NPL
National Physical Laboratory

Company Registration No.
02937881

NPL Management Ltd
Report and Financial Statements

31 December 2016

NPL MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Company Registration No: 02937881 (England and Wales)

NPL MANAGEMENT LIMITED

CONTENTS

NPL MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	Sir D Grant (Non-Executive)
	Dr P A Thompson
	Dr P J A Howarth (Non-Executive)
	Prof. Sir J R McDonald (Non-Executive)
	Ms N Anson
	Dr M R Sené
	Ms B Sutcliffe (Non-Executive) Appointed 1 March 2016
	Mr P S Hadley (Non- Executive) Appointed 27 April 2016
	Prof. G M Lu (Non- Executive) Appointed 1 January 2017
	Mr N J Perry (Non- Executive) Appointed 1 June 2016
Company Secretary	Ms N Anson
Address	National Physical Laboratory Hampton Road Teddington Middlesex TW11 0LW
Banker	Barclays Bank plc 1 Churchill Place Canary Wharf London E14 5HP
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom

NPL MANAGEMENT LIMITED

DIRECTORS' REPORT

We are pleased to introduce the annual report and the audited financial statements of NPL Management Ltd ("NPL") for the year ended 31 December 2016. Every year is exciting at NPL as the work we do is so diverse, the people so amazing and the impact that we create so impressive. But as 2016 was my first full year as CEO, this made it a particularly exciting year for me. Our people are the heart of our business and together we work towards our vision for excellent measurement science and engineering, to be recognised as an exemplary national laboratory that delivers extraordinary impact and benefits UK prosperity and quality of life.

There have been many examples of excellent research carried out at NPL and in recognition of this in 2016 an independent review was carried out by a distinguished committee of independent international scientists and industrialists, concluded that the majority of NPL's science and engineering portfolio is considered to be internationally-leading and all science areas perform at an internationally-competitive level. Also in 2016, our owner, the Department for Business, Energy & Industrial Strategy (BEIS, formerly BIS) developed the UK Measurement Strategy. Its publication was signalled in the government's recent industrial strategy consultation, and in line with this we are focusing on four key areas for the UK on which measurement can have the biggest impact: advanced manufacturing; digital and quantum technologies; energy and environment; and life sciences and health. We have had many great successes in these areas, such as the expansion of our support to the UK aerospace industry; the progress we have made in the development and commercialisation of quantum technologies; the techniques we have developed to provide better information for nuclear waste management for the Nuclear Decommissioning Authority and Sellafield and our world-leading mass spectrometry imaging research, which is helping to tackle some of the healthcare industry's grand challenges.

We deliver impact through our products and services. In 2016, we streamlined these into four key offerings: instruments, training, consultancy and measurement services. During the year, we launched NPL Instruments to improve quality, productivity and efficiency across industry; we grew our training portfolio, launching a new metrology apprenticeship standard to develop the skills of the UK's current and future workforce; we provided tailored consultancy to businesses through our product verification programme – as, for example, with Stone Foundries, a castings company who won a multimillion- pound contract on the back of our support; and we launched 11 new measurement services, designed to give our customers the technical edge.

As a National Measurement Institute, we are part of one of the world's largest international collaborations, working towards the revision of the universal measurement system - the SI units. For example, in 2018, the measurement community is proposing to redefine the unit of mass, doing away with the current definition based on a physical artefact and instead basing the kilogram on a fixed value of the Planck constant, a fundamental constant of nature. In 2016, the watt balance, one of the approaches proposed for this redefinition, was renamed the Kibble balance in honour of its inventor, the late Dr Bryan Kibble who spent 20 years at NPL working on and refining this instrument.

Which brings us to our people. While we will always celebrate the successes of the past, we recognise that our future success is dependent on the quality and commitment of our people and the people we work with across academia, industry and government. We take pride in the diversity of our workforce – 15% of our staff come from outside the UK and speak over 50 different languages. It is great to see so many of the people NPL depends upon receiving recognition at the highest level.

Although a year of reorganisation and implementation of the Impact from Science strategy and a continuing difficult economic climate, NPL had a solid year. We would highlight the following financial achievements:

- Total revenue of £88.3M (2015: £84.2M) and Operating Profit of £1.4M (2015: £3.3M).
- Competitively-won work of £34.6M (2015: £31.7M).
- We are delighted to report that out owner BEIS, has shown continued commitment to NPL for development and implementation of its new strategy. It has invested £96M (£59M 2016 and £37M 2017) in NPL between March 2016 and March 2017 of which £67M has applied to the NPL pension scheme to effectively remove the pension deficit to put the scheme on a self-sufficiency basis (£30M 2016 and £37M 2017), £20M has been applied to loan reduction and £9M to improve cash flow during the company's reorganisation.

NPL MANAGEMENT LIMITED

DIRECTORS' REPORT (continued)

We would encourage you to read the Annual Report and Financial Statements in conjunction with our Annual Review 2016 which brings to life NPL's work over the last year with illustrations of its economic and social impact. The Governance Statement is included by reference to this Directors' Report. The Company has chosen, in accordance with section 414C (11) of Companies Act 2006, to include such matters of strategic importance to the Company in the Strategic Report which otherwise would be required to be disclosed in the Directors' Report. These include: Financial risk management, future developments, post balance sheet events, dividends paid, details of disabled employees and employee consultation and form part of this report by cross-reference.

Directors

The current directors of the company are shown on page one. The changes in directors during the year and subsequent to year end are as follows:

	Appointed	Resigned
Ms B Sutcliffe	1 March 2016	
Mr P S Hadley	27 April 2016	
Mr N J Perry	1 June 2016	
Mrs A M Brooks		30 July 2016
Professor G M Lu	1 January 2017	
Mr M Kearney		1 January 2017

Auditor

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

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

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

David Grant

Sir David Grant
Chair

Dr Peter Thompson
Chief Executive Officer

NPL MANAGEMENT LIMITED

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Accounting Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of NPL 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.

THE PURPOSE OF THE GOVERNANCE STATEMENT

The Governance statement, for which I take personal responsibility, is intended to give a clear understanding of the dynamics of the business and its control structure. It explains how NPL has complied with the principles of good governance and reviews the effectiveness of its governance arrangements.

THE GOVERNANCE FRAMEWORK

Roles and high-level responsibilities within the governance framework include the following:

Minister: The Secretary of State for Business, Energy and Industrial Strategy is the Minister with formal responsibility for NPL. Day-to-day ministerial oversight and the formal ownership role are delegated to the Minister of State for Universities, Science, Research and Innovation. The Secretary of State and the Minister are answerable to Parliament for all matters relating to NPL and hold ministerial policy responsibility for NPL.

NPL Board ensures that NPL is working within a framework of effective governance arrangements. These governance arrangements will enable risk to be appropriately assessed and managed. The Board will also support, constructively challenge and provide strategic leadership to the NPL executive team. The Board is led by an independent, non-executive Chair.

Board attendance

2016 Board members	**Jan**	**Apr**	**Jul**	**Nov**	
David Grant (Chair)	✓	✓	✓	✓	4/4
Pete Thompson	✓	✓	✓	✓	4/4
Amanda Brooks	✓	✓	-	-	2/2
Paul Hadley			✓	✓	2/2
Nicola Anson (Secretary)	✓	✓	✓	✓	4/4
Martyn Sené	✓	✓	✓	✓	4/4
Paul Howarth	✓	✓	✓	✓	4/4
Jim McDonald	✓	✓	-	✓	3/4
Mike Kearney	✓	✓	✓	✓	4/4
Brigid Sutcliffe		✓	✓	✓	3/3
Nigel Perry			✓	✓	2/2

Note: Brigid Sutcliffe was appointed in March 2016. Nigel Perry was appointed in June 2016. Paul Hadley was an appointed alternate for Amanda Brooks between April 2016 and July 2016.

The Remuneration Committee approves the remuneration and incentives for employees and, in particular, for the executive directors in accordance with its terms of reference.

The Audit and Risk Committee oversees audit and risk management in NPL. From1st March 2016, the Committee has been chaired by a new independent non-executive director. The Committee is responsible for providing assurance to the Board on the adequacy and effectiveness of governance, internal control and risk management arrangements.

The Nominations Committee leads the appointment process for each of the Board members and for making recommendations to the Board, including the terms of service, except in relation to the Chair or the Shareholder Director. In respect of the Chair, the Shareholder engages with and involves the Nominations Committee, where appropriate.

The Science and Technology Advisory Council (STAC) provides independent strategic advice, challenge and support to the National Physical Laboratory, particularly on the quality, international standing and industrial relevance of NPL's science and technology.

In addition, the NPL **Accounting Officer** is responsible to the BEIS Principal Accounting Officer for the high standards of probity in the management of public funds.

BOARD EFFECTIVENESS & COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board's composition includes:

- three Executive Directors. This includes the Chief Executive Officer (CEO) the Deputy CEO and the Chief Finance Officer.
- each of the strategic partners. The University of Surrey (Mike Kearney to 31 December 2016 and Max Lu from 1 Jan 2017) and University of Strathclyde (Jim McDonald) were offered and have taken up a seat on the Board to facilitate the delivery of the strategic alliance.
- an independent Chair (Sir David Grant was appointed in this role)
- other Non-Executive Directors comprising a BEIS representative (Amanda Brooks from January to April 2016 and Paul Hadley from May 2016 onwards), the Chair of the STAC (Paul Howarth), the NED to challenge commercial activity (Nigel Perry) and the Chair of the Audit Committee (Brigid Sutcliffe).

NPL MANAGEMENT LIMITED

GOVERNANCE STATEMENT (continued)

THE RISK AND INTERNAL CONTROL FRAMEWORK

The NPL Executive has overall responsible for identifying major risks to the Company's business. All business and commercial activities contain risks and risk management is an integral part of business management. Some risks cannot be eliminated completely, so NPL's aim is to understand them and devise a control strategy. If the envisaged risk is too high for the perceived benefit to NPL then the case for pursuing the activity should be reviewed.

NPL has maintained the existing internal control framework which has operated successfully for many years. As part of its wider Corporate Assurance responsibilities, NPL reviews and updates its internal controls on a rolling cycle to ensure they meet the changing needs of the organisation. The Audit Committee reviews the framework annually.

TAX COMPLIANCE (ALEXANDER REVIEW)

I confirm that NPL is compliant with the requirements of the Alexander Review. NPL has sought and gained assurance that the appropriate tax arrangements are in place for the contractors identified.

GOVERNANCE RISKS IN 2016

1. Audit and Risk Committee

In 2016 NPL recruited Brigid Sutcliffe as a Non-Executive Director to be the new chair of the Audit and Risk Committee. We have since reviewed the structure of the Committee to ensure compliance with best practice from a number of sources, including the UK Corporate Governance Code. New Terms of Reference have been agreed, and the Committee is now meeting four times a year.

2. Risk Management

The CEO, working with the Chair of Audit and Risk Committee, has strengthened strategic risk management during 2016. Strategic risks are reviewed monthly at Executive meetings, and quarterly at the Audit and Risk Committee, together with more detailed reviews by the Audit and Risk Committee of specific strategic risks on a periodic basis. The Main Board notes changes to the risk landscape at quarterly meetings and reviews that landscape in more detail on an annual basis. The Executive retain overall responsibility for risk management, and this is now providing direction to the existing processes established by the Corporate Assurance team.

Dr Peter Thompson
Accounting Officer
2 May 2017

NPL MANAGEMENT LIMITED

STRATEGIC REPORT

Principal activities and future prospects

The principal activity of the Company is to provide scientific research and development, programme management and business support services, as a wholly-owned subsidiary of the Department for Business, Energy and Industrial Strategy (BEIS) from 1 January 2015.

The directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year other than any implications arising from a strategic review of NPL that is yet to be completed.

The Company accounts for the pension deficit in full in accordance with the requirements of FRS 102. The directors are of the opinion that, in drawing up and approving annual accounts of the Company for 2016 that the full accounting deficit, was assessed at approximately £3M (actuarial deficit £18M). The company has contributed an additional £37M into the Pension scheme in March 2017 to eliminate the accounting deficit and potentially fully fund the pension scheme on a self-sufficiency basis. The balance sheet at 31 December 2016 shows a net assets of approximately £41.4M

The directors have concluded that NPL is a going concern (Note 1); taking into consideration the fact that NPL does not have a deficit on net assets throughout the 12 months following approval of these financial statements and is forecast to pay all debts as they fall due within 12months of the date of signature of these financial statements.

Review of the year and future outlook

The Directors consider the results for the year to be satisfactory, particularly as the economic environment remained difficult in 2016. The directors remain confident that the Company will sustain its underlying level of performance by continuing to operate efficiently and growing revenue from sources other than its main contract with BEIS.

As shown in the Company's profit and loss account on page 14, the Company's turnover has increased by 4.9% (2015: increase of 5.3%), and the profit before tax decreased by 99.2% (2015: profit before tax decreased by 74.5%). The profit before tax as a percentage of turnover for the year ended 31 December 2016 was 0.02% (2015: 1.9%). The decrease in profitability compared with the previous year arises from the realignment of NPL's science portfolio, leading to significant redundancy costs. Turnover per number of employees for the year ended 31 December 2016 was £97,459 (2015: £113,831). No dividends have been paid or declared in the year.

The Company's net asset position on page 17, was £41,406,000 as at 31 December 2016 (2015: net liability of £6,078,000) reflecting the reduction of the pension liability following the contribution from NPL to the NPL Pension Scheme. Also, BEIS invested £59M into NPL following the issue of an additional 18 ordinary shares.

An important measure of the Company's health is utilisation of our staff on turnover generating services. During the year this was 75.0% (2015: 79.2%) of scientists' bookable time.

Maintaining a high level of customer satisfaction is important for the Company's success, especially within our Measurement Services business. The aggregate measure for customer satisfaction for the year to 31 December 2016 amounted to 86.0% compared with 89.3% for the year ended 31 December 2015.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 21 to the financial statements.

Dividends

The directors do not recommend a final dividend (2015: £nil).

Financial risk management
The Company operates a risk management system, which is regularly reviewed by the directors. The directors seek to ensure that financial risk is managed with the purpose of minimising any potential adverse effect on the Company's performance.

The Company receives the majority of its revenue from UK Government departments and so is not exposed to significant credit risk. The Company transferred to BEIS on 1 January 2015, and BEIS assumes full ownership for the long term. The overarching contract between NPL and BEIS that sets out the terms and conditions of any transactions is in place and no material change in revenue streams is anticipated.

Environment
The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to reduce the Company's impact on the environment include completing an annual environmental impact assessment, a comprehensive recycling programme and reducing energy consumption.

Employee involvement
A strong employee voice is central to employee engagement and well-being at NPL. The Company has a number of communications channels designed to inform employees of factors affecting the business, including a quarterly all employee communications session with the CEO and monthly team meetings with line management. All communications channels are intended to be two-way, with feedback from employees being strongly encouraged by a leadership team who value their views and ideas. Other more private mechanisms for feedback also exist including a direct route to the HR team and CEO. Maintaining regular two way communication with employees in 2016 was critical as this year saw the launch of a change programme designed to enable NPL to deliver greater impact from science.

NPL is committed to celebrating the success of employees and having launched NPL values early in 2016 some 80 employees have been rewarded during the year for demonstrating outstanding behaviours and achievements.

NPL has recently refined the areas of strategic importance for the laboratory, directly linking them to the new NPL values. This enables employees to have a clear line of sight between their individual objectives and NPL's overall vision and mission, providing a full understanding of what is expected, why it is required and how it is expected to be achieved. NPL will continue to embed our values seeing them as the core of everything we do as an organisation.

NPL launched a pilot study for a new platform called ThymoMetrics to support employee engagement which will allow employees to continue to have their voices heard at NPL. The system provides a cutting edge, 'real time' way to measure employee engagement and mood. The pilot has been very successful with the value of measuring employee engagement in 'real time' already demonstrated. An extended launch of the platform will take place in 2017.

Employment of disabled persons, diversity and corporate social responsibility
NPL embraces diversity, employing individuals based on their aptitude and ensuring people from different backgrounds are valued as individuals. The Company employs / collaborates with over 40 different nationalities and 50 different languages are spoken at NPL. A range of employment models and methods of engagement with skilled individuals are in place through full time employment, studentships and visiting researchers from all over the world. NPL continues to be approved to use the Two Ticks Disability Symbol. In addition to this, the Company is a member of Stonewall as a Diversity Champion and is a supporter of the Project Juno code of practice.

As an active member of the 5% Club, the campaigned focused on creating momentum behind the recruitment of apprentices and graduates into the UK workforce, NPL has committed to ensuring 5% of its workforce are apprentices, graduates or sponsored students on structured programmes. Entering its third year of the 5 year commitment, NPL has grown its apprenticeship scheme to 3.2% of the total workforce with a cohort of 24 apprentices at the laboratory in 2016. One of NPL's Junior apprentices was announced the winner of the London National Apprenticeship Awards for 2016.

A range of interventions are planned in 2017 to support the career development of women at NPL including the introduction of skills development workshops, coaching, a leadership development programme for women and a series of diversity speaker sessions to support the career development of women at NPL.

On behalf of the board

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Ms N Anson
Director
10 May 2017

NPL MANAGEMENT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NPL MANAGEMENT LIMITED

We have audited the financial statements of NPL Management Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report, the Directors' Report and the Governance Statement.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NPL MANAGEMENT LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

L Welham

Lee Welham, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
22 May 2017

NPL MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £000s	2015 £000s
Turnover	3	88,310	84,155
Cost of Sales		(58,095)	(53,502)
Gross Profit		**30,215**	**30,653**
Administrative expenses		(28,793)	(27,395)
Operating Profit		**1,422**	**3,258**
Interest receivable and similar income	6	6	-
Interest payable and similar charges	7	(1,415)	(1,624)
Profit on ordinary activities before taxation	**5**	**13**	**1,634**
Tax on profit on ordinary activities	8	(816)	(380)
(Loss)/Profit for the year		**(803)**	**1,254**

NPL MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £000s	2015 £000s
(Loss)/Profit for the financial year		(803)	1,254
Other comprehensive income			
Pension scheme actuarial losses	16	(13,392)	(23,705)
		(13,392)	(23,705)
Tax on other comprehensive income – corporation tax	8	1,012	347
Tax on other comprehensive income – deferred tax	8	1,667	4,452
Other comprehensive loss net of taxation		(10,713)	(18,906)
Total comprehensive loss for the year		**(11,516)**	**(17,652)**

NPL MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £000	Share premium reserve £000	Retired benefit obligation reserve £000	Profit and loss account £000	Total £000
Balance at 1 January 2015	-	-	**(4,969)**	**16,543**	**11,574**
Profit for the year	-	-	-	1,254	1,254
Recognition of pension scheme liability	-	-	-	(22,839)	(22,839)
Actuarial loss on pension employment scheme	-	-	(866)	-	(866)
Tax charge on net actuarial losses	-	-	4,799	-	4,799
Total comprehensive income	-	-	**3,933**	**(21,585)**	**(17,652)**
Balance at 31 December 2015	-	-	**(1,036)**	**(5,042)**	**(6,078)**
Loss for the year			-	(803)	(803)
Recognition of pension scheme liability	-	-	-	-	-
Actuarial loss on pension employment scheme	-	-	(13,392)	-	(13,392)
Tax charge on net actuarial losses	-	-	2,679	-	2,679
Total comprehensive income	-	-	**(10,713)**	**(803)**	**(11,516)**
Issue of share capital (Note 14)	-	59,000	-	-	59,000
Balance at 31 December 2016	-	**59,000**	**(11,749)**	**(5,845)**	**41,406**

NPL MANAGEMENT LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £000s	2015 £000s
Fixed assets			
Tangible assets	9	31,420	30,375
Non-current assets			
Deferred tax	10	6,487	4,215
Current assets			
Debtors: amounts falling due within one year	11	22,551	19,854
Cash at bank and in hand		14,995	6,735
Creditors: amounts falling due within one year	12, 13	(21,882)	(23,794)
Net current assets		15,664	2,795
Total assets less current liabilities		53,571	37,385
Creditors: amounts falling due after more than one year			
Loans due after more than one year	18	(8,786)	(21,474)
Retirement benefit obligation	16	(3,379)	(21,989)
Net (liabilities)/assets		41,406	(6,078)
Capital and reserves			
Share capital	14	-	-
Share premium reserve	15	59,000	-
Retirement benefit obligation reserve		(11,749)	(1,036)
Profit and loss account		(5,845)	(5,042)
Shareholders' funds/(deficit)		41,406	(6,078)

The financial statements of NPL Management Limited (company number 02937881) were approved by the Board of Directors and authorised for issue on 10|5|17 . These were signed on its behalf by:

Nicola Anson
Director

1. Accounting policies

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

a. General information and basis of accounting

NPL Management Limited is a company incorporated in the United Kingdom under the Companies Act. The Company is a private Company limited by shares and is registered in England and Wales. The registered office is given in note 19. The nature of the company's operations and its principal activities are set out in the Strategic Report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The Company is consolidated within the Whole Government Accounts and is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the Cash Flow Statement and related notes. The Company is also a qualifying entity for the disclosure exemptions relating to the requirements of Section 11 Paragraphs 11.39 to 11.48A as the equivalent disclosures required by the FRS are included in the consolidated financial statements of the Group in which the Company is consolidated.

The functional currency of NPL Management Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out below.

b. Going Concern

The directors have acknowledged the guidance on going concern and financial reporting published by the Financial Reporting Council in October 2009.

The Company's revenues are principally derived from long-term contracts with the UK government and competitively-won grants which, historically, have been largely unaffected by changes in the general economy. Risk is therefore limited. The directors note that on 1 January 2015 ownership of the Company and assets transferred to the government. The Sectary of State announced the government's intention that NPL will continue to perform services for BEIS regardless of this change in ownership. We note also that the Company remains at the heart of the newly published UK Measurement Strategy. The directors also have a good level of visibility of contracted levels of revenue. In addition, BEIS made a £59M investment in NPL in March 2016, followed by a further £37M in March 2017. £67M of the equity injected has been used to effectively eliminate the pension deficit and £20M has been utilised to reduce loans. Consequently, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

The directors considered the following uncertainties in arriving at their conclusions on going concern. Firstly, with effect from 1 January 2015 there has been no requirement for BEIS to provide a minimum commitment to the Company to contract future NMS activity. However, since the Company was transferred into BEIS ownership on 1 January 2015 and remains the UK's National Measurement Institute, significant work continues to be contracted for 2017. In addition, BEIS have signed a contract with a strategic partnership to maintain the Company as a going concern and appropriately capitalised. Secondly, the directors considered cash flow for the twelve months following approval of these financial statements. The cash flow forecast and latest management accounts give confidence that the company can pay its debts as they fall due. An independent review of the Company covenant carried out as part of the triennial revaluation of the defined benefit pension scheme in 2016 concluded that this covenant had strengthened.

1. Accounting policies (continued)

c. Long-term contracts

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

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year. Any turnover recognised in excess of amounts invoiced is recorded as 'amounts recoverable on contracts' with debtors.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

d. Grant income

The Company accounts for a capital grant income as deferred income and recognises the revenue as it utilises the assets for which the grant income was received.

e. Research and development

Research expenditure is written off as incurred and included in cost of sales. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. This period is between three and five years. Provision is made for any impairment.

f. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciations and any provision for impairment.

Depreciation is provided on all tangible fixed assets on cost over the estimated useful lives of the assets. The rates of depreciation are as follows:

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

g. Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date, at rates expected to apply to the reversal of the timing difference. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

1. Accounting policies (continued)

h. Leasing

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

i. Financial assets

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs.

Loans and receivables

Trade debtors, loans, other debtors and prepayments that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. They are included in current assets, except where maturities are in greater than 12 months after the Balance Sheet date which are classified as non-current assets. The Company's loans and receivables comprise 'trade and other debtors' and 'cash and cash equivalents' in the Balance Sheet.

De-recognition of financial assets

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

j. Financial liabilities

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

Other financial liabilities

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

De-recognition of financial liabilities

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

1. Accounting policies (continued)

j. Financial liabilities (continued)

Equity instruments

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

k. Employee benefits

Defined benefit schemes

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Defined contribution schemes

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

Foreign currency

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

2. *Critical accounting judgements and sources of estimation uncertainty*

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

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

Classification of leases as operating
NPL have leases which are used in the delivery of its contracts. The classification of these as operating or finance leases is determined by reference to the duration of the contract against the assets' useful lives and the value of the contract against the fair value of the assets.

Recoverability of deferred tax assets
NPL has recognised a deferred tax asset as a result of losses in the business from the recognition of the pension liability. NPL is required to make a judgement concerning the timing and likely extent of use of those tax losses against the future profitability of the business.

The directors do not consider there to be any critical sources of estimation uncertainty.

3. *Turnover*

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

	2016	2015
	£000s	£000s
National Measurement System	54,714	52,408
Non National Measurement System	34,596	31,747
Total	**88,310**	**84,155**

All turnover arose in the United Kingdom (2015: all turnover arose in the United Kingdom).

4. Information regarding directors and employees

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

	2016 No.	2015 No.
Average number of full-time equivalent employees during the year		
Technical staff	584	591
Administration	161	149
	745	**740**

Their aggregate remuneration comprised:

	2016 £000s	2015 £000s
Wages and salaries	32,706	28,847
Social security costs	3,103	2,940
Other pension costs	5,550	5,673
	41,359	**37,460**

Directors' remuneration

	2016 £000s	2015 £000s
Directors' emoluments		
Emoluments (excluding pension contribution)	498	505
Pension contributions	95	124
	593	**629**

	2016 £000s	2015 £000s
Highest paid director's remuneration		
Aggregate of emoluments	163	170
Pension contributions	13	56
	176	**226**

	2016 No.	2015 No.
Number of directors who:		
Are members of a defined benefit pension scheme	-	1

5. *Profit on ordinary activities before taxation*

Profit on ordinary activities before taxation is stated after charging:

	2016 £000s	2015 £000s
Depreciation of tangible assets	4,741	4,127
Operating lease rentals		
-Plant and machinery	121	284
-Other assets	13,636	12,112
Loss on disposal of property, plant and equipment	-	102

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

	2016 £000s	2015 £000s
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	36	26
Fees payable to the Company's auditor for other services	2	4
Total fees	**38**	**30**
Audit-related assurance services	-	4
Total non-audit fees	**-**	**4**

6. *Interest receivable and similar income*

	2016 £000s	2015 £000s
Bank interest receivable	6	-
	6	**-**

7. *Interest payable and similar charges*

	2016 £000s	2015 £000s
Interest on defined benefit pension scheme	192	756
Bank loan interest	1,223	868
	1,415	**1,624**

NPL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

8. Taxation

The tax charge comprises:

	2016 £000s	2015 £000s
Analysis of tax charge for the period		
Current tax		
UK corporation tax at 20.00% (2015: 20.25%)	1,012	351
Adjustments in respect of prior periods	642	(322)
	1,654	**29**
Double taxation relief	-	(4)
After double taxation relief	**1,654**	**25**
Foreign tax credits	6	4
Adjustments in respect of prior periods (foreign tax)	-	13
Total current tax charge	**1,660**	**42**
Deferred tax		
Origination and reversal of timing differences	(600)	334
Adjustment in respect of prior periods	(541)	(72)
Effect of tax rate change on opening balance	297	76
Total deferred tax (credit)/ charge	**(844)**	**336**
Tax on profit on ordinary activities	**816**	**380**

Tax relating to other comprehensive income		
Current tax		
UK corporation tax at 20.00% (2015: 20.25%)	(1,012)	(347)
Deferred tax		
Origination and reversal of timing differences	(1,667)	(4,452)
Tax relating to other comprehensive income	**(2,679)**	**(4,799)**

8. Taxation (continued)

Provision for deferred tax

	2016 £000s	2015 £000s
Accelerated capital allowances	(1,995)	(692)
Short term timing differences	(4,411)	(4,110)
Tax losses carried forward and other deductions	(907)	-
Other	(1,439)	(1,413)
Total deferred tax (asset)	**(8,752)**	**(6,215)**
Movement in provision:		
Provision at start of year	(6,215)	(1,124)
Deferred tax (credit)/charge in the Profit and Loss Account for the year	(844)	335
Deferred tax charge in the Statement of Comprehensive Income	(1,667)	(4,452)
Accounts transfer	(26)	(974)
Provision at end of year	**(8,752)**	**(6,215)**

The standard rate of tax applied to reported profit is 20% (2015: 20.25%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2016.

The tax charge recognised for the year ended 31 December 2016 is higher than the United Kingdom corporation tax rate of 20.00% (2015: 20.25%). The reasons for this are set out below.

	2016 £000s	2015 £000s
Reconciliation of tax charge		
Profit on ordinary activities before tax	13	1,634
Tax on profit on ordinary activities at standard corporation tax rate of 20.00% (2015: 20.25%)	2	331
Effects of:		
Expenses not deductible for tax purposes	18	11
Income not taxable for tax purposes	-	(91)
Adjustments to brought forward values	(1)	-
Other differences	(7)	-
R&D expenditure credits	-	(78)
Foreign tax credits	6	4
Adjustments to tax charge in respect of previous periods	642	(322)
Adjustments to tax charge in respect of previous periods – deferred tax	(541)	(72)
Adjust closing deferred tax to average rate of 20.00% (2015: 20.25%)	1,290	599
Adjust opening deferred tax to average rate of 20.00% (2015: 20.25%)	(594)	(9)
Rounding difference	1	7
Tax charge for the year	**816**	**380**

9. Tangible fixed assets

	Technical equipment £000	Furniture & fittings £000	Office equipment £000	Total £000s
Cost				
At 1 January 2016	40,454	129	4,530	45,113
Additions	5,644	-	301	5,945
Disposals	(458)	-	(61)	(519)
At 31 December 2016	45,640	129	4,770	50,539
Depreciation				
At 1 January 2016	11,120	129	3,489	14,738
Charge for the year	4,151	-	592	4,741
Disposals	(301)	-	(61)	(362)
At 31 December 2016	14,970	129	4020	19,119
Net book value				
At 31 December 2016	30,670	-	750	31,420
At 31 December 2015	29,334	-	1,041	30,375

10. Deferred tax asset

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

	2016 £000s	2015 £000s
Recognition of deferred tax		
Accelerated capital allowances	1,995	692
Short term timing differences	4,411	4,110
Tax losses carried forward and other deductions	907	-
Other	1,439	1,413
Total deferred tax asset	**8,752**	**6,215**
Movement in deferred tax asset:		
Asset at 1 January	6,215	1,124
Deferred tax credit/(charge) in the Profit and Loss Account for the year	844	(335)
Deferred tax credit in the Statement of Comprehensive Income	1,667	4,452
Accounts transfer	26	974
Deferred tax asset at 31 December	**8,752**	**6,215**

10. Deferred tax asset (continued)

The utilisation of the deferred tax asset is expected to occur as follows:

	2016 £000s	2015 £000s
Within one year	2,265	2,000
More than one year	6,487	4,215
	8,752	**6,215**

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

It is not expected that this rate reduction will have a material impact on NPL Management Limited.

There are no unrecognised deferred tax assets or liabilities at 31 December 2016 (2015: none).

11. Debtors

	2016 £000s	2015 £000s
Amounts falling due within one year		
Trade debtors	4,559	5,592
Amounts recoverable on long term contracts	8,219	6,859
Other debtors	4,860	2,653
Prepayments	2,648	2,750
Deferred tax asset (see note 10)	2,265	2,000
	22,551	**19,854**

12. Creditors: amounts falling due within one year

	2016 £000s	2015 £000s
Bank loans (see note 18)	1,009	4,202
Trade creditors	4,051	4,383
Other creditors	4,174	3,011
Accruals	6,018	5,742
Contract deferred income	5,168	5,062
Other taxes and social security	1,343	1,361
Provisions for liabilities (see note 13)	119	33
	21,882	**23,794**

Within deferred income is £2,464k (2015: £1,445k) of grant income from the Department of Business, Innovation and Skills to fund the purchase of some capital equipment. There are no unfulfilled conditions and contingencies attached to this grant income.

13. Provisions for liabilities

The other provisions balance is made up as follows:

	2016 £000s	2015 £000s
Opening balance	33	244
Increase in provisions	86	-
Provisions released	-	(211)
Closing balance	**119**	**33**

The other provisions balances are made up of provisions for future loss and provisions for warranty expenses.

14. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
20 Ordinary shares of £1 each	20	2

During the year the company issued 18 ordinary shares with nominal value of £1 each for consideration of £59m. All shares rank equally.

15. Share premium reserve

	Share premium £'000
Balance at 1 January and 31 December 2015	-
Premium arising on issue of equity shares	59,000
Expenses of issue of equity shares	-
Balance at 31 December 2016	59,000

16. Employee benefits

The NPL Management Limited Pension Scheme
The Company operates a defined benefit scheme for qualifying employees (closed to new members) of the Company.

Under the Scheme, the employees are entitled to retirement benefits varying between 1.111 and 1.667 per cent of Final Pensionable Pay for each year of Pensionable Service on attainment of a their Normal Retirement Age of 60. No other post-retirement benefits are provided. The Scheme is a funded scheme.

Under the Schedule of Contributions agreed with the pension scheme trustees following conclusion of the formal actuarial valuation conducted as at 5 April 2016, the Company is contributing to the Scheme at the rate of 47.9% of active members' Pensionable Pay less 3.4% of members' Band Earnings. Following the contribution of £37m to the Scheme in March 2017, which resulted in the Scheme being fully funded on the Scheme's statutory funding basis, no further deficit contributions are being made to the Scheme.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2016 by independent qualified actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

	Valuation at	
	2016	2015
Key assumptions used:		
Discount rate	2.7%	3.9%
Rate of salary increases	3.3%	3.1%
Rate of increase in pensions in payment	2.4%	3.0%
Rate of increase in deferred pensions	3.3%	3.1%
Inflation (RPI)	3.3%	3.1%

Mortality assumptions:
The assumed life expectations on retirement at age 60 are:

	Valuation at	
	2016 years	2015 years
Retiring today:		
Males	28.7	28.9
Females	30.8	31.5
Retiring in 15 years:		
Males	30.0	30.4
Females	32.4	33.1

16. Employee benefits (continued)

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

	2016 £	2015 £
Current service cost	1,911	2,289
Net interest cost	192	756
Plan introductions, changes, curtailments and settlements	410	415
	2,513	3,460
Recognised in other comprehensive income		
Total cost relating to defined benefit scheme	13,392	23,705

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

	2016 £	2015 £
At 1 January	105,917	104,666
Interest income	4,753	3,916
Return on plan assets (excluding amounts included in net interest cost)	27,171	(5,001)
Contributions from the employer	34,515	5,167
Contributions from scheme participants	64	48
Benefits paid	(2,235)	(2,464)
Admin expenses paid from plan assets	(410)	(415)
At 31 December	169,775	105,917

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

	2016 £	2015 £
At 1 January	127,906	127,505
Service cost	1,911	2,289
Interest expense	4,945	4,672
Benefits paid	(2,235)	(2,464)
Settlement payments from employer	64	48
Effect of change in assumptions	39,759	(4,144)
Effect of experience adjustments	804	-
At 31 December	173,154	127,906
Net liability recognised in the balance sheet	**3,379**	**21,989**

16. Employee benefits (continued)

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

	Fair value of assets	
	2016	**2015**
	£	**£**
Cash and cash equivalents	21,034	11,037
Equity instruments	37,730	32,643
Debt instruments	76,922	41,719
Other assets	34,089	20,518
	169,775	**105,917**

17. Financial commitments

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

	2016 £000s	2015 £000s
Operating leases which expire		
Within one year	97	45
Between one and five years	80	202
In over five years	-	-
	177	**247**

In addition to the above, on 1 April 2004, the Company entered into a new Contract with BEIS for research and development services at NPL. As part of the Contract, the Company also entered into various lease arrangements at peppercorn rents. The lease arrangements have not been affected by that Contract ending.

In respect of the premises and accommodation services, the Company paid base rent of approximately £13,630k in 2016 to BEIS (2015: £12,112k).

18. Bank loans

	2016 £000s	2015 £000s
Within one year	1,009	4,202
Between one and two years	1,016	4,070
Between two and five years	3,083	9,748
In over five years	4,687	7,656
	9,795	**25,676**

19. Controlling party

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

20. Related parties

The Company has taken advantage of the exemption granted by FRS 102 not to disclose details of related party transactions with BEIS and other entities within its Group.

The total remuneration for key management personnel for the year totalled £593k (2015: £629k), being remuneration disclosed in note 4.

21. Post balance sheet events

On 28th March 2017 BEIS made a £37m commitment to NPL in the form of 37 shares with a nominal value of £1 each issued at £1m per share. This has been used to pay repay the estimated remaining pension deficit.