinage Standards

This work requires annual calibration of coin standards for all UK and New Zealand current and commemorative coins struck by the Royal Mint and provision of trial plates of Gold, Silver, Platinum, Nickel, Copper and Aluminium for assay at the Goldsmiths' Hall. This involves participation in the Trial of the Pyx which is held in accordance with the Coinage Act.

Type Approval

Engineers at NMO support UK manufacturers by developing technical standards and policy, working closely with manufacturer trade associations to ensure that UK industry views are taken into account. This approval literature is then provided to a Trading Standards online database (TS Interlink) and European Metrological Type Approval Services Database (EMeTAS) to enable enforcement and market surveillance activities to take place. Support and advice is also provided to UK manufacturing on generic approval requirements in order to place their equipment on the market.

Traceable test capability is provided for UK manufacturing and also to fulfil NMO's statutory obligations for type approval work.

Gas and Electricity Meters

NMO has statutory responsibility for the measurement accuracy of gas and electricity meters and receives income for these services via Ofgem. With this responsibility comes the assurance that the UK's metering policies and practices are aligned with the European Union Measuring Instruments Directive, which aims to create a single market for measuring instruments across Europe.

NMO's responsibilities also include the testing of gas and electricity meters where the accuracy is disputed.

This work was outsourced to a service provider by Ofgem in 2002 and the contract was novated to NMO when the statutory responsibility was transferred to NMO in April 2009. The original contract expired in November 2010 and a new six year contract has been negotiated, with provision for three optional 12 month extension periods.

Certification Services

NMO's Certification Services team provides a range of statutory and commercial certification and training services. The team was restructured at the beginning of 2013-14 to provide services as outlined below:

- Certification Body
 - Product Certification (Type Examination, Unit Verification and Design Examination)
 - Quality Management System (QMS) Certification
- Calibration and Testing
- Training

The new structure has enabled more effective and efficient working methods to be employed and has contributed to a 25% increase in income across the team to £1m.

Certification Body

The NMO Certification Body (CB) provides conformity assessment services to manufacturers of weighing and measuring instruments that are used for trade or in other legally controlled applications. A significant proportion of the CB's work is conducted under its designation as a Notified Body for the Non-automatic Weighing Instruments and Measuring Instruments Directives (2009/23/EC and 2004/22/EC respectively). It performs conformity assessment activities under these Directives and the certifications that are granted provide manufacturers access to all 32 countries of the EEA for their products.

The CB is also the UK Issuing Authority for OIML Certificates of Conformity which enables manufacturers to gain national approvals for their instruments in countries outside of Europe. In support of this, NMO is an Issuing Participant under the OIML Mutual Acceptance Arrangement (MAA) for Water Meters (OIML R49), Load Cells (R60) and Non-automatic Weighing Instruments (R76). The CB is also responsible for granting UK National Type Approval Certificates for weighing and measuring instruments that are still covered by the Weight & Measures (W&M) Act 1985. In addition to management system certification under the two Directives, the CB also provides management system certification under ISO 9001:2008 and section 11A of the W&M Act 1985.

2013-14 has seen a significant increase in the level of demand for the services of the CB. Product Certification has seen a 25% increase in applications when compared with 2012-13. For management system certification, there were 38 applications from new customers or existing customers seeking an increase in their certified scope. It is anticipated that the number of new companies and extensions to scope will continue to grow in subsequent years, and this growth is reflected in the forecast income.

The CB will continue to seek new business opportunities either through increasing market share for existing services or through the development of new services.

Efficiencies will continue to be sought with improvements to the software management tools to automate certification functions. Improvements in effectiveness and efficiency generated by the team structure will also continue to be identified and implemented.

The NMO CB provides a very efficient and flexible certification service and looks to provide a sustainable future for service provision to help to create growth through building a strong, innovative economy, to promote exports and boost enterprise.

Calibration and Testing

NMO supports industry and trade by providing an accurate calibration service to UK business (in addition to its legal commitment to local authority trading standards departments). This is an important service to business, especially to the pharmaceutical industry where people's health and life depends on the very accurate measurement methods used.

Other customers include tape measure manufacturers and customers from the petrochemical industry, where NMO is responsible for calibrating dip tapes and volume measures used to measure oil levels in large refinery tanks.

The Calibration team at NMO provide the following commercial services:

- Technical support infrastructure for trade, covering mass, length and volume measurements.
- Testing and calibration services to other government bodies and commercial organisations for mass (including micro weights), length and volume.
- Independently accredited calibration and test facilities, traceable to national standards.

NMO issues approximately 500 certificates each year and has performed work for large pharmaceutical and manufacturing organisations. NMO offer a high accuracy service for heavy mass up to 500kg which is now the most accurate in the world and up to one tonne at a slightly lower level. NMO also perform the calibration and testing of fish net gauges on behalf of Defra to ensure fisherman only catch the correct size fish.

Recent additions and upgrades to our equipment and facilities has allowed the level of service to our commercial customers to be extended. NMO can offer mass clients measurements of significantly better than OIML Class E1 uncertainty and provide length customers with a facility unique in the UK and one of the highest accuracy volume calibration services available. NMO is also the first and only mass calibration laboratory worldwide to be accredited for the calibration of mass standards down to 0.05mg (micro weights), with uncertainties as low as 0.0002mg. This service is growing with the collaboration of Mettler-Toledo Switzerland. The two organisations will be offering a combined supply and calibration service to customers worldwide.

During 2013-14 NMO also retained a contract with Camelot for the testing of national lottery balls and machines.

NMO have added taximeters to the list of testing services. This is on behalf of London Transport Private Hire (LTPH). LTPH Public Carriage Office (PCO) issue testing specifications for taximeters which are to be used in London. Every London meter in use is required to have an annual test carried out to ensure the correct fares are being charged. Two specimens of each model of meter are also tested after PCO issue a tariff change to ensure the taximeters manufacturers have correctly applied the revised rates. NMO has clients supplying over 6000 meters per annum for testing.

An application for the extension to scope of UKAS accredited testing services has been made and is planned for completion in 2014. This extension will support the product certification activity provision for R76.

Training

Commercial training was offered through 2013-14 with a number of courses provided for uncertainties of measurement, packaged goods and verification of fuel dispensers. In addition, NMO received funding through United Nations Industrial Development Organization (UNIDO) to provide a two-week legal metrology training course for international delegates during October 2013.

Enforcement Functions

The Enforcement Directorate which has been appointed as the UK Market Surveillance Authority for those areas of legislative responsibility covered by the UK implementing measures seeks to act as an effective, industry-facing Enforcement Authority. The Directorate supports business growth, product development and financial investment in new innovative products, which directly impacts on the energy consumption levels of many common domestic, professional, commercial and industrial UK products, the environmental impacts of certain hazardous substances in electrical and electronic equipment and the negative social, economic and environmental impacts of illegally harvested timber.

This work is delivered through memorandums of understanding with the Department for Business Innovation and Skills for the Restriction of Hazardous Substances in Electronic and Electrical Equipment Directive and the placing on the market requirements of the Batteries and Accumulators Directive, the Department for Energy and Climate Change for Ecodesign of Energy Related Products and Energy Labelling, the Department for Environment, Food and Rural Affairs (Defra) the European Timber Regulations and the Department for Transport for the energy efficiency labelling and technical file requirement of class 1-3 Tyres.

The objectives of the Enforcement Authority have been to work with industry to increase the levels of compliance which ensure that the investments in research and development for new products and the continued commitment to compliance of the best companies in the UK is protected against those businesses wishing to access the EU market with substandard products and poorly controlled production processes. These objectives see the Directorate providing a wide range of traditional and innovative enforcement services. Education and awareness are at the heart of the package, providing both proactive and reactive engagements with individual businesses, trade representatives and international organisations.

An active web-presence provides useful information and an enquiry service allowing businesses to access advice and support. Complaints, projects, visits and testing can generate more direct engagements with individual businesses and a full range of sanctions are available to proportionately respond to non-compliant businesses.

NMO are continuing to work closely with other market surveillance authorities throughout Europe and across the world to ensure appropriate levels of consistency and to seek to unlock the full potential of the legislative changes that are being made. In Europe that means participating in the Commission's expert market surveillance groups as envisaged by the Regulation on Accreditation and Market Surveillance. On behalf of the UK, NMO chairs the expert groups relating to the Restriction of Hazardous Substances and the group on Energy Labelling as well as co-chairing the Energy Related Products expert group. On a global

scale NMO is particularly active in the European Timber Regulations, meeting with other market surveillance authorities and third sector organisations which are tackling some of the upstream timber felling issues.

New or updated legislation has been implemented during the year in many of our key enforcement areas and full details of all the changes and the activities of the enforcement authority can be found on our website www.bis.gov.uk/nmo/enforcement.

Ecodesign of Energy Related Products and Energy Labelling

NMO Enforcement Directorate continues to work closely with businesses as the scope of the Ecodesign and Energy Labelling framework extends to new products (especially the commercial and industrial sectors) and reduces the maximum energy usage requirements for existing products already in scope.

A number of projects were conducted throughout the year based on levels of risk and in line with the 2013-14 Operational Plan. These included revisiting areas of high risk arising from previous projects, a further examination of tolerance misuse and a variety of product-specific assignments. These involved market assessments of areas of the Ecodesign legislation that had recently come into force as well as projects further scrutinising areas of high risk, both with investigatory work following, wherever necessary, supported by proportionate outcomes and sanctions.

Several voluntary undertakings, which detail non-compliances and the ways in which the businesses have addressed the problems and will prevent them happening in the future, were accepted which involved restitution payments to consumers as well as donations to several environmental charities.

Restriction of Hazardous Substances in Electronic and Electrical Equipment and Batteries

The Restriction of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive 2011/65/EU, which repealed RoHS Directive 2002/95/EC, presented some new enforcement challenges. Namely that many economic operators supplying a range of products are not fulfilling obligations under the new legislation, with many products do not having suitable identifications affixed to the product or the packaging that clearly identify the corporate body taking responsibility for the product. The NMO has now put in place a suitable process to ensure the parties concerned are informed of their obligations.

This was complemented by the development (with industry) and subsequent publication and distribution of detailed guidance.

A number of industries previously identified as high risk, such as toys and the automatic electric gun industry were revisited throughout the year. Also, new challenging sectors including interactive eyewear, RIFD cards and automatic sensor taps were successfully assessed. The NMO has proportionately addressed any issues identified.

European Timber Regulations

The main focus of this year has been on the implementation of EUTR. The regulation came into force on the 3 March 2013, as a result attentions have been on building capability, competency and data streams of the team. Implementing process and procedures for the application of enforcement and timber testing methods, and finally to embark on a program of stakeholder engagement, raising awareness of the regulation and the due diligence requirements placed on operators.

In terms of enforcement the year has centred around engagement with what we deliberately perceive to be lower risk, but organisations that cover large volumes of timber and timber products placed on the market, who have already invested significant resources in implementing EUTR and due diligence systems. The latter half of the reporting year has then been broken down into three specific projects looking at how we can change and utilise different approaches as part of our enforcement engagements:

- Intelligence led enforcement
- Testing led enforcement
- Risk based enforcement at the product and then the country level.

Ecopliant

Aligning 11 project partners from 10 Member States, Ecopliant aims to develop and validate a range of best practices to improve the collaboration between EU market surveillance authorities, through monitoring, verification and enforcement exercises. Funded by the European Commission's Intelligent Energy Europe Programme, Ecopliant was officially launched in Copenhagen in 2012, where project partners met with the Ecopliant Advisory Group, formed by European trade associations and European NGOs, to discuss the aims and intended outcomes of this European market surveillance project. The objective of Ecopliant is to help deliver the intended economic and environmental benefits of the Ecodesign Directive by strengthening market surveillance and so increasing compliance with the Directive. NMO's main function is to develop best practice and to manage a pan European test programme, which includes electric motors, air conditioners, external power supplies and circulators.

Tyre Labelling

The main focus for 2013-14 has been to promote and raise UK industry awareness of the EU Tyre Label through regular communication with the Tyre Industry Federation, national tyre chains as well as over 300 separate engagements (ranging from website surveillance, mystery shopper and compliance visits) to various businesses within the tyre industry, ranging from tyre manufacturers, importers, distributors and retailers.

The NMO currently do not have any powers, and so have not been able to successfully place any sanctions. However NMO have presented tyre compliance information to several retailer board/manager meetings ensuring the compliance information filters down from top-level and established points of contact with several Managing Directors of the top 20 retailers, and top 10 distributors.

Corporate Services

The Corporate Services Directorate brings together the resources of Finance, Procurement, Governance, Security, Communications, Records Management, Human Resources, Reception and IT. Our role is to enable the other Directorates to achieve their objectives, on time and within budget.

During 2013-14 the Directorate developed its services so that it could continue to provide a professional service to the Agency that offered value for money. In order to achieve this the Directorate was re-organised to acknowledge the changing demands of the Agency with less staff whilst still able to provide a good level of service to an expanded Agency. As part of this reorganisation we were pleased to appoint NMO's first apprentice.

The Directorate supported the expansion of the Agency by working closely with Business Managers to ensure that their new staff met their requirements and also the Civil Service standards. NMO operates a well established induction programme and Corporate Services delivers an extensive part of this.

The Directorate continues to focus on supporting personal and team development. The team has a broad range of skills, including finance, project management, communications and change management which are central to the Civil Service Reform Plan. The new Civil Service Performance Development System (PDS) was introduced across the Agency; Corporate Services have adopted the system and all staff have attended in-house training to ensure the consistent application of policy. The process of reviewing and modernising HR policies has resulted in new policies on whistle-blowing and changes to other policies; this process will continue into 2014/15.

As part of developing NMO's Line Managers, managers of staff were actively encouraged to attend management training courses provided by Civil Service Learning, which initial feedback has been very positive. All staff were required to complete Civil Service training on fraud, 'responsible for information' and the new government security classifications.

The Directorate continued to work closely with BIS colleagues and during 2013 NMO moved its HR/Payroll services to UK Shared Business Service (UKSBS) in support of the Civil Service shared services agenda. This

transition was not without its difficulties, including the loss of a functioning self-service HR system, however the Directorate has worked with UKSBS to agree temporary measures and are working to improve this service.

The finance team has worked with finance colleagues in BIS in support of the Clear Line of Sight agenda and has used the new Enterprise Performance Management system developed by BIS to consolidate their accounts. This was challenging for the interim accounts, however the experience for the final accounts has been much more positive, and the finance team will be fully involved during further developments in 2014/15.

During the final quarter of the year, the Directorate's communication staff successfully managed the transition of NMO's website to gov.uk which went live in April 2014. This involved leading a large team of assigned content editors drawn from the Directorates across the Agency in re-writing and presenting NMO's digital content in line with style guides set down by the Government Digital Service. Although this was a challenging project, we are very pleased with NMO's new website.

The final quarter also saw all staff benefitting from a new suite of laptops as the existing hardware was approaching the end of its life which coincided with the move to Windows 7. The new laptops are smaller and enable more mobile and flexible working, with staff benefitting from the quicker response times. The finance systems were also upgraded to enable them to work within the new operating environment.

The close monitoring on costs for 2013-14 has enabled the Agency to reduce its overhead costs by 14% and meet its Ministerial Target.

Forward look

Over the next 2 years the Agency will be primarily focused on two main areas. The first is to complete the process of putting into place new arrangements for the operation of NPL, at the same time it will be essential that the other activities in this area such as programme and estate management are properly carried out, in particular the Advanced Metrology Laboratory (AML) project.

The second main area of focus is to continue to establish the Agency's capability across a wider range of technical regulation and enforcement activities. For several years we have been building on our traditional strengths in legal metrology to offer colleagues elsewhere in Government solutions to both their policy and their enforcement needs. Our concentration continues to be those areas of product regulation aimed at improving the information available to consumers and the confidence they have when buying those products. Central to successful outcomes in this field are the availability of the necessary technical expertise and a strong international profile. We will also continue to look for opportunities to increase the scope of our certification and other commercial services which provide valuable underpinning to both.

The future shape of the Agency may be different following the establishment of the new arrangements for NPL. We are fortunate in being able to draw on the analysis carried out by BIS in looking at its delivery landscape in beginning to map out the future shape of the Agency and this will be an important part of the year to come.

The Steering Board and the Management team remain committed to expansion through steady growth and this is detailed NMO's Corporate Plan, which is available on our website:

<https://www.gov.uk/government/publications/corporate-plan-from-2014-to-2016>.

Other Information

Staff

NMO 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 Management Board meetings, office circulars and all staff meetings. Staff are helped to realise their potential through training. NMO is accredited with Investors in People as recognition of its commitment to staff.

NMO is fully committed to providing equal opportunity for all staff. NMO follows the Civil Service guidelines ensuring 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, part-time working pattern, marital status, sexual orientation, race, colour, nationality, ethnic or national origin or religious belief. NMO's consultative mechanisms provide an opportunity for staff to have an input into issues that concern them, to offer a staff view on new initiatives, and to make suggestions for improvements where appropriate.

NMO ensures that recruitment is carried out on the basis of fair and open competition and that selection is on merit in accordance with the Office of the Civil Service Commission (OCSC) Principles. Recruitment systems are subject to regular audits by the Commission.

There were 18 external recruitment exercises during 2013-2014.

Social and Community Issues

During 2013-14 NMO raised money for the Rainbow Trust instead of sending Christmas cards to stakeholders and asking staff to donate old mobile phones. The Rainbow Trust is a registered charity, located in Leatherhead and looks after terminally ill children.

Major Contractors

NMO has complied with the cost allocation and charging requirements set out in HM Treasury guidance.

NPL Management Ltd

NMO's major contractor is NPL Management Ltd (NPLML) a wholly owned subsidiary of Serco. NPLML is based on the same Teddington site as NMO. NMO has an 11-year contract (extended from the original 10 year contract) with NPLML to perform measurement science (the "Science Contract") which expires in 2015. Within the 11-year contract there are annual amounts that NMO is committed to spend in order to support the scientists and infrastructure that they operate. NPLML are the operator of NPL which is Government Owned Contractor Operated (GOCO).

NMO is responsible for maintaining the buildings in which NPLML perform their science and for which they pay an accommodation and facilities charge.

Amey Community Ltd

NMO has a contract with Amey Community to operate the facilities management contract at the Teddington site. This has been extended and now expires in 2016.

Other National Measurement Institutes

NMO also has contracts with LGC Ltd and TUVNEL (NEL) to perform measurement science for areas in which they specialise. These are covered by shorter term contracts which are usually of 3-year length.

SGS (UK) Ltd

NMO has a contract with SGS (UK) Ltd to test gas and electricity meters where accuracy is disputed. This

work was outsourced by Ofgem in 2002 and the contract was novated to NMO when the statutory responsibility for the metrological accuracy of gas and electricity meters was transferred to NMO in April 2009. The original contract expired in November 2010 and a new contract has now been signed for an initial period of six years with three, optional 12 month extension periods.

Basis of audits

Auditors

The Comptroller and Auditor General has been appointed under statute to perform the statutory audit and report to Parliament. A notional charge of £33,500 has been made in the 2013-14 accounts in respect of this. In addition, audits were made during 2013-14 by BIS Internal Audit. A charge to cover all internal audit services of £45,597 was made and is included in the Statement of Comprehensive Net Expenditure. During the year, the Agency purchased no non-audit services from the National Audit Office.

Disclosure of relevant audit information

There is no relevant audit information of which NMO's auditors are unaware and we have taken all the steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that NMO's auditors are aware of that information.

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 Statement of Comprehensive Net Expenditure. There is no liability for future benefits as this is a charge to the PCSPS.

Creditors payment, policy and performance

NMO settles its own accounts with payments made twice a week. In 2013-14, 99.8% of invoices were paid within thirty days of receipt of invoice. In 2012-13, 99.4% of invoices were paid within thirty days of receipt of invoice. In 2013-14, invoices were settled within an average of 7 days. In 2012-13, invoices were settled within an average of 7 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 thirty 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 2013-14.

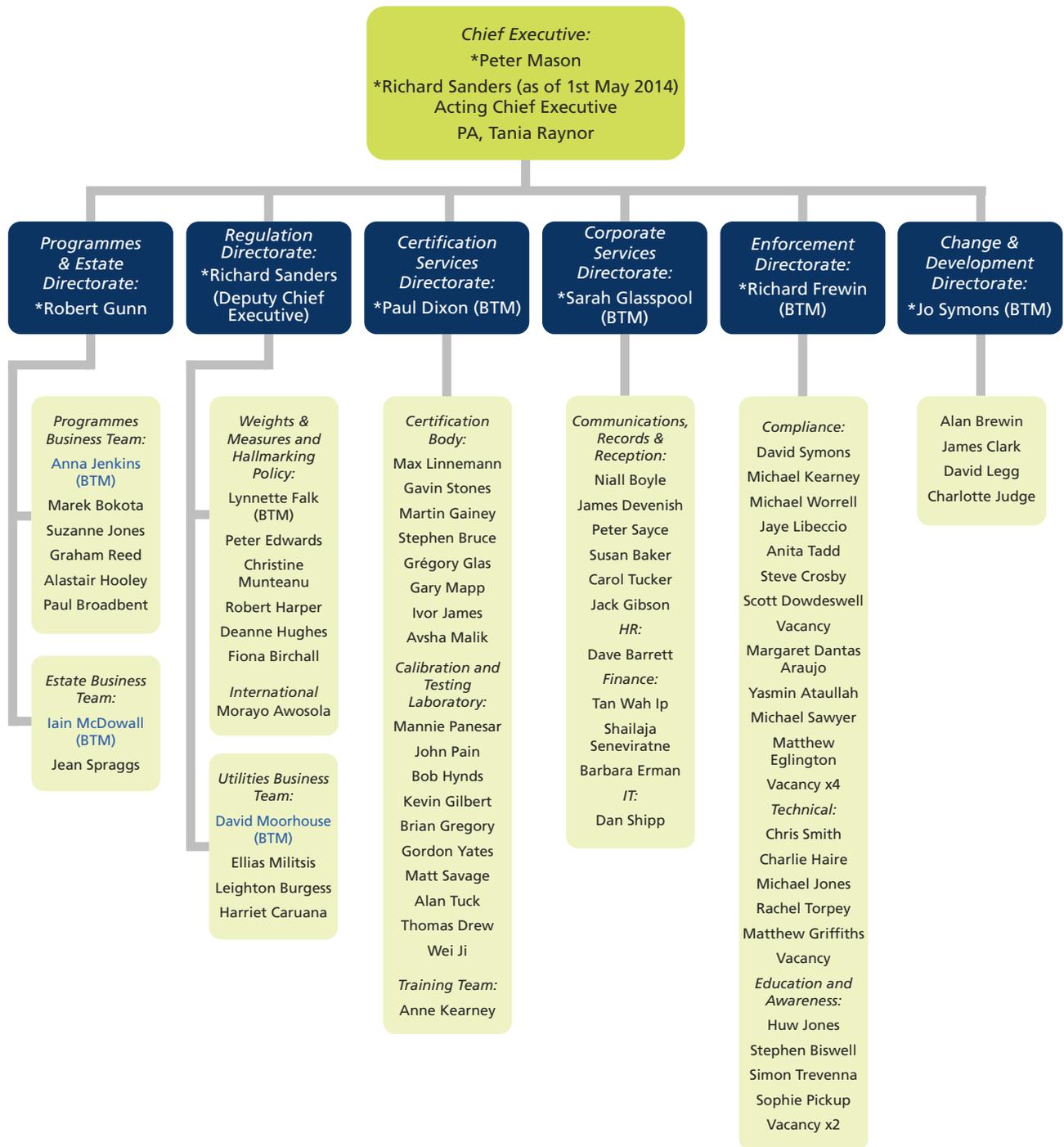
Personal data related incidents

NMO's pay arrangements are handled by UKSBS. December's payslips were sent to staff home addresses, but the majority were not received. This was investigated, staff notified and more robust systems are now in place.



Richard Sanders
Acting Chief Executive
Date: 2 July 2014

Organisation Structure as of March 2014



Note:

* Members of the Management Board

(BTM) Business Team Managers



Chapter 4

Governance Statement

Introduction

This Governance Statement sets out the internal control procedures that have operated in the Agency during the period 1 April 2013 to 31 March 2014. Its preparation has been supported by the work of XDIAS, whom NMO engage to perform the internal audit function for the Agency. I have taken advice and assurance from the previous Accounting Officer that there was effective operation of internal controls during 2013-14.

Scope of responsibility

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

NMO operates as an Executive Agency within the Department for Business, Innovation and Skills. The purpose of the Agency, together with its governance arrangements, accountability and delegations, is set out in a Framework Document which is available on our website.

In accordance with Managing Public Money I am personally responsible for managing the risks of the Agency and the key risks are set out in the Agency's Corporate Plan which is approved by Ministers each year. For line management purposes I report to the Director of Innovation in the Department for Business, Innovation and Skills, who is responsible for most of the funding which the Agency receives and who also sits on the Agency's Steering Board.

The Governance Framework/Structure

I am supported in my role of Agency Accounting Officer by three NMO corporate governance bodies: the Steering Board, the Management Board and the Audit Committee.

The **Audit Committee** consists of two non-executive Steering Board members and meets three times a year

along with representatives from NAO, Internal Audit (now XDIAS) and BIS Finance. Its role is to support me in my role as Accounting Officer by:

- Promoting confidence in the Agency's governance, risk management and internal control framework.
- Reviewing the comprehensiveness of assurances in meeting the Agency's assurance needs.
- Reviewing the reliability and integrity of these assurances.

During 2013-14 the Audit Committee comprised of the following personnel:

Alan Proctor, Non-Executive Member, Chair

Peter Cowley, Non-Executive Member

The Audit Committee met on the following dates: 20th May 2013, 16th September 2013 and 28th January 2014. These meetings were attended by all Committee members.

Review of Board Performance

Because of the change in Chair of the Steering Board at the beginning of 2013, it was decided to postpone the next review of the Steering Board's compliance with the Corporate Governance Code. The Steering Board will review its performance during 2014. The Audit Committee has continued to conduct an annual self-assessment in accordance with the guidance issued by the NAO entitled the *Audit Committee Self-Assessment Check List*. The 2013-14 review concluded that existing arrangements remained satisfactory. During 2013-14 NMO continued to employ the balanced scorecard approach which provided detailed oversight of the diverse activities of the Agency and is used each month at Management Board meetings to focus discussions on key issues.

Over the year, the Agency has continued to develop and enhance its information and performance reporting to meet the needs of the corporate governance bodies in terms of timeliness, data quality and presentation.

Issues Considered by the Steering Board and Management Board

During the year particular attention continued to be paid to the future arrangements for the future of NPL. It was announced in November 2012 that the current contract with Serco would not be renewed in April 2014 and that alternative arrangements will need to be put in place. This has necessitated the diversion of resources to an expanded team headed by the Director of Change & Development, with significant contributions from the Chief Executive, the Director of Programmes and Estate and the Finance Director as well as increased levels of involvement from colleagues in BIS.

Progress on the Advanced Metrology Laboratory on the Teddington site, funding for which was announced in January 2013, has also been reviewed regularly. In early 2014 it became apparent that the original funding of £25m was not sufficient to build a laboratory with the low vibration specifications originally hoped for, since then attention has been directed to how best to use the available funding to address the measurement needs of new Quantum Technologies.

The further expansion of the Agency's Enforcement activities has been considered on a number of occasions. The number of opportunities which have emerged during the year illustrates the strength of the NMO's offering in this field, but as with all diversification it is necessary to carry out a proper evaluation to ensure that the proposal is within our competence and that any risks are manageable.

The challenges of resourcing this expansion of Enforcement activities as well as the demands of the NPL project and the succession planning necessary elsewhere in the Agency has continued to require an

imaginative approach to recruitment within the confines of the Civil Service procedures and restrictions in force. During the year we have supplemented our usual process of recruitment on permanent Civil Service terms with alternative methods such as secondments, apprenticeships and fixed term intern-type contracts.

Finally, both Boards have had to devote some time to considering the issues referred to elsewhere relating to changes in our Shared Services arrangements for handling HR and payroll processes.

Looking forward, as the work on the project on the future of NPL is completed it will be necessary to give some thought to the arrangements within BIS, including NMO, for managing the new relationships. This will also provide an opportunity to take a fresh look at how the Agency's mix of Technical Regulation and Enforcement activities can be developed to build on the successes of the existing model.

Work on alternatives to the originally planned Advanced Metrology Laboratory will also be progressed, hopefully in line with the original funding profile.

The Risk and Internal Control Framework

NMO operates a system of internal control which is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Agency'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. Staff are aware of their financial responsibilities and the importance of raising issues with management where projects are not proceeding to plan. The system of internal control has been in place in NMO for the year ended 31 March 2014 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The Agency's Finance Director acts as risk management 'champion' on the Management Board and is responsible for the maintenance of risk management policies, operations and profile. Detailed written guidance, which is reviewed annually by the Audit Committee (most recently in January 2014), is provided to all managers and staff.

A central feature of the Agency's risk management strategy is that it is based on risk registers which are drawn up at Directorate or Business Team level, and are reviewed monthly by the Directors or Business Team Managers. Most controls are assigned to Primary Budget Holders who are Members of the Management Board and then in the case of some Directorates to Business Team Managers. Operational and financial issues are addressed at monthly meetings attended by both Business Team Managers and the Management Board, informed by a scorecard process. Any issues which are seen to be significant are then addressed by the Management Board and where necessary escalated to our parent Department. The scorecard is derived from the Corporate Plan, and assesses both risk registers and targets at Business Team/Directorate level and Agency level.

The Agency has risk assessment guidance which both determines the priority to be given to identified risks and the acceptable level of risk. Any risks which are assessed as high or which are significantly above the desired risk level are considered by the Management Board and included in the Agency's high level risk register. In the past year the risk register has been used to track issues related to the project for the new arrangements for NPL, the progress on the Advanced Metrology Laboratory project, and the staffing pressures associated with difficulties in recruitment. Changes to both Business Team and Agency level risk registers are documented.

The Risk Management system was reviewed by XDIAS in 2008-09 and its operation during 2012-13 and it was concluded that the Agency's management demonstrated an ongoing commitment to embedding risk management with a framework that was tailored to fit and applied good practice. The guidance was found to be effectively communicated, with a consistent and dynamic approach, and management were encouraged to continue to consider further initiatives that would further promote a risk culture throughout the Agency.

As an Executive Agency we have opted for Independent Departmental Security Officer (DSO) status and have a designated Agency Security Officer (ASO), an Information Technology Security Officer (ITSO) and a Board-level Senior Information Risk Owner (SIRO). NMO's Internal Audit's previous conclusion that NMO complies with *Data Handling Procedures in Government* is followed up annually as part of their audit programme.

The Data Handling Review (DHR) requires Departments to report annually on information risk in their Resource Accounts and to the Cabinet Office in the Security Risk Management Overview (SRMO). The Agency has completed a SRMO annual return required by all of BIS partner organisations which will form part of the overall BIS SRMO report and also provides a comprehensive view of our main areas of security and information risk. Internal Audit have provided independent assurance of this return, and it was submitted to BIS on the 6th May 2014.

NMO had no protected personal data related incidents during 2013-14 and none during the previous seven years. All NMO staff have received training on 'Responsible for Information' (which replaced 'Protecting Information'), with a 100% pass rate. Information Asset Owners have been assigned to each dataset owned by NMO and have been trained to a higher level on data security. They provide a quarterly report on risk and security incidents on their databases. NMO will continue to assess these information risks in order to identify any weaknesses and ensure continuous improvement of its systems.

The New Government Security Classification system has been rolled out in NMO with an implementation date of 2nd April 2014.

During the year NMO conducted a review of its off payroll appointees to ensure that the arrangements comply with the new tax policy and guidance issued by BIS and the Cabinet Office. I can confirm that all arrangements meet compliance requirements.

Since December 2012 NMO had published all of its monthly spend data in accordance with HMT guidance, rather than items above £25k as previously. Prior to publication this data is reviewed by the Finance Director who additionally has sight of all invoices as part of approving all payments to suppliers. This process provides a control to ensure that the Agency is managing its expenditure in conformity to current measures.

Review of the System of Internal Control

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, by assertion statements from the Directors (Primary Budget Holders) within the Agency who have responsibility for the development and maintenance of the internal control framework, by a comments on those statements by the Chairman of the Audit Committee and XDIAS, and by comments made by the external auditors in their ISA 260 and other reports. Together these arrangements are designed to ensure that continuous improvement of the system takes place.

The XDIAS programme is considered by the Audit Committee annually. In 2013 the audit programme included a review of NMO's procurement practices, following up the incident relating to invoices referred to in last year's Governance Statement. That review concluded that there were effective controls in place, but identified a number of improvements that could be made, particularly in respect of reviewing the use of Government Procurement Cards and disseminating procurement guidance to staff through the intranet and training. XDIAS have confirmed their opinion that the system of internal control that operated within NMO during 2013-14 was satisfactory.

Separately, the Agency's management of its contracts with NPLML were audited by PwC as part of the Government-wide review of contracts with Serco. The PwC audit found no material errors or irregularities in charging for projects and, whilst some opportunities to improve contract management were identified, the working relationship was stated to be among the best they had seen.

In addition to this, a number of the Agency's functions are certified to the international standards ISO 9001 and ISO 18000 and we hold UKAS accreditation to the international standards ISO 17021 and 17025 for a

range of functions. An essential requirement of these standards is that the functions covered are subject to a third party, and therefore independent, audit.

As regards the risks of financial losses, the Agency makes use of the toolkit introduced in October 2010 to consider how such risks might be mitigated and managed. Previous reviews covering possible system weaknesses in financial funds flows, human use or abuse of financial systems, and possible weaknesses in the control environment within which financial systems operate have concluded that the Agency met or exceeded the required level of control in most processes. Following the introduction of the BIS Shared Services arrangement covering HR and payroll processes, no financial loss was identified for 2013-14.

With regard to the range of commercial activities carried out by the Agency, great importance is placed on the ethical standards we apply when conducting our business responsibilities, as failure to do so could cause reputational as well as financial damage. NMO's Management Board and Audit Committee review the Agency's fraud and whistleblowing policies on an annual basis.

During the reporting period, two investigations were launched in accordance with the Agency's "whistleblowing" procedures. The first related to the disposal of equipment which had been the subject of testing by our Enforcement team. XDIAS investigated the allegation and concluded no wrong doing had taken place with regard to how the equipment had been disposed of. This led to a review of our internal processes and a tightening of contract management.

The second allegation related to one of our site contractors who works in conjunction with our Estate team. Again, NMO requested XDIAS to investigate the allegation, which identified a number of areas of good practice and areas for improvement but no evidence to support the allegation.

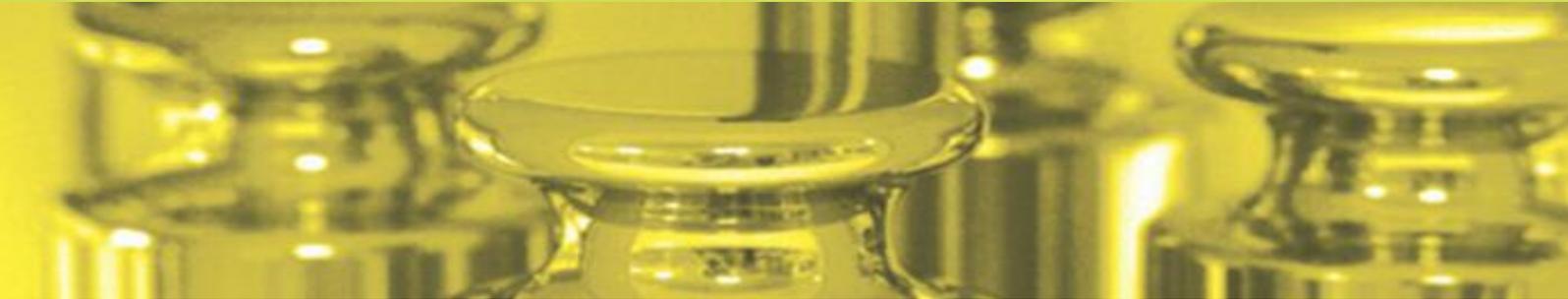
Other relevant governance issues that have arisen during the financial year

There have been a number of issues with the operation of the Agency's pay arrangements which are now handled by UKSBS, particularly regarding payslips that were sent in January, but were not received. Management in the Agency and at UKSBS are working closely together to resolve individual problems and to develop more robust systems.

Other than as noted above, there were no significant control issues and no data security lapses during 2013-14 which required intervention from myself or the Management Board.



Richard Sanders
Acting Chief Executive and Interim Accounting Officer
Date: 2 July 2014



Chapter 5

Remuneration Report

Following is the Remuneration Report for NMO for 2013-14 and the tables on remuneration and pension entitlements are subject to audit.

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. In reaching its recommendations, the Review body is to have regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at www.ome.uk.com.

The only senior civil servant is Peter Mason, the Chief Executive. For all other staff members their remuneration is determined by the staffing and pay system operating within our parent Department.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

All officials covered by this report hold appointments which are open ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at: www.civilservicecommission.org.uk.

Salary

'Salary' includes gross salary; 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.

This report is based on accrued payments made by the Agency and thus recorded in these accounts.

Benefits in kind

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

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2013-14 relate to performance in 2012-13 and the comparative bonuses reported for 2012-13 relate to the performance in 2011-12.

Remuneration (including salary) and pension entitlements

The following sections provides details of the remuneration and pension interests of the most senior management (i.e. Management Board members) of the Agency.

Remuneration (salary and payments in kind)

	Salary £'000		Bonus payments £'000		Benefits in kind (to nearest £100)		Pension benefits £'000		Total £'000	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Mr Peter Mason <i>Chief Executive</i>	80-85	80-85	5-10	0	0	0	0	0	90-95	80-85
Mr Richard Sanders <i>Director</i>	60-65	25-30* (60-65 full year equivalent)	0-5	0-5	0	100	5	11	65-70	40-45
Miss Sarah Glasspool <i>Director</i>	55-60	55-60	0-5	0-5	0	0	14	22	70-75	75-80
Mr Robert Gunn <i>Director</i>	65-70	65-70	0-5	0-5	900**	800**	6	38	75-80	105-110
Mrs Jo Symons <i>Director (part-time)</i>	40-45 (60-65 full-time equivalent)	35-40 (60-65 full-time equivalent)	0-5	0-5	0	0	3	8	45-50	40-45
Mr Richard Frewin <i>Director</i>	55-60	55-60	0-5	0-5	0	0	3	36	60-65	95-100
Mr Paul Dixon <i>Director</i>	60-65	55-60	0-5	0-5	0	200***	21	33	80-85	90-95

*Went on a six month loan to the BIS / Better Regulation Delivery Office (September 2012 - March 2013)

**These payments were for excess fares when Mr Robert Gunn transferred to Teddington.

*** This payment was for passport costs.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in NMO in the financial year 2013-14 was £90,000 - £95,000 (2012-13, £80,000 - £90,000). This was 2.5 times (2012-13, 2.2) the median remuneration of the workforce, which was £37,299 (2012-13, £36,781). This calculation is based on the full-time equivalent staff of NMO at the reporting period end date on an annualised basis.

In 2013-14, no (2012-13, nil) employees received remuneration in excess of the highest-paid director.

Remuneration ranged from the £15,000 - £20,000 band to the £90,000 - £95,000 band (2012-13, £15,000 - £20,000 band to £80,000 - £85,000 band).

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

Agency Steering Board

The non- executive members were entitled and paid the following fee:

Name	Fee £'000
Prof Isobel Pollock	5-10
Mr A Proctor	5-10
Dr Peter Cowley	5-10

Mr John Dodds was a member of the Steering Board up to September 2013 but as a salaried employee of BIS, drew no remuneration.

Ms Amanda Brooks was a member of the Steering Board from September 2013 but as a salaried employee of BIS, drew no remuneration.

Steering Board Composition	Full years numbers
NMO	1
BIS	1
Private sector	3

Pension benefits

	Accrued pension at pension age as at 31/3/14 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/14 £'000	CETV at 31/3/13 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Mr Peter Mason <i>Chief Executive</i>	40-45 plus lump sum of 120-125	0-2.5 plus lump sum of 0-2.5	920	913	-7	0
Mr Richard Sanders <i>Director</i>	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 0-2.5	438	408	3	0
Miss Sarah Glasspool <i>Director</i>	10-15 plus lump sum of 5-10	0-2.5 plus lump sum of 0-2.5	183	161	9	0
Mr Robert Gunn <i>Director</i>	30-35 plus lump sum of 50-55	0-2.5 plus lump sum of 0-2.5	574	535	4	0
Mrs Jo Symons <i>Director</i>	10-15 plus lump sum of 40-45	0-2.5 plus lump sum of 0-2.5	204	190	1	0
Mr Richard Frewin <i>Director</i>	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 0-2.5	280	261	1	0
Mr Paul Dixon <i>Director</i>	15-20 plus lump sum of 10-15	0-2.5 plus lump sum of 0-2.5	191	166	11	0

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 6.25% of pensionable earnings for classic and 3.5% and 8.25% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2014. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial 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. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the members earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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 from a panel of three providers. 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 employers 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).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website:

<http://www.civilservice.gov.uk/pensions>

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (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 members accrued benefits and any contingent spouses 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 their 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 figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include 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 handwritten signature in black ink, appearing to read 'R Sanders', written in a cursive style.

Richard Sanders

Date: 2 July 2014

Acting Chief Executive and Interim Accounting Officer



Chapter 6

Accounts

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, the Secretary of State with the consent of the HM Treasury has directed NMO to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of NMO, the income and expenditure, statement of changes in the taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury including the 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 Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts, and
- prepare the accounts on a going concern basis.

The Accounting Officer of the Department of Business, Innovation and Skills has designated the Chief Executive as Accounting Officer of NMO. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding NMO's assets, are set out in Managing Public Money, as published by HM Treasury.

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

I certify that I have audited the financial statements National Measurement Office for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the National Measurement Office's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by National Measurement Office; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of National Measurement Office's affairs as at 31 March 2014 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Strategic Report and Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General
Date: 7 July 2014
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2014

	Note	2013-14 £'000 Income	2013-14 £'000 Staff Costs	2013-14 £'000 Other Costs	2012-13 £'000 Income	2012-13 £'000 Staff Costs	2012-13 £'000 Other Costs
Administration Costs:							
Operating income	5	20			25		
Staff costs	3		(1,457)			(1,361)	
Other administrative costs	4			(1,251)			(596)
Programme Costs:							
Operating income	5	16,707			15,044		
Staff costs	3		(2,267)			(1,940)	
Other programme costs	4			(74,848)			(70,114)
Movement on provisions	4			13,388			(7,137)
Totals		16,727	(3,724)	(62,711)	15,069	(3,301)	(77,847)
Net Operating Cost				(49,708)			(66,079)

Other Comprehensive Expenditure

	2013-14 £'000	2012-13 £'000
Net gain on revaluation of Property, Plant and Equipment	7,606	4,495
Net gain/(loss) on revaluation of Intangibles	-	15
Total Comprehensive Expenditure	(42,102)	(61,569)

All operations are continuing.

The notes on pages 46 to 64 form part of these accounts.

Statement of Financial Position

as at 31 March 2014

	Note	31 March 2014		31 March 2013	
		£'000	£'000	£'000	£'000
Non-current assets:					
Property, plant and equipment	6	191,087		187,002	
Heritage assets	6	838		909	
Intangible assets	7	337		365	
Deposits and advances	10	200		200	
Total non-current assets		192,462		188,476	
Current assets:					
Trade and other receivables	10	4,939		4,513	
Cash and cash equivalents	11	1,190		3,796	
Total current assets		6,129		8,309	
Total assets		198,591		196,785	
Current liabilities					
Provisions	13	(2,585)		(2,790)	
Trade and other payables	12	(3,507)		(3,878)	
Total current liabilities		(6,092)		(6,668)	
Total assets less current liabilities		192,499		190,117	
Non-current liabilities					
Provisions	13	(30,599)		(46,520)	
Total non-current liabilities		(30,599)		(46,520)	
Assets less liabilities		161,900		143,597	
Taxpayers' equity:					
General fund		114,472		101,917	
Revaluation reserve		47,428		41,680	
Total taxpayers' equity		161,900		143,597	



Richard Sanders

Date: 2 July 2014

Acting Chief Executive and Interim Accounting Officer

The notes on pages 46 to 64 form part of these accounts.

Statement of Cash Flows

for the year ended 31 March 2014

	Note	2013-14 £'000	2012-13 £'000
Cash flows from operating activities			
Net operating cost		(49,708)	(66,079)
Adjustments for other non-cash transactions	4	11,920	8,091
Adjustments for non-cash provisions	4	(13,388)	7,137
Use of provisions	13	(2,738)	(2,200)
(Increase)/Decrease in trade and other receivables	10	(426)	202
(Decrease)/Increase in trade payables	12	(371)	954
Net cash outflow from operating activities		(54,711)	(51,895)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(8,228)	(9,260)
Purchase of intangible assets	7	(45)	(15)
Proceeds of disposal of property, plant and equipment	6	7	-
Net cash outflow from investing activities		(8,266)	(9,275)
Cash flows from financing activities			
Funding from BIS		60,371	63,405
Net financing		60,371	63,405
Net (decrease)/increase in cash and cash equivalents in the period		(2,606)	2,235
Cash and cash equivalents at the beginning of the period	11	3,796	1,561
Cash and cash equivalents at the end of the period	11	1,190	3,796

The notes on pages 46 to 64 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2014

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2013		101,917	41,680	143,597
Net Parliamentary Funding - drawn down		60,371	-	60,371
Net operating cost for the year		(49,708)	-	(49,708)
Non-Cash Adjustments:				
Surplus on revaluation	6	-	7,606	7,606
Realised element of revalued assets		1,858	(1,858)	-
Auditor's remuneration	4	34	-	34
Balance at 31 March 2014		114,472	47,428	161,900

for the year ended 31 March 2013

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2012		102,593	39,148	141,741
Net Parliamentary Funding - drawn down		63,405	-	63,405
Net operating cost for the year		(66,079)	-	(66,079)
Non-Cash Adjustments:				
Surplus on revaluation	6	-	4,495	4,495
Realised element of revalued assets		1,963	(1,963)	-
Auditor's remuneration	4	35	-	35
Balance at 31 March 2013		101,917	41,680	143,597

The notes on pages 46 to 64 form part of these accounts.

The General Fund is used to support the on-going operations of the Agency and represents the investment made by the Agency or parent Department. The revaluation reserve represents the increase in value of non-current assets above their depreciated historic costs.

Notes to the Accounts

For the year ended 31 March 2014

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2013–14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the NMO for the purpose of giving a true and fair view has been selected. The particular policies adopted by NMO are described below. They have been consistently applied in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment. The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000). The functional currency of the Agency is pounds sterling.

1.2 Going Concern

The National Measurement Office is an Executive Agency of BIS, and the Department for Business, Innovation and Skills estimates and forward plans include provision for its continuation. It has therefore been considered appropriate to prepare these accounts on a going concern basis.

1.3 Administration and Programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between Administration and Programme income and expenditure. The classification of income and expenditure as Administration or as Programme follows the definition of costs set out in the Consolidated Budgeting Guidance for 2013–14 as issued by HM Treasury.

1.4 Property, plant and equipment

Property, plant and equipment is accounted for in accordance with the FReM and IAS 16 Property, plant and equipment. Expenditure on plant and equipment of over £1,000 are capitalised with the exception of IT equipment, where everything over £500 is capitalised. For property assets, the capitalisation threshold is £2,500. All land and buildings have been valued at fair value as defined in the RICS Red Book.

They have all been valued on a component basis in accordance with IAS 16 as interpreted by the FReM. Market indices issued by the Building Cost Information Service (BCIS) and published professional opinion as appropriate, are applied in the intervening years between full professional valuations. Impairment losses not resulting from a loss of economic value or service potential, is taken to the revaluation reserve to the extent that there is a credit in that reserve for that asset or portfolio of assets. Impairment losses that arise from a clear consumption of economic benefit is charged to the Statement of Comprehensive Net Expenditure. Any increase in value is transferred to the revaluation reserve. Property, plant and equipment are depreciated on a straight line basis to the residual value over the asset's expected useful life. Assets under construction are recognised and treated as capital expenditure, but not depreciated.

All land and buildings were valued as at 31 March 2014 by an independent Chartered Surveyor, Powis Hughes and Associates. This valuation was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Professional Standards January 2014 (the 'Red Book').

The stock of furniture and fittings is treated as a permanent asset pool which is largely not depreciated; replacement expenditure is charged to the Statement of Comprehensive Net Expenditure in the year of purchase.

Asset lives are normally in the following ranges:

Freehold buildings - 50 years or estimated useful life, if shorter
 Historic leasehold - residual term of land and buildings lease
 Leasehold improvements - residual term of lease
 Plant and machinery from 5 to 30 years
 Computer equipment and office machinery from 3 to 10 years
 Motor vehicles from 5 to 10 years

1.5 Heritage assets

The Agency has a number of non-operational heritage assets held for historical and cultural reasons only and are valued at fair value in accordance with the FReM. They are located at the National Physical Laboratory and National Measurement Office laboratories in Teddington, with access limited to selected NPL and NMO staff. All heritage assets are contained within a secure building and where significant assets are held in further locked facilities. The assets are listed separately on the NMO asset register and are checked for their existence annually. Due to their nature, very little maintenance is required. They consist of the National Physical Laboratory museum and archives, and some UK primary standard weights and measures. Some of these group of assets is held for statutory purposes. Most are not depreciated as they have very long estimated lives. There is little market based evidence of fair value because of their nature, so fair value is estimated using a depreciated replacement cost approach using market evidence of the value of the metal when appropriate, and some are held at nil book value.

1.6 Intangible assets

Intangible assets are recognised if it is probable that future economic benefits attributable to the asset will flow to the Agency and the cost of the asset can be measured reliably. Expenditure on intangible non current assets of over £1,000 is capitalised and are carried at fair value. They are amortised on a straight line basis over the shorter of the licence period or their useful economic life.

1.7 Revenue recognition

Income comprises services provided net of VAT. Income is recognised in the period to which it relates.

1.8 Segmentation

The income is analysed in segments to meet the relevant sections of the statutes under which NMO operates, which is a fees and charges requirement. Income is also analysed on a geographical basis and segment basis in accordance with IFRS 8 Operating Segments.

1.9 Value Added Tax

NMO is covered under the VAT registration of the Department for Business, Innovation and Skills. NMO recovers VAT on certain contracted-out services, as directed by HM Treasury. Irrecoverable VAT is included as expenditure or included in the costs of property, plant and equipment purchased.

1.10 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals due under operating leases are charged to the Statement of Comprehensive Net Expenditure over the lease term on a straight-line basis in accordance with IAS 17 Leases. The amounts payable in the future, under these operating lease arrangements, which are disclosed in Note 15 are not discounted.

1.11 Leases where NMO is the lessor

Where NMO receives rentals for property which is not occupied by NMO, the rentals are credited to the Statement of Comprehensive Net Expenditure in the period to which they relate.

1.12 Foreign exchange

NMO applies IAS 21 The Effects of Changes in Foreign Exchange Rates and transactions that are denominated in a foreign currency are translated into sterling at the rate of exchange ruling on the date of each transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are retranslated at the rates of exchange ruling at that date. These translation differences are recognised in the Statement of Comprehensive Net Expenditure.

1.13 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS). The defined benefit schemes are unfunded and are non contributory except in respect of dependents' benefits. NMO 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 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 schemes, NMO recognises the contributions payable for the year.

1.14 Financial instruments

The only financial instruments included in the accounts are receivables and payables. Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment is made when there is evidence that NMO will be unable to collect an amount due in accordance with agreed terms.

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised in the Accounts at fair value on the date that the guarantee was given in accordance with IAS 39: Financial Instruments: Recognition and Measurement. At each Statement of Financial Position date, they are subsequently re-measured at the higher of the amount determined in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets, and the amount initially recognised, less when appropriate, cumulative amortisation.

NMO currently has two financial guarantees. More information is provided in Note 8 to these Accounts.

1.15 Provisions for liabilities and charges

The Agency makes provision for liabilities and charges where a legal or constructive liability (i.e. a present liability arising from a past event) exists and the transfer of economic benefits is probable.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date and are discounted to a present value where the effect is material.

1.16 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Agency discloses for Parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is

remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.17 Estimates, techniques and changes in accounting estimates

NMO makes estimates in relation to the valuation of its property, plant and equipment and provisions. These are explained further in notes 1.4, 6 and 13.

1.18 Accounting for the costs of the Carbon Reduction Commitment Energy Efficiency Scheme

The Agency is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in its introductory phase, which will last until April 2014. NMO is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted, a liability and an expense are recognised. The liability will be discharged by surrendering allowances and is measured at the best estimate of the expenditure required to meet the obligation, which is normally at the current market price of the number of allowances required to meet the liability at the reporting date.

1.19 Operating income

Operating income is income that relates directly to the operating activities of the Agency and is measured at the fair value of consideration received or receivable. It is recorded net of trade discounts; value added tax and other taxes. It comprises, principally, fees and charges for services provided, on a full cost basis to external customers and public sector repayment work.

2. Reconciliation between Operating Segments and the Statement of Comprehensive Net Expenditure

Operating Segments

The following information on operating segments and geographical analysis are required under IFRS8. The different operating segments have been chosen to reflect the different types of services that the Agency operates. These have different customers, pricing regimes and internal managers. They are accounted for separately and budgeting and decision making are based on this division.

Work performed internally for Legal Metrology is performed by more than one segment, and this is reflected in the internal reduction in costs. The costs for the Legal Metrology which is performed internally is calculated in accordance with full cost recovery and represents the resources required to fulfill the Legal Metrology contract.

Assets and liabilities are not segmented for management information purposes.

Operating segments 2013-14

	Gas and electricity metering £'000	Enforcement £'000	Certification and Calibration £'000	Other Legal Metrology £'000	National Measurement System £'000	Other £'000	Total £'000
Income from other Govt organisations	-	1,958	40	-	3	2	2,003
Income from parent Department	-	600	-	-	12	-	612
Income from public corporations	962	-	6	-	-	-	968
Income from private sector	-	-	776	-	12,165	133	13,074
Income from local authority	-	-	67	-	-	3	70
Total income	962	2,558	889	-	*12,180	***138	16,727
Other operating costs	950	2,312	1,728	710	48,803	114	54,617
Cross functional charging - Legal Metrology Programme	-	-	(913)	-	913	-	-
** Depreciation and amortisation	-	12	81	-	8,552	-	8,645
Impairments and revaluations	-	-	-	-	3,173	-	3,173
Total costs	950	2,324	896	710	61,441	114	66,435
Total comprehensive net expenditure	12	234	(7)	(710)	(49,261)	24	(49,708)

* The Estate team received £12,180k for rent and facilities management contributions for the Teddington buildings from the private sector. Of this £12,035k is received from NPL Management Ltd.

** The depreciation and amortisation shown are those which are direct costs to the segments, the remaining costs are apportioned within an overhead charge.

*** This includes training income of £117k, which is performed by the Certification Services team.

Operating segments 2012-13

	Gas and electricity metering £'000	Enforcement £'000	Certification and Calibration £'000	Other Legal Metrology £'000	National Measurement System £'000	Other £'000	Total £'000
Income from other Govt organisations	-	1,103	28	-	3	3	1,137
Income from parent Department	-	550	-	-	-	-	550
Income from public corporations/trading fund	845	-	5	-	-	-	850
Income from private sector	-	8	601	-	11,743	95	12,447
Income from local authority	-	-	77	-	-	8	85
Total income	845	1,661	711	-	* 11,746	***106	15,069
Other operating costs	834	1,473	1,583	732	68,388	85	73,095
Cross functional charging - Legal Metrology Programme	-	-	(875)	-	875	-	-
** Depreciation and amortisation	-	10	88	-	7,887	1	7,986
Impairments and revaluations	-	-	-	-	67	-	67
Total costs	834	1,483	796	732	77,217	86	81,148
Total comprehensive net expenditure	11	178	(85)	(732)	(65,471)	20	(66,079)

* The Estate team received £11,746K for rent and facilities management contributions for the Teddington buildings from the private sector. Of this £11,623K is received from NPL Management Ltd.

** The depreciation and amortisation shown are those which are direct costs to the segments; the remaining costs are apportioned within an overhead charge.

*** This includes training income of £81k, which is performed by the Certification Services team.

3. Staff numbers and related costs

Staff costs - Administration comprise:

	2013-14 Permanently employed staff £'000	2013-14 Others £'000	2013-14 Total £'000	2012-13 Permanently employed staff £'000	2012-13 Others £'000	2012-13 Total £'000
Wages and salaries	1,077	70	1,147	1,056	3	1,059
Social security costs	96	-	96	93	-	93
Other pension costs	214	-	214	209	-	209
Total	1,387	70	1,457	1,358	3	1,361

Staff costs - Programme comprise:

	2013-14 Permanently employed staff £'000	2013-14 Others £'000	2013-14 Total £'000	2012-13 Permanently employed staff £'000	2012-13 Others £'000	2012-13 Total £'000
Wages and salaries	1,769	14	1,783	1,493	45	1,538
Social security costs	148	-	148	124	-	124
Other pension costs	336	-	336	278	-	278
Total	2,253	14	2,267	1,895	45	1,940

The Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but NMO is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2013-14, employers' contributions of £549,669 were payable to the PCSPS (2012-13 £486,898) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £1,447 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £NIL, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the date of the Statement of Financial Position were £NIL. Contributions prepaid at that date were £NIL.

No persons (2013-14: 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £NIL (2013-14: £NIL).

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

	2013-14 Permanently employed staff Number	2013-14 Others Number	2013-14 Total Number	2012-13 Permanently employed staff Number	2012-13 Others Number	2012-13 Total Number
Certification Services	16	-	16	14	-	14
Change & Development	3	1	4	3	-	3
Corporate Services	15	-	15	16	-	16
Enforcement	20	-	20	13	1	14
Estate Management	3	-	3	3	-	3
Programme Management	5	-	5	5	-	5
Regulation	7	-	7	7	1	8
Utilities	4	-	4	4	-	4
Total	73	1	74	65	2	67

4. Administration and Programme Costs

	Note	2013-14			2012-13		
		£'000 Admin.	£'000 Prog.	£'000 Total	£'000 Admin.	£'000 Prog.	£'000 Total
Science research costs		-	55,441	55,441	-	54,883	54,883
Accommodation		114	4,897	5,011	117	4,992	5,109
International subscriptions		3	714	717	-	836	836
Laboratory testing		-	1,058	1,058	-	780	780
General expenses		992	591	1,583	249	410	659
IT		37	100	137	36	103	139
Travel and subsistence		26	109	135	26	97	123
Telecommunications		12	24	36	13	21	34
Rentals under operating leases		2	59	61	-	56	56
		1,186	62,993	64,179	441	62,178	62,619
Non cash items							
- Depreciation	6	22	8,616	8,638	101	7,813	7,914
- Impairments		-	3,173	3,173	-	67	67
- Amortisation	7	9	64	73	19	53	72
- Notional audit fee		34	-	34	35	-	35
- Loss on disposal of non current assets		-	2	2	-	3	3
Total other non-cash		65	11,855	11,920	155	7,936	8,091
Total other programme costs excluding movement in provisions		1,251	74,848	76,099	596	70,114	70,710
Movement in provisions	13	-	(13,388)	(13,388)	-	7,137	7,137
Total other costs		1,251	61,460	62,711	596	77,251	77,847

5. Income

The following information is given to satisfy the disclosure requirements for fees and charges, not IFRS8. 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 below.

	2013-14 Income	2013-14 Full Cost	2013-14 Surplus/ (Deficit)	2012-13 Income	2012-13 Full Cost	2012-13 Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Intradepartmental	612	601	11	550	579	(29)
Intragovernmental	2,916	2,754	162	1,948	1,667	281
Statutory	898	943	(45)	722	858	(136)
Commercial	133	116	17	103	87	16
Total	4,559	4,414	145	3,323	3,191	132
Rental Income	12,168			11,746		
Total Income	16,727*			15,069*		

* Of the £16,727k income, for 2013-2014 (£15,069k, 2012-13), £20k (£25k) is derived from Administration and £16,707k (£15,044k) from Programme.

Geographical analysis of income

	2013-14 £'000	2012-13 £'000
UK	16,304	14,738
EU	196	184
Asia*	145	114
North America**	66	23
Australasia	12	9
Africa	4	1
Total	16,727	15,069

*The Asia figures include income gained from China (£61k, 2013-14 and £36k, 2012-13).

** The North America figures include income gained from the USA (£45k, 2013-14 and £14k, 2012-13).

6. Property, plant and equipment

	Land £'000	Leasehold improvements £'000	Buildings £'000	Heritage assets £'000	Plant and machinery £'000	Information technology and office £'000	Furniture and fittings £'000	Transport equipment £'000	Assets under construction £'000	Total £'000
Cost or valuation										
1 April 2013	9,302	232	135,018	924	130,219	1,366	179	47	1,522	278,809
Additions	-	126	1,404	-	5,147	104	12	-	1,435	8,228
Reclassifications	-	169	(244)	(70)	1,641	(876)	-	-	(620)	-
Revaluations	7,226	1	16,724	-	(2,615)	-	-	-	4	21,340
Impairments	-	-	(1,081)	-	(3,141)	-	-	-	-	(4,222)
Reversal of Impairments	1,035	-	-	-	14	-	-	-	-	1,049
Disposals	-	-	(1)	-	(19)	-	-	-	-	(20)
31 March 2014	17,563	528	151,820	854	131,246	594	191	47	2,341	305,184
Depreciation										
1 April 2013	-	(15)	(38,585)	(15)	(51,875)	(318)	(47)	(43)	-	(90,898)
Charged in year	-	(35)	(2,746)	(3)	(5,720)	(132)	(1)	(1)	-	(8,638)
Reclassifications	-	(29)	15	2	(151)	163	-	-	-	-
Revaluations	-	(1)	(14,694)	-	961	-	-	-	-	(13,734)
Disposals	-	-	1	-	10	-	-	-	-	11
31 March 2014	-	(80)	(56,009)	(16)	(56,775)	(287)	(48)	(44)	-	(113,259)
Net Book Value										
1 April 2013	9,302	217	96,433	909	78,344	1,048	132	4	1,522	187,911
31 March 2014	17,563	448	95,811	838	74,471	307	143	3	2,341	191,925
Asset financing										
Owned	17,563	448	95,811	838	74,471	307	143	3	2,341	191,925
Net book value at 31 March 2014	17,563	448	95,811	838	74,471	307	143	3	2,341	191,925

	Land £'000	Leasehold improvements £'000	Buildings £'000	Heritage assets £'000	Plant and machinery £'000	Information Technology and office £'000	Furniture and fittings £'000	Transport equipment £'000	Assets under construction £'000	Total £'000
Cost or valuation										
1 April 2012	9,302	232	123,691	857	124,501	609	178	43	4,242	263,655
Additions	-	-	816	69	7,068	362	-	-	945	9,260
Reclassifications	-	-	4,702	-	(1,243)	377	-	-	(3,836)	-
Revaluations	-	-	5,881	(2)	36	18	1	4	171	6,109
Impairments	-	-	(72)	-	(112)	-	-	-	-	(184)
Disposals	-	-	-	-	(31)	-	-	-	-	(31)
31 March 2013	9,302	232	135,018	924	130,219	1,366	179	47	1,522	278,809
Depreciation										
1 April 2012	-	(15)	(29,730)	(13)	(51,422)	(232)	(46)	(42)	-	(81,500)
Charged in year	-	-	(2,697)	(2)	(5,127)	(86)	(1)	(1)	-	(7,914)
Reclassifications	-	-	(4,703)	-	4,703	-	-	-	-	-
Revaluations	-	-	(1,455)	-	(7)	-	-	-	-	(1,462)
Impairments	-	-	-	-	(50)	-	-	-	-	(50)
Disposals	-	-	-	-	28	-	-	-	-	28
31 March 2013	-	(15)	(38,585)	(15)	(51,875)	(318)	(47)	(43)	-	(90,898)
Net Book Value										
1 April 2012	9,302	217	93,961	844	73,079	377	132	1	4,242	182,155
Net Book Value										
31 March 2013	9,302	217	96,433	909	78,344	1,048	132	4	1,522	187,911
Asset financing										
Owned	9,302	217	96,433	909	78,344	1,048	132	4	1,522	187,911
Net book value										
at 31 March 2013	9,302	217	96,433	909	78,344	1,048	132	4	1,522	187,911

All land and buildings were valued as at 31 March 2014 by an independent Chartered Surveyor, Powis, Hughes and Associates. This valuation was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards January 2014 (the 'Red Book').

Heritage assets

The Agency has a number of non-operational heritage assets held for historical and cultural reasons only and are valued at fair value in accordance with the FReM. They are located at the National Physical Laboratory and National Measurement Office laboratories in Teddington. These consist of the National Physical Laboratory museum and archives and some UK primary standard weights and measures.

7. Intangible assets

Intangible assets are software and software licences and associated implementation costs.

	Total £'000
<hr/>	
Cost or valuation	
At 1 April 2013	715
Additions	45
Reclassifications	-
Revaluations	-
Disposals	-
At 31 March 2014	<u>760</u>
 Amortisation	
At 1 April 2013	(350)
Charged in year	(73)
Revaluations	-
Disposals	-
At 31 March 2014	<u>(423)</u>
 Net book value at 31 March 2014	337
Net book value at 1 April 2013	365
	Total £'000
<hr/>	
Cost or valuation	
At 1 April 2012	685
Additions	15
Reclassifications	-
Revaluations	15
Disposals	-
At 31 March 2013	<u>715</u>
 Amortisation	
At 1 April 2012	(278)
Charged in year	(72)
Revaluations	-
Disposals	-
At 31 March 2013	<u>(350)</u>
 Net book value at 31 March 2013	365
Net book value at 1 April 2012	407

8. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. IFRS 7 Financial Instruments: Disclosure requires the disclosure of information which will allow users of these financial statements to evaluate the significance of financial instruments on the Agency's financial performance and position and the nature and extent of the Agency's exposure to risks arising from financial instruments.

NMO entered into a tripartite loan agreement on 15 March 2012 as guarantor with a commercial bank as lender and NPLML as the borrower. This loan agreement enabled NPLML to purchase technical assets in order to carry out its normal operating activities. This was classified as a financial guarantee and the balance of the loan was £20.9m as at the 31 March 2014 (31 March 2013 £18.1m). The loan agreement included a number of individual loans covering a range of payment periods, with an average of 10 years. This loan agreement has not been provided for in these Accounts as the possibility of default by NPLML is remote.

NMO entered into an agreement on 7 February 2014 with a commercial bank to guarantee a bonds, guarantees and indemnities facility provided to NPLML specifically for performance bonds. This guarantee was up to a limit of £2m and as at the 31 March 2014, the facility had not been used by NPLML, and the possibility of default would be remote.

As the cash requirements of the Agency are largely met by BIS, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirements. The Agency is exposed to some forms of credit, market and liquidity risk via specific programmes and activities undertaken in pursuance of the Agency's objectives.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

With respect to the financial guarantees, the Agency is exposed to the risk that a recipient of the loan may default and the lending institution will call upon BIS to honour its guarantee.

Market risk

Market risk is the risk that fair values and future cash flows will fluctuate due to changes in market prices. Market risk generally comprises of:

Foreign currency risk

The Agency is exposed to a small amount of foreign currency risk as approximately 1% of total expenditure is payable in Euros. This expenditure relates to subscriptions for membership to international metrology organisations as part of its role in Government. The exposure to risk for foreign currency income was negligible.

Interest rate risk

The Agency does not invest or access funds from commercial sources and was therefore not subject to interest rate risk apart from the financial guarantees mentioned above.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In common with other Government departments, the future financing of its liabilities is to be met by future grants of Supply, voted annually by Parliament.

There is no reason to believe that future approvals will not be forthcoming, therefore, on this basis the Agency is not exposed to liquidity risks.

9. Impairments

There was an impairment cost of £3,173k in 2013-14. This was following a professional valuation of the Teddington Estate which showed a reduction in the value of the plant and machinery and an increase in the value of the land. In 2012-13, the impairment cost was £67k.

10. Trade receivables and other current assets

a) Analysis by type

	2013-14 £'000	2012-13 £'000
Amounts falling due within one year:		
Trade receivables	975	211
VAT receivable	2,810	2,882
Prepayments and accrued income	1,154	1,420
Total receivables as at 31 March	<u>4,939</u>	<u>4,513</u>
Amounts falling due after more than one year:		
Deposits and advances	200	200
Total	<u>200</u>	<u>200</u>

b) Intra-Government balances

	2013-14 £'000	2012-13 £'000
Balances with BIS	211	200
Balances with other central government bodies	3,668	3,057
Balances with public corporations/trading funds	46	-
Balances with local authorities	11	126
Balances with bodies external to government	1,203	1,330
Total receivables as at 31 March	<u>5,139</u>	<u>4,713</u>

11. Cash and cash equivalents

	2013-14 £'000	2012-13 £'000
Balance at 1 April	3,796	1,561
Net change in cash and cash equivalent balances	(2,606)	2,235
Balance at 31 March	<u>1,190</u>	<u>3,796</u>
The following balances at 31 March were held at:		
Government Banking Services	1,189	3,796
Cash in hand	1	-
Balance at 31 March	<u>1,190</u>	<u>3,796</u>

12. Trade payables and other current liabilities

a) Analysis by type

	2013-14 £'000	2012-13 £'000
Amounts falling due within one year:		
Trade payables	731	755
Accruals and deferred income	2,776	3,123
Total payables as at 31 March	3,507	3,878

b) Intra-Government balances

	2013-14 £'000	2012-13 £'000
Balances with department	427	287
Balances with other central government bodies	89	248
Balances with public corporations/trading fund	2	109
Balances with local authorities	1	7
Balances with bodies external to government	2,988	3,227
Total debtors at 31 March	3,507	3,878

13. Provisions for liabilities and charges

	NPLML Pension Scheme £'000	Decontamination £'000	Disposal of Radiological Sources £'000	CRC £'000	Total £'000
Balance at 1 April 2013	48,544	281	265	220	49,310
Provided in the year	-	-	-	182	182
Provision not required written back	(15,082)	-	-	-	(15,082)
Increase/(decrease) due to change in discount rate	(381)	-	-	-	(381)
Provisions utilised in the year	(2,257)	(281)	-	(200)	(2,738)
Borrowing costs (unwinding of discount)	1,893	-	-	-	1,893
Balance at 31 March 2014	32,717	-	265	202	33,184
Undiscounted	40,141	-	265	202	40,608
Analysis of expected timing of discounted flows					
Not later than one year	2,353	-	30	202	2,585
Later than one year and not later than five years	13,517	-	85	-	13,602
Later than five years	16,847	-	150	-	16,997
Total	32,717	-	265	202	33,184
Balance at 1 April 2012	43,887	186	300	-	44,373
Provided in the year	2,889	95	-	220	3,204
Increase due to change in discount rate	1,798	-	-	-	1,798
Provisions utilised in the year	(2,165)	-	(35)	-	(2,200)
Borrowing costs (unwinding of discount)	2,135	-	-	-	2,135
Balance at 31 March 2013	48,544	281	265	220	49,310
Undiscounted	60,290	281	265	220	61,056
Analysis of expected timing of discounted flows					
Not later than one year	2,259	281	30	220	2,790
Later than one year and not later than five years	18,669	-	85	-	18,754
Later than five years	27,616	-	150	-	27,766
Total	48,544	281	265	220	49,310

NPLML Pension Scheme

The NPLML Pension Scheme was set up by the Department of Trade and Industry (DTI) for those civil servants who moved from employment by the DTI to employment by NPML when NPL moved to GOCO status in 1995. It is a defined benefit plan, and is the responsibility of NPLML, as the Principal Employer, to manage the pension fund in accordance with pension law for the duration of the contract. This involves paying into the fund and also obtaining actuarial valuations when required. It is not open to new members. The Government Actuary retains a supervisory role in the operation of the Scheme.

The pension scheme was recognised as being in deficit in 2004, but a recovery scheme using assumptions approved by the Government Actuary was in place that was expected to eliminate the deficit by 2014. Thus it was envisaged that NPML would be managing the Scheme from 2004 to 2014 and the money it received from NMO under the science contract through the tendered day rate would ensure that there was no deficit at the end of the contract.

The 10 year contract was extended to March 2015 to provide sufficient time for the new arrangements to be implemented for NPLML; when this contract ends, NMO has accepted responsibility for the pension scheme.

There was a formal triennial revaluation of the Scheme as at 5 April 2007 which showed that the deficit had increased to £18.5m. It was agreed at that point that there would be an extension of the recovery period beyond the length of the existing period. This is in line with normal practice for private sector pension schemes operated by going concerns, subject to supervision by the pension regulators. The formal valuation as at 5 April 2010 stood at £30.4m but subsequent informal valuations have shown the deficit to have fluctuated due to the changing gilts yield rate which is used to discount the liabilities, which increased from 3.07% in April 2013 to 3.49% in April 2014. The informal valuation at 5 April 2014 estimated the deficit to be £33.9m and this valuation was used as a basis to calculate the provision in these accounts.

A formal valuation as at April 2013 is in progress, but remains incomplete due to the uncertain nature of the future of NPLML, and is expected to be completed by the end of 2014.

Post 2015 a discount rate of 1.8% has been used, as this is the Treasury rate for pension provisions along with a CPI inflation rate of 2.5%.

Decontamination

This provision covered the cost of decontamination on NMO's site in Teddington as part of demolishing a building to meet the expectations of stakeholders. This was completed in 2013/14 and no provision remains.

Disposal of radiological sources

NMO has the responsibility to dispose of all radioactive waste arising from scientific projects undertaken at the National Physical Laboratory in accordance with the current legislation. This provision covers the cost of meeting radioactive waste disposal regulations where radioactive waste is disposed of and replaced with a new source for continuing work.

Carbon Reduction Commitment Energy Efficiency Scheme

The CRC Energy Efficiency Scheme is a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations. The scheme features a range of reputational, behavioural and financial drivers, which aim to encourage NMO to develop energy management strategies that promote a better understanding of energy usage. The provisions cover the expected charge for the following financial year.

14. Capital Commitments

	2013-14 £'000	2012-13 £'000
Contracted capital commitment at 31 March		
Information technology and office machinery	41	-

15. Commitments under leases

15.1 Payments under operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2013-14 £'000	2012-13 £'000
Obligations under operating leases for the following periods comprise:		
Land and Buildings		
Not later than one year	44	44
Later than one year and not later than five years	8	8
Later than five years	<u>74</u>	<u>74</u>
	126	126

This covers two operating leases for land and buildings at the Teddington estate. One is for land and buildings associated with Bushy House which is leased from the Crown Estate at £2k per year and which expires in 2056. The second is for land on which NMO has buildings which is held under a 6 month licence at £42k per year to Royal Parks.

Office equipment

Not later than one year	3	4
Later than one year and not later than five years	10	13
Later than five years	<u>-</u>	<u>-</u>
	13	17

Motor vehicles:

Not later than one year	12	3
Later than one year and not later than five years	5	-
Later than five years	<u>-</u>	<u>-</u>
	17	3

15.2 Receivables under operating leases

Land and Buildings

Not later than one year	7,922	7,665
Later than one year and not later than five years	499	499
Later than five years	<u>1,122</u>	<u>1,247</u>
	9,543	9,411
Less interest element	-	-
Total	<u>9,543</u>	<u>9,411</u>

The land and building includes an accommodation charge for NPL Management Ltd to occupy premises on the Teddington estate which has been extended to expire in 2015. NPL Management Ltd also pay a service charge of £4m per year which is not included. The remainder is for BMT Fluid Mechanics Ltd to occupy premises on the Teddington estate which expires in 2028.

16. Other financial commitments

16.1 NMO has entered into non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements). The payments to which NMO is committed to, are as follows:

Organisation	Note	Payments due within one year £'000	Payments due two to five years £'000	Payments due thereafter £'000	Total 2013-14 £'000	Total 2012-13 £'000
NPL Management Ltd (NPLM Ltd)	a	42,395	-	-	42,395	43,400
LGC Ltd	b	1,240	-	-	1,240	1,411
TÜV SÜD NEL Ltd	c	1,037	-	-	1,037	1,355
Amey Community Ltd	d	2,366	-	-	2,366	2,275
SGS Ltd	e	300	-	-	300	206
EMPIR	f	-	30,481	38,101	68,582	-
Total		47,338	30,481	38,101	115,920	48,647

Notes:

a. NMO has a non-cancellable contract which has a 12 month notice period, with NPL Management Ltd (NPLM Ltd) to operate the NPL and perform scientific metrology on the Teddington site.

b. NMO has a non-cancellable contract which has a three month notice period, with LGC Ltd to perform scientific metrology.

c. NMO has a non-cancellable contract which has a six month notice period, with TÜV SÜD NEL Ltd to perform scientific metrology.

d. NMO has a non-cancellable contract which has a six month notice period, with Amey Community Ltd to manage the facilities on the Teddington estate.

e. NMO has a non-cancellable contract which has a six month notice period, with SGS Ltd to test disputed gas and electricity meters.

f. NMO has a commitment with the European Commission to support international metrology research & development projects, administrative costs for the implementation of the programme and other defined activities to be established through the European Metrology Programme for Innovation and Research (EMPIR) under Article 185 of the European Treaty (subject to the adoption of the decision of the European Parliament and of the Council on the participation of the Union in EMPIR). It is proposed that this programme will start in June 2015 and will last for 10 years.

16.2 NMO has the following subscriptions payable in the next financial year which it is required to subscribe to on an ongoing and continuous basis. These subscriptions are paid in Euros and are subject to fluctuations due to exchange rate differences.

Organisation	Note	Payments due within one year £'000	Payments due within two to five years £'000	Payments due thereafter £'000	Total 2013-14 £'000	Total 2012-13 £'000
Bureau International des Poids et Mesures (BIPM)	a	658	2,632	-	3,290	777
The International Organisation for Legal Metrology (OIML)	b	45	181	-	226	47
EURAMET	c	11	43	-	54	11
WELMEC	d	5	21	-	26	5
International Hallmarking Convention	e	6	23	-	29	6
Total		725	2,900	-	3,625	846

a. NMO subscribes to the Bureau International des Poids et Mesures (BIPM). Its mandate is to provide the basis for a single, coherent system of measurements throughout the world, traceable to the international System of Units (SI). The annual subscription has been payable since the Government signed up to the Metre Convention circa 1888.

b. NMO subscribes to the International Organization of Legal Metrology (OIML), which promotes the global harmonisation of legal metrology procedures. It provides its members with metrological guidelines for the elaboration of national and regional requirements concerning the manufacture and use of measuring instruments for legal metrology application. The payments that NMO makes are a requirement of their international legal metrology role.

c. The NMO makes an annual payment to EURAMET, on behalf of the National Physical Laboratory, which is a requirement of their international metrology role. EURAMET, formerly known as EUROMET, is a co-operative voluntary organisation between the National Metrology Institutes (NMIs) in the EU including the European Commission, European Free Trade Association and European Union Accession States. The objective of EURAMET is to promote the co-ordination of metrological activities with the purpose of achieving higher efficiency. EUROMET was formerly established by the signing of a Memorandum of Understanding (MOU) by participating States in Madrid, Spain on 23 September 1987 to become operative from 1 January 1988.

17. Contingent liabilities disclosed under IAS 37

There is an unquantifiable contingent liability for disposal of radioactive sources on the site should the radiological work at NPL cease, where the normal practice of replacing sources through the Environment Agency, for which there is a provision, no longer occurs.

There is an unquantifiable contingent liability for the decontamination of land and buildings on the Teddington estate.

18. Related Party Transactions

During 2013-14, NMO was an Executive Agency of the Department for Business, Innovation and Skills (BIS), and BIS was regarded as a related party with which the Agency had various material transactions during the year. NMO also had material transactions with Defra and DfT for which it performed its enforcement work and also Ofgem to whom it invoiced for its gas and electricity activities under a Memorandum of Understanding.

During the 2013-14 year, none of the Steering Board members, Management Board members or associated bodies of these members, members of the key management staff undertook any material transactions with NMO.

Peter Mason is the President of the International Committee of Legal Metrology which is the Steering Committee for the International Organization of Legal Metrology (OIML).

Robert Gunn is a Director of NPL Laboratories Ltd and National Physical Laboratories Ltd which are non-trading companies and are held as name saving companies.

Richard Frewin and Richard Sanders are affiliate members of the Trading Standards Institute (TSI). There were no material transactions with the TSI.

Professor Isobel Pollock is the Chair of NMO's Steering Board and the Chair of the Electromagnetics and Time working group which advised NMO and BIS on the broad objectives and strategy for the Government's investment in the UK's metrology infrastructure, services and research and development programmes. This was an unpaid position.

Dr Peter Cowley, a member of NMO's Steering Board and Audit Committee, is a member of the Measurement Board which advised NMO and BIS on the broad objectives and strategy for the Government's investment in the UK's metrology infrastructure, services and research and development programmes. This was an unpaid position. Dr Cowley is also a Director of Quarndon Cognition Ltd where it provided support to BIS for project assessment and monitoring. No financial transactions took place between NMO and Quarndon Cognition Ltd.

The table below shows a summary of the material transactions with the above named organisations:

	2013-14	2013-14	2013-14	2013-14
	Financing	Receivables	Payables	Balance
	£'000	£'000	£'000	Receiveable/(Payable) £'000
BIS	60,371	614	3,876	(216)
Defra	-	1,041	-	742
DfT	-	135	-	-
Ofgem	-	822	-	37
OIML	-	1	64	(2)

19. Disclosures of IFRSs in issue but not yet effective

There are a number of IFRSs in issue but not yet effective. IFRS 13 Fair value measurement may impact the accounts and increase the disclosure requirements.

Consideration will need to be given to IFRS 10 Consolidated financial statements; IFRS 11 Joint arrangements and IFRS 12 Disclosure of interests in other entities in NMO's current and future relationship with in particular NPLM Ltd.

20. Events after the reporting period date

Peter Mason stood down from the position of Chief Executive and Accounting Officer, Richard Sanders became Acting Chief Executive and Interim Accounting Officer from 1 May 2014. Peter Mason remains within the organisation.

The Financial Statements have been authorised for issue by the Accounting Officer on 7 July 2014.



Chapter 7

Contacts and Glossary

Contacts

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Glossary: Abbreviations

ASO	Agency Security Officer	ITSO	Information Technology Security Officer
BCIS	Building Cost Information Service	LBRO	Local Better Regulation Office
BHC	British Hallmarking Council	LGC	Independent UK Chemical Analysis Laboratory
BIS	The Department for Business, Innovation and Skills	MAA	Mutual Acceptance Arrangement
BMS	Building Management System	MID	Measuring Instruments Directive
BMT	Fluid Mechanics Ltd - independent specialists in the fields of wind engineering and computational modelling for the civil construction and oil & gas industries	MOG	Machinery of Government
BSI	British Standards Institute	MoU	Memorandum of Understanding
CETV	Cash Equivalent Transfer Value	NAWI	Non Automatic Weighing Instrument
CIML	International Committee of Legal Metrology	NEL	National Engineering Laboratory
CPI	Consumer Price Index	NGML	National Gears Metrology Laboratory
DCATS	Diploma in Consumer Affairs and Trading Standards	NMO	National Measurement Office
DEFRA	Department for Environment, Food and Rural Affairs	NMS	National Measurement System
DHR	Data Handling Review	NMI	National Measurement Institute
DRC	Depreciated Replacement Cost	NPL	National Physical Laboratory
DSO	Departmental Security Officer	NPLML	National Physical Laboratory Management Ltd
EFT	European Free Trade	NTSB	National Trading Standards Board
EMeTAS	European Metrological Type Approval Service Database	OIML	International Organisation of Legal Metrology
EU	European Union	OJEU	Official Journal of the European Union
EUP	Energy Using Products	PCSPS	Principal Civil Service Pension Scheme
EUV	Existing Use Value	RoHS	Restriction of the use of Certain Hazardous Substances
ELF	Energy Labelling Framework	RPI	Retail Prices Index
FReM	Financial Reporting Manual	SIRO	Senior Information Risk Owner
GOCO	Government Owned Contracted Operated	SPO	Security Policy Officer
IAMM	Information Assurance Maturity Model	SRMO	Security Risk Management Overview
IAS	International Accounting Standards	TSB	Technology Strategy Board
IFRS	International Financial Reporting Standards	TSI	Trading Standards Institute
		TSO	Trading Standards Officer
		TUV NEL	National Engineering Laboratory
		UKAS	United Kingdom Accreditation Service
		UNIDO	United Nations Industrial Development Organization
		WELMEC	European Cooperation in Legal Metrology

Glossary: Technical Terms**Calibration**

The process of determining the error associated with a standard or measuring instrument.

Metrology

The science of measurement.

Self Verification

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

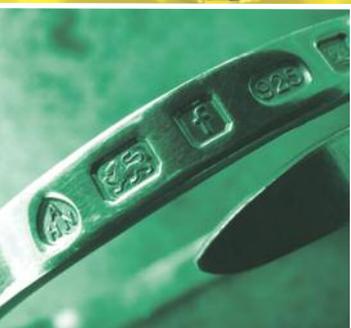
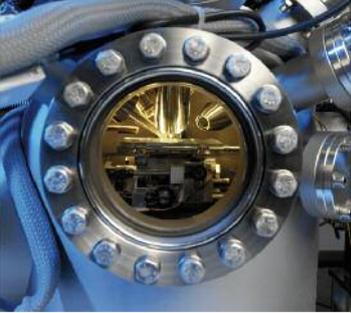
Process and procedure for determining whether or not the equipment under assessment complies with specific criteria.

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.



National Measurement Office



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