



# The Met. Office

Annual Report and Accounts 1996/97



*Excelling in weather services*





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Annual Report and Accounts 1996/97

An Executive Agency of the Ministry of Defence

Presented to Parliament in pursuance of section 4(6)  
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Introduction

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The Met. Office provides a wide range of services to civil aviation within the UK and internationally. The National Meteorological Centre at Bracknell is one of only two World Area Forecast Centres.



## Purpose and aims

*Purpose* The Met. Office is a public sector organization providing quality meteorological and related services for the Government, the armed forces, the public, aviation and commercial customers.

*Aim* Our aim is to secure and develop long-term customer-loyalty by excelling, as a trading fund, in the provision of competitive world-class services.

- To achieve this aim we shall:*
- ◆ develop our position as a world-class science-based national meteorological service;
  - ◆ use international collaboration to maximum effect;
  - ◆ develop new and existing markets;
  - ◆ maintain effective Core infrastructure capabilities and ensure our services are competitive in meeting our customers' requirements;
  - ◆ ensure we are the first-choice supplier for the services we offer.

- Our key priorities and values are to:*
- ◆ utilize all our resources and expertise efficiently through the effective application of scientific research, technology and continuous improvement of our performance;
  - ◆ promote teamwork by adopting common goals;
  - ◆ capitalize on best practice and advice from inside and outside The Met. Office;
  - ◆ encourage individual responsibility through effective delegation of authority;
  - ◆ provide colleagues with the opportunity to develop and progress their careers.



# About The Met. Office

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The Met. Office was formed in 1854 as a small department within the Board of Trade to provide meteorological and sea current information to mariners. Since then the activities of the Office have grown in response to new demands for weather services, most importantly in aviation. This led to The Met. Office being taken under the wing of the Air Ministry just after the First World War and ultimately moving into the Ministry of Defence (MoD).

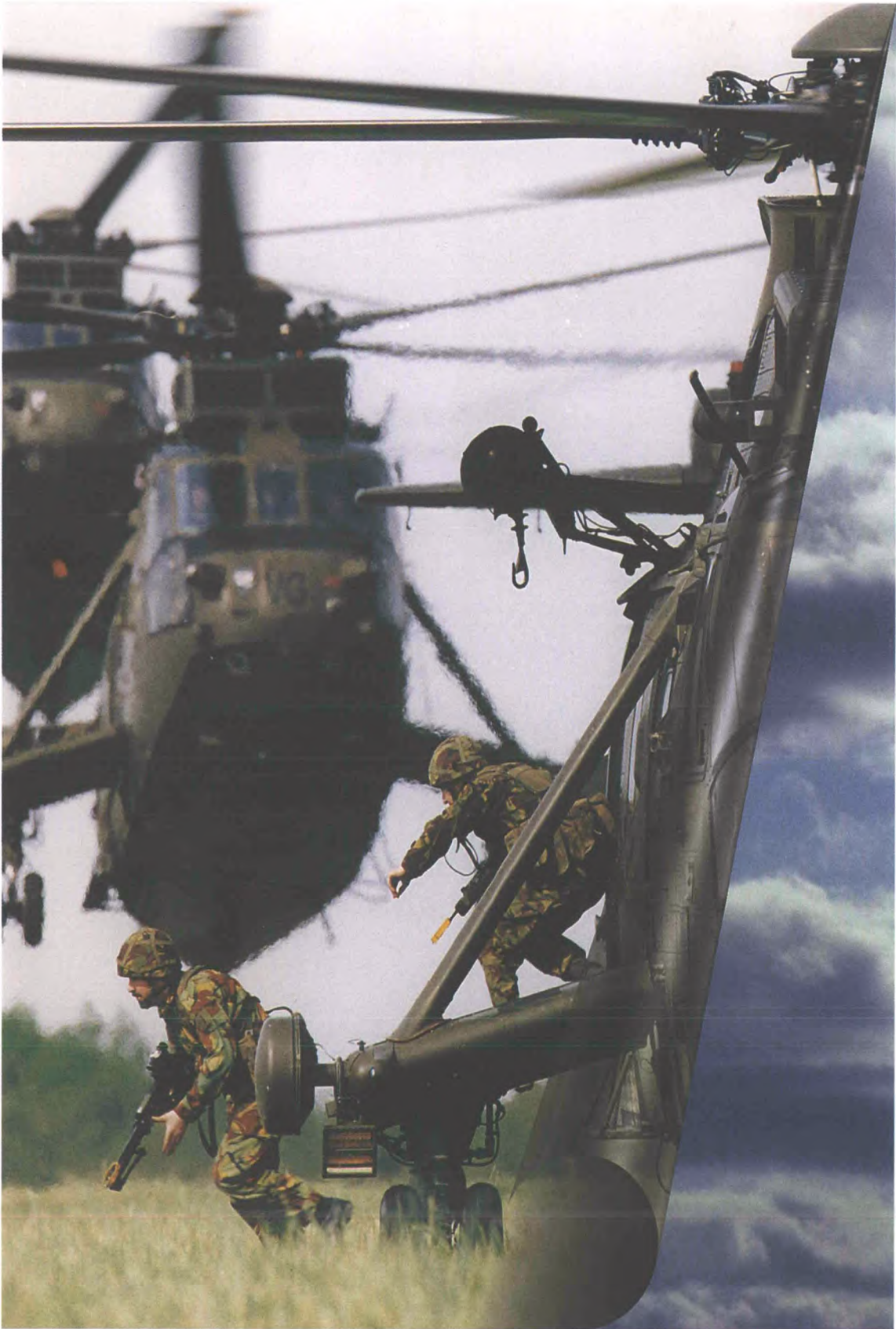
'Modern' weather forecasting arrived in 1962 when we installed a computer at our, then new, headquarters in Bracknell. In 1964, the first usable cloud pictures from satellites became available. The drive to use new technology continues. This year, we have invested in a Cray T3E supercomputer that is five times more powerful than its predecessor. Developments in both numerical prediction techniques and satellite meteorology, based mainly on research carried out within The Met. Office, have transformed the science and continue to do so.

These scientific and technical developments underpin the work of The Met. Office. They allow us to constantly improve the accuracy of our forecasts and, more importantly, the quality of the services that we deliver to our customers.

The Met. Office became a Ministry of Defence Executive Agency in April 1990, operating as a trading fund from 1 April 1996, the latest step in our development. The Met. Office continues as an international centre of excellence for the development of the science of meteorology and the provision of weather-related services.

The Met. Office headquarters,  
Bracknell





Fleet Photographic Unit, Portsmouth

Performance

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The armed forces have a major requirement for weather information for their day-to-day operations. Most of this is provided face-to-face by Met. Office forecasters working with the Army and RAF at airfields in the UK and strategic locations overseas.

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*Introduction*

While our administrative and financial structure changed on 1 April 1996 when we became a trading fund, The Met. Office remains a world-class, science-based organization working within the UK Government. We also continue to work with the intergovernmental organizations at the European Centre for Medium-range Weather Forecasts and EUMETSAT, the European meteorological satellite organization.

Our central aim is to develop capabilities in meteorological forecasting so as to deliver high-quality, cost-effective services to public and commercial customers in the UK, Europe and elsewhere.

It has been my privilege to lead the excellent and committed staff of The Met. Office since 1992. This, my last, Annual Report sets out the progress we have made during 1996/97.

*Highlights of performance*

Last year we were set key performance targets designed to stimulate improvement in our financial position, our efficiency and our quality of service. We recognized that these were challenging and that one or more might be missed. I can report that we met our financial targets and an administrative target to develop a new method for efficiency measurement. However, we missed our two 'quality of service' targets, one of which was to reach at least twelve of our fifteen, largely pass or fail, sub-targets defined in terms of levels of accuracy and timeliness of forecasts. In the event, we achieved ten. Work continued during the year to improve the bases on which we measure our performance and the measurement process itself. As a result, from 1997/98 onwards we are adopting targets based on an index approach which provides better average measures of performance.

Although we also did not reach the second of our quality targets, which was to improve the accuracy level of forecasts by 2% during the year, we maintained our performance relative to other centres. Indeed, our overall performance in forecasting for one to three days ahead continued to be among the best in the world, a result of our sustained research, focused on numerical weather prediction (NWP). We expect continued improvement as a result of the opportunities provided by our new supercomputer and also from research advances. Of particular note is our international research collaboration, such as the 15-nation study of weather fronts over the Atlantic undertaken with four research aircraft, including the Meteorological Research Flight's C-130, and the study programme on a new mathematical approach to NWP involving 200 specialists at the Isaac Newton Institute at Cambridge.

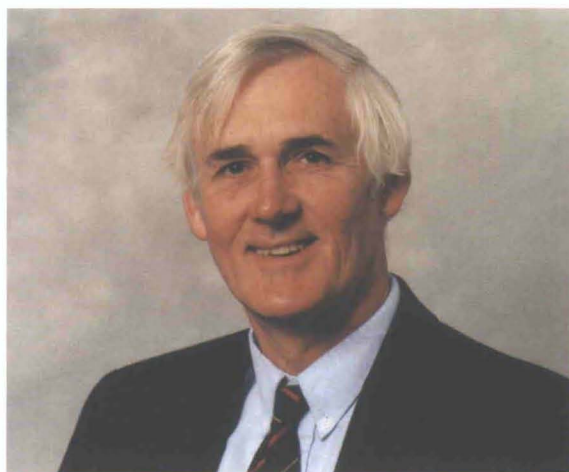
Our other planned programmes to develop our technological infrastructure – to improve efficiency and services to our customers – have delivered good results. In particular, some should lead to new opportunities for business through collaboration with other meteorological and environmental organizations. Forecasters in our National Meteorological Centre at Bracknell are now using our own unique display system to make more thorough use of computer-generated information, satellite data and other observations. The introduction of our Weather Information Network is enabling us to distribute data and centrally prepared guidance more quickly, accurately and conveniently to our staff around the UK and abroad. These developments underpinned the rationalization of our forecast production system and also our bid to work with the Thailand Meteorological Department, along with other organizations, in



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the development of their service. We are proud to have been selected to carry out this programme and are working to ensure that this kind of collaboration will continue with them, and other meteorological services, in future.

The Observations Division of The Met. Office has a vital role in meeting our corporate efficiency and quality goals. Last year saw the progressive introduction of automated observing systems and the use of new techniques for upper-air soundings. It has been gratifying to hear from highway engineers and hydrologists how our weather radar data, delivered through the developing Nimrod system, are leading to better short-range forecasts.



The communication of observational data, collaboration in research and, increasingly, more-efficient sharing of infrastructure costs, are the primary outputs we expect from our international activities. We have continued to press in Europe for the initiation of the 17-nation European polar satellite programme to complement that of the USA, on which Europe continues to rely heavily. The Met. Office contributed to the programmes and initiatives of the World Meteorological Organization, ranging from meteorological services in urban environments, through TV training at the BBC Weather Centre, to the effective co-ordination within The Climate Agenda of the related activities of many UN agencies and scientific organizations.

The services provided to defence, aviation, the public service and commercial customers improved and were organized more tightly. Most required negotiation of new contracts. The Core Customer Group has worked well to ensure that the £70 million Core activities of The Met. Office are effective and will be funded at an appropriate level over the long term. We have greatly appreciated the efforts of the Group's members, representing the Civil Departments, MoD budget holders and the Civil Aviation Authority.

Thanks to our overall performance and much extra commitment by staff, our first year's income as a trading fund was in excess of £150 million. In particular, vigorous efforts by forecasting staff at all our locations led to the £5.3 million contribution, the largest yet, by the commercial arm of the Services and Business Division to the Core activities and central overheads of the Office. I am particularly pleased to be able to report that the trading fund has got off to such a satisfactory financial start. This is the sound foundation we needed in preparation for the very substantial capital investments we shall need to make in the future; equally good results should not be expected every year.

But we start the next trading year from a strong position. Our tasks for 1997/98 are to strengthen relationships with our customers, to raise the quality of our services and to improve the value for money they represent. I am confident that my successor will ensure that these established expectations of The Met. Office are met.

*Looking ahead*



Performance against key targets 1996/97

The Met. Office's eight key targets for 1996/97 as set out in its approved business plan are shown below, together with the performance achieved.

**Quality** *To improve the accuracy of the numerical weather prediction model by at least 2.0% in 1996/97 as measured by an index based on the internationally exchanged model performance measures.*

Not achieved. The target was missed because of a number of factors, the most significant arising paradoxically from the improved use of satellite data. This led to greater detail in the description of the atmosphere in the Tropics and southern hemisphere and thereby set a much harder target for forecast verification. The view that the particular score used does not wholly reflect performance is borne out when performance is judged against other centres, where The Met. Office maintained a close to leading position. An improved skill score as a basis for measuring performance will be adopted next year.

*To achieve at least 80.0% of the designated business plan external targets for customer satisfaction, forecast accuracy and timeliness. These Key Service Quality (KSQ) Targets are tabulated at the end of each Business Area report.*

Not achieved; we met 10 of the 15 targets, 66%.

**Resources** *To incur a gross expenditure before interest (as shown in the Profit & Loss Account) of not more than £140.3 million (at 1995/96 prices) while meeting the 80% quality target described above. This equates to £143.9 million at 1996/97 prices.*

Not achieved; while gross expenditure at £130.3 million was well below target, we did not meet the 80% quality target.

*To achieve an overall return on capital employed of at least 7% taken year on year.*

Achieved; return on capital employed in 1996/97 was 20.7%.  
(Return on capital employed is defined on page 42.)

*To at least break even, after interest and dividends, taking one year with another.*

Achieved; we met this target in the first year as a trading fund.

*To achieve a total contribution to Core and central overheads from commercial activities (excluding the Civil Aviation Authority and Department of the Environment contracts) of £3.3 million (at 1995/96 prices, equating to £3.4 million at 1996/97 prices) on the current basis of measurement.*

Achieved; the contribution was £5.3m.



*To develop an efficiency index for The Met. Office, which can be audited and to measure the value of this index in 1996/97 to provide a basis for future efficiency targets.*

**Efficiency**

Achieved. We have developed a methodology for calculating an efficiency index. It is based upon capability and capacity which will be determined by including components for Core and service delivery.

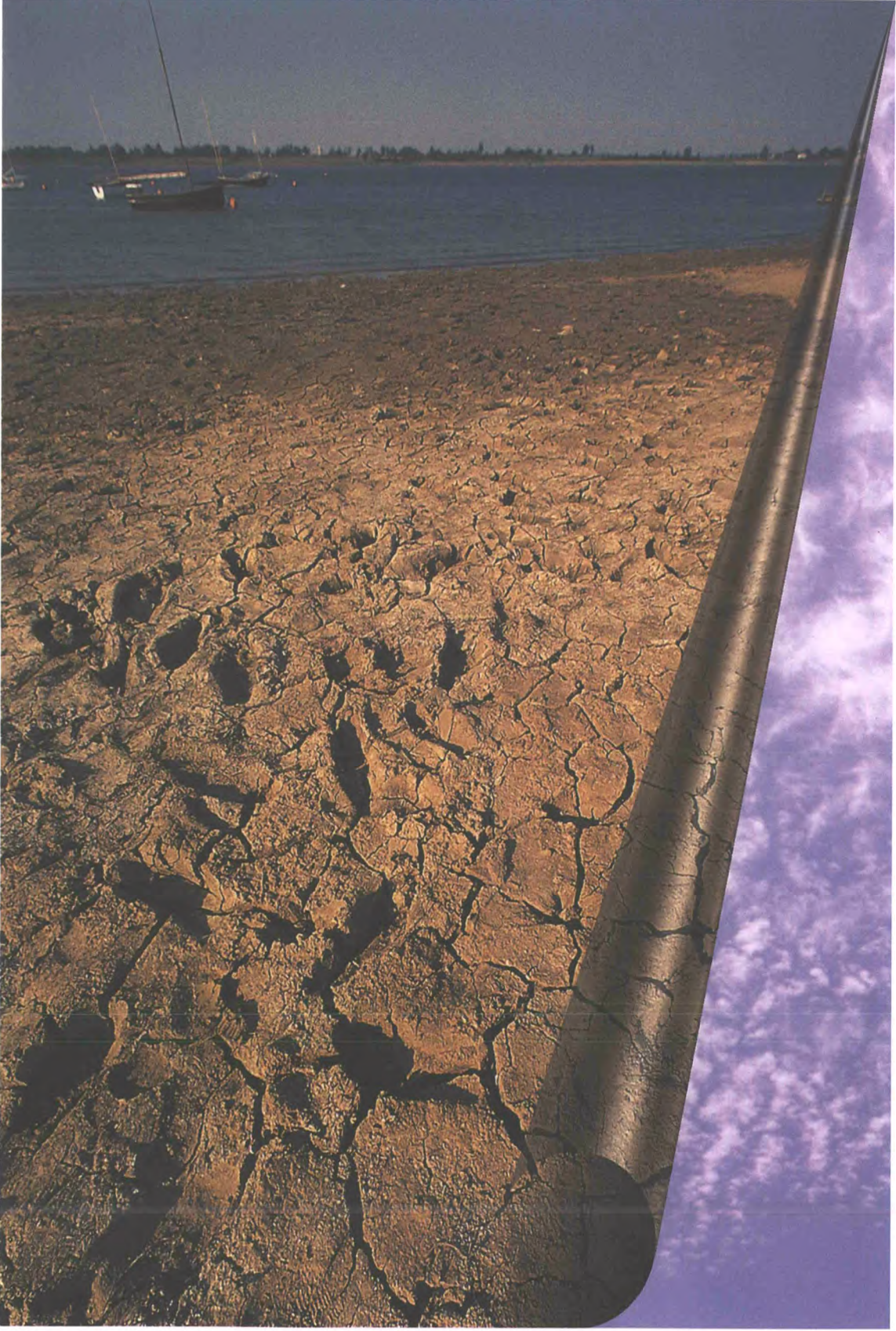
*To devise a value-for-money index to measure the quality of its services.*

We have now concluded, in line with the National Audit Office, that such an index would only be meaningful if it represented a measure of the economic value of weather forecasting. In view of the difficulties in establishing an objective and stable value, it has not proved possible to develop this index.

Key target	Result
1. Numerical weather prediction	✗
2. Service quality measures	✗
3. Gross expenditure and service quality	✗
4. Return on capital employed	✓
5. Break even, after interest and dividends, taking one year with another	✓
6. Commercial activities' contribution to Core and central services	✓
7. Efficiency index for The Met. Office	✓
8. Value-for-money index to measure quality of services	—

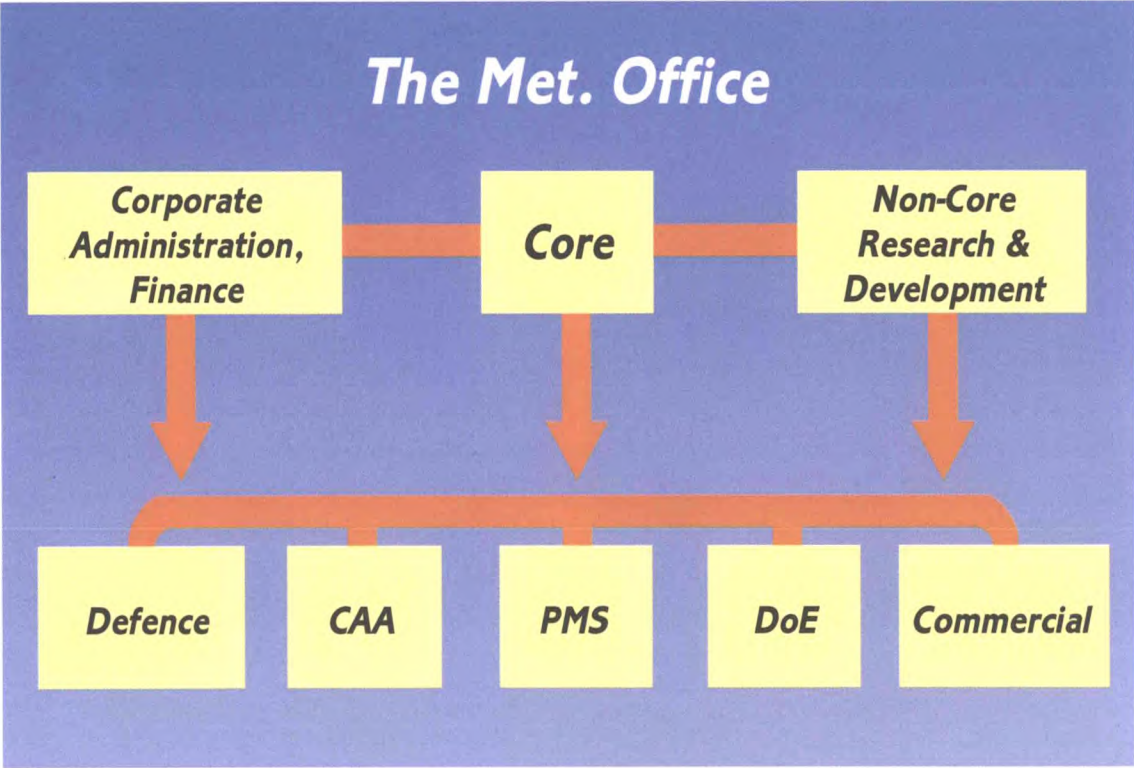
The Comptroller and Auditor-General has examined the statement of performance against key targets reported above and he is satisfied that the performance achieved is fairly stated.





Business Areas

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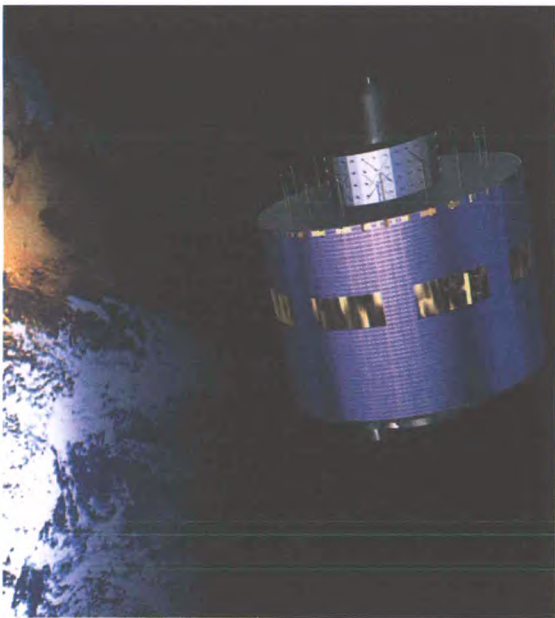
Through the work of the Hadley Centre for Climate Prediction and Research, The Met. Office provides vital scientific information to the Government to assist the formulation of UK policy on the regulation of greenhouse gas emissions.

The Core area of The Met. Office is fundamental to the business success of the organization. It includes the gathering and exchange of observations (both space and terrestrial, on a global basis), the operation of sophisticated numerical weather prediction (NWP) models, and the interpretation and adjustment of model output by experienced staff in the National Meteorological Centre (NMC). These day-to-day operational activities are underpinned through research and development programmes whose aim is to improve the overall efficiency and effectiveness of the Core function.

The Core Customer Group (CCG) – comprising representatives of the defence area, civil departments and the Civil Aviation Authority (CAA) – acts collectively to agree the Core programme. The Group also sets key performance targets for the Core area. During the year the Agency has briefed the CCG on important aspects of Core to improve members' appreciation of the Core services and to demonstrate the inter-relation of many activities.

Observations

The Core function depends critically on timely weather observations made on a global basis and exchanged around the world. We have been active in international fora such as the World Meteorological Organization (WMO), the European meteorological satellite organization EUMETSAT and the European meteorological network EUMETNET to develop these arrangements.



An artist's impression of the Meteosat Second Generation satellite

The Met. Office contributes each year to the Voluntary Co-operation Programme of the WMO, designed to provide equipment, services and training to developing countries. The objective is to help maintain, directly and indirectly, the global supply of observations. During 1996/97 we have funded initiatives leading to the introduction of data satellite receivers and distribution systems in several African countries. We also helped install media presentation systems for use by two national meteorological services (NMSs) in Africa.

Within EUMETSAT we have been active in ensuring efficient and targeted missions for both Meteosat Second Generation (MSG) and the proposed EUMETSAT Polar System (EPS). MSG will provide continuity of data from geostationary orbit and EPS will enable Europe, in partnership with the USA, to provide the required data from polar orbit until around 2018.

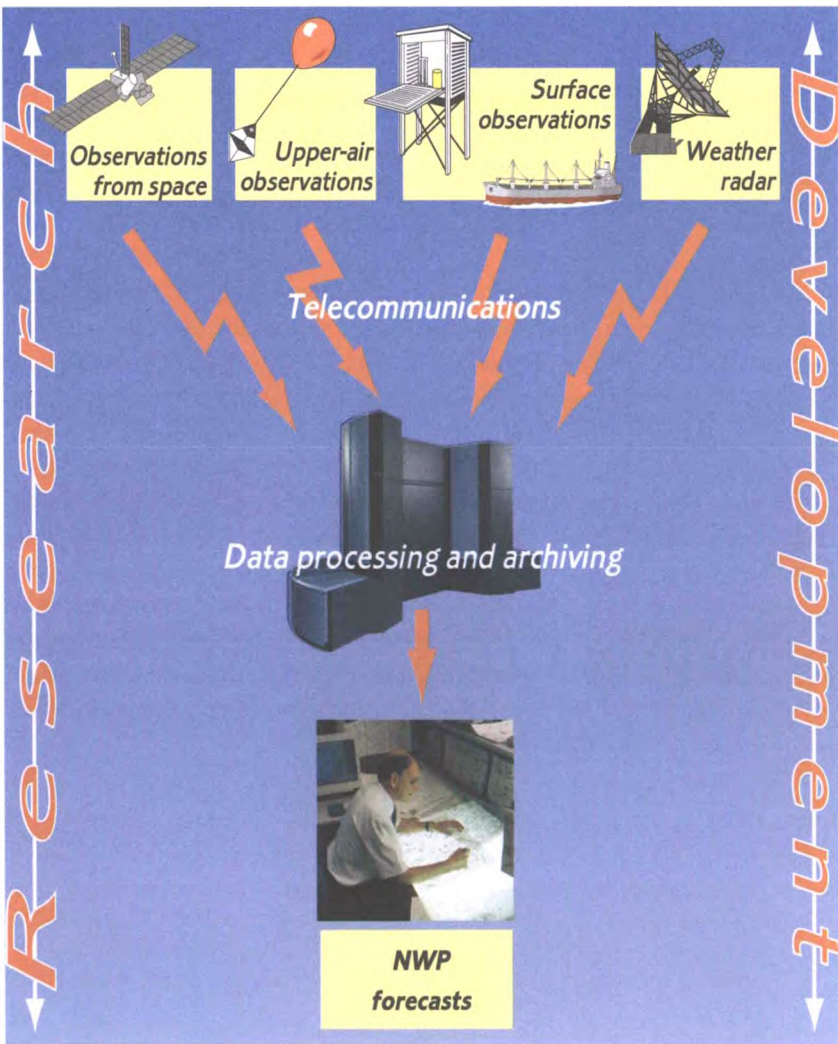
We have also encouraged the development of Satellite

Application Facilities within EUMETSAT to ensure that the very considerable investment in space systems is fully exploited in operational meteorology.

EUMETNET offers a way to co-ordinate and collaborate more closely in the provision of terrestrial observations on a European basis. We support the development of regional networks and increasing the level of interdependence of NMSs where this improves efficiency by removing duplication.

Locally, we have carried out studies into the impact of land-based manual and automatic observations on forecasts produced for the UK. We will use the results of these studies, and the user requirement, for network planning in 1997. We also developed the user requirement for the solar radiation network and automatic present weather systems.

As part of our planned efficiencies in the observing network through greater automation, we installed a further 12 semi-automatic observing systems; 79 are now in operation. We are also using around 100 laser cloud-base recorders and visimeters, most of which can operate automatically. We continue to explore alternative observing methods. Trials of the use of closed-circuit television for weather observing are currently under way at Core observing sites in Plymouth and Hemsby (Norfolk) and at two sites associated with military low-flying, Lake Bala and Loch Glascarnoch.





### *Numerical Weather Prediction (NWP)*

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The Met. Office and the Environment Agency have agreed a 10-year strategy for the management and development of the weather radar network in England and Wales. We hope to finalize funding for this project by late 1997. The Met. Office is also a partner in a large European Commission project to assess the benefits of new weather radar technology for operational use.

MIDAS, a major project to replace and bring together our current ageing climate and marine databases and other separate sources of climate data, is nearing completion. MIDAS uses relational database technology and a commercial software system. We started introducing UK land climatological data into the new database from 1 March 1997; historical climate data are also being loaded and this will be completed during 1997. This initiative will simplify data retrieval and greatly reduce maintenance costs.

Most forecasts are based on the output of NWP models run on a powerful supercomputer. During 1996 The Met. Office began installing a Cray T3E distributed-memory 'massively parallel' supercomputer. This new supercomputer will provide at least a fivefold increase in computing power, and we have rewritten some of our computer code to fully exploit its potential. By 1997 this will allow us to run higher-resolution models within the existing tight deadlines.

The configuration of the model has been set to best meet users' needs. Extensive tests showed that, by running the enhanced global model two hours after the nominal data time and immediately feeding boundary values to a mesoscale model covering the UK area, we could improve both the short-range synoptic pattern and detailed weather forecasts for the UK. Moreover, errors were reduced and detailed forecasts were available sooner.

In November 1996 we introduced three major changes to the formulation of the operational global model. Parallel trials showed a 3.5% improvement in key scores for the model using the new formulation. We are now seeing benefits to the operational forecasts in the northern hemisphere and Tropics. We have also introduced a number of improvements to the use of data in establishing the initial conditions of our models. These include the use of cloud analyses from the Nimrod nowcasting system in the mesoscale model and the inclusion of satellite humidity data for the global model. The use of wind data from satellite observation of cloud movement has also increased.

Physical refurbishment of the NMC started in 1997, partly to reflect greater centralization of the forecasting process and create a more up-to-date and efficient working environment. It will also allow better use of our Horace computer display system and encourage greater teamworking.

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The Core area depends on IT for effective functioning. Our IT strategy involves progressive reductions in the diversity of systems in use, so increasing efficiency and reducing the cost of operations.

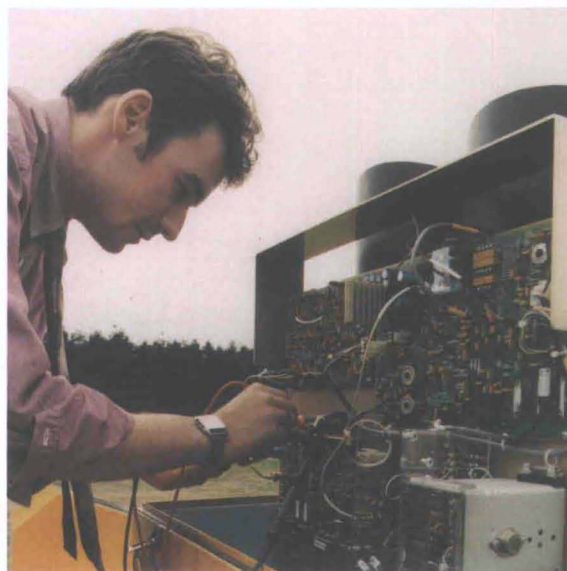
*Information  
Technology (IT)*

To provide better data delivery to forecasting offices around the UK and to improve the collection of observational data, we are introducing the Weather Information System and Network (WIS and WIN). WIS PC systems became operational at 22 sites in the autumn of 1996. The WIN is being progressively installed and tested. Part of the network is already delivering much greater, and more timely, volumes of data to forecasting locations. We expect to resolve outstanding reliability and resilience problems during the latter part of 1997.

The Core area is underpinned by carefully targeted R&D programmes. These are crucial to the development of capability, achievement of quality targets, generation of efficiency gain and therefore improved value for money. The research covers a wide range of atmospheric processes. For example, progress was made in the improvement of the representation of orographic influences and in a new representation of air exchange between the free atmosphere and the turbulent boundary layer near the surface. Studies of the use of data, including that from satellites, were also an important focus.

*Research and  
Development (R&D)*

It is important to get a better understanding of the controlling processes inside weather systems which will give a clearer insight into both the shortcomings of existing NWP models and how we might improve our observation systems. During January and February 1997, The Met. Office took a key role in the Fronts and Atlantic Storm Track Experiment (FASTEX), aimed at improving the forecasting of North Atlantic Ocean depressions. FASTEX, the largest research project of its kind, involved scientists from the USA, Canada, Ireland, France and the UK; the Meteorological Research Flight's C-130 Hercules aircraft played an important part in the collection of data. The weather during this period was, fortunately, very stormy, perfect for the FASTEX purpose. Early indications are that the project has produced excellent data, but it will take some time for the key results to be identified.



Technician at work on a laser  
cloud-base recorder



Defence is the largest of The Met. Office's business areas. Our greatest effort goes into providing forecasts to the Royal Air Force (RAF) so that aircraft operate safely and effectively. We also provide services to the Royal Navy, the Army, the Defence Research and Evaluation Agency (DERA) and the North Atlantic Treaty Organization (NATO).

*Services and service development*

During 1996/97, we provided forecasting services in the UK and overseas from on-site staff at 30 RAF and Army airfields and nine other sites.

At the beginning of the year we agreed over 20 Schedules of Requirements and Service Level Agreements with our customers. These closely defined their precise requirements for primary services. Other contracts included the development of a computerized meteorological system for Army ballistics predictions, contributions to the joint UK/USA Synthetic Theater of War project and the installation of equipment in the Naval Air Stations. We also supplied our Horace meteorological workstation software for integration in new systems being installed in the Fleet Weather and Oceanographic Centre, Northwood. Other opportunities to supply software or systems in support to NATO countries are currently under discussion.

The Mobile Meteorological Unit (MMU) played an important role in support of military activities in the field. The strength of the Unit now stands at eight full-time and 26 part-time members, all Met. Office personnel with commissions in the RAF Reserve, based at various Met. Office locations. Throughout the year, at least seven staff continuously supported United Nations and NATO semi-permanent sites in Adana in Turkey, Gioia del Colle in Italy, and Split and Sarajevo in the former Republic of Yugoslavia. The MMU also supported various UK Armed Forces exercises, including those in Norway and in Poland, the first UK exercise in a former Warsaw Pact country.

Face-to-face briefing underpins our service to the military customer



The Meteorological Office Military Information Distribution System has been developed. This PC-based system makes use of a combination of bespoke and proprietary software, including Internet browser technology, to provide weather information directly to Air Traffic Control and squadron briefing rooms. In September 1996, we started a trial at the Army Air Corps (AAC) airfield at Middle Wallop linked to a remote site at AAC Netheravon; demonstrations have led to interest from DERA at Boscombe Down and the Royal Navy. We expect to install 300 display units during 1997/98.

The amalgamation of forecasting and observing tasks during 'quiet hours', i.e. when there is no flying at an airfield, is being extended. The arrangement is already in place at RAF Wittering. A long-term assessment of this approach to operating during times when an airfield is active is under way.

To better meet our customers' needs, we have increasingly tailored our forecasts and briefings to provide information for specific missions. Examples are the prediction of the effectiveness of night-vision goggles and infrared technology. We have also standardized the presentation of forecasts and services, with an increasing use of IT facilities as part of our daily briefings.

Three main measures of performance are used in the Defence area – the accuracy of Terminal Aerodrome Forecasts (TAFs) that predict the weather conditions for individual airfields for nine hours ahead, the accuracy of specific warnings of adverse weather for several hours ahead for military bases and a customer satisfaction index.

Performance

KSQ Target	Target for 1996/97	Result achieved
Accuracy of TAFs	Greater than 0.85	0.89 ✓
Accuracy of warnings	Success rate greater than 83% and false-alarm rate less than 17%	Failed* ✗ Failed* ✗
Customer Satisfaction Index	At least 0.88	0.82 ✗

\* Failure to meet this challenging target was due in large part to the late issue of some warnings. However, in most instances, our warnings provided good advice to customers making operational decisions at military bases.



This Business Area provides services to the civil aviation industry, mainly through the key customer, the Civil Aviation Authority (CAA), while meeting relevant International Civil Aviation Organization (ICAO) requirements.

Services and service development

The most important developments in our services this year were: the absorption of the work of the Regional Area Forecast Centres (RAFCs) at Frankfurt, Toulouse and Moscow into the World Area Forecast Centre (WAFc) London, Bracknell; and at the acceptance by ICAO of our Satellite Distribution system (SADIS). During October 1996, we also provided information for pilots on the spread of ash caused by an erupting volcano in Iceland, in Bracknell's role as an ICAO Volcanic Ash Advisory Centre.

Our development of a method of automating the production of en route significant weather charts and the operational acceptance, in June 1996, of SADIS has allowed us to make significant progress with ICAO's policy to rationalize meteorological services for international aviation. The Met. Office has developed SADIS over the last two years; it enables aeronautical users as far away as Australia and the Far East to benefit from the high-quality products we distribute. All international flights leaving Europe now use data provided from Bracknell and we expect WAFc London to take on additional RAFC responsibilities during 1997/98.

In October 1996 we successfully transferred the production of regional aviation forecasts from Manchester and Glasgow Weather Centres to the NMC in Bracknell. We also created a new Aviation Central Production Unit within the NMC to focus expertise and increase efficiency. This team now produces all the flight briefing data required for UK domestic flights.

During Autumn 1996, Aberdeen Weather Centre took over responsibility for producing forecasts for helicopter operations in the UK sector of the North Sea while Manchester Weather Centre provided a similar service for the Irish Sea. In an agreement with National Air Traffic Services Ltd (NATS), we provided portable PC systems to each of the three major helicopter operators to allow pilots working away from their home bases to access their usual range of products.

In early September 1996, we launched a commercial site on the World Wide Web to provide private pilots and small operators with further access to aviation data. This is in addition to the Aviation MetFAX service that remains very popular.

During the year, one of the country's major pilot training schools, Cabair, installed our MIST PC-based information system at all six of its airfields, greatly improving their access to weather information. The Met. Office also provided forecasting support to Richard Branson and Per Lindstrand in Virgin Global Challenger in their attempt to circumnavigate the world by balloon. We successfully predicted conditions for the launch but technical problems with the balloon brought the attempt to an early conclusion.



SAMOS observing equipment supports the human observer at Heathrow



For the third successive year, The Met. Office College held three meteorology courses for private pilots; all were fully subscribed. Later this year we intend to discuss with the CAA's Safety Regulatory Group how we can contribute further to the training of private pilots and, thereby, contribute to aviation safety.

The quality of our international services is judged by performance indicators for accuracy and timeliness agreed with NATS. We measure the overall accuracy by the annual root-mean-square (r.m.s.) errors in our 24-hour global forecasts of winds and temperatures at 34,000 ft, close to the cruising height of jet airliners. Timeliness is based on the time it takes us to collect, process and produce aviation data ready for delivery to the customer.

Performance

The indicator we currently use to measure the quality of our services in the UK is the Reliability Score of TAFs for the four major international airports, Heathrow, Gatwick, Manchester and Glasgow.

KSQ Target	Target for 1996/97	Result
CAA accuracy of forecasts		
R.m.s error in global winds at 34,000 ft	Less than 11.22 kt	10.83 kt ✓
R.m.s error in global temperatures at 34,000 ft	Less than 1.34 °C	1.31 °C
Reliability Score of TAFs at four major airfields	0.86 or greater	0.86
Availability of data on 90% of occasions	Within 4 h 0 min	4 h 3 min ✗
and on 95% of occasions	Within 4 h 5 min	4 h 6 min
Customer satisfaction	Devise index	Failed ✗

In addition, we increased the overall accuracy of our upper-wind data by 5% during the year, exceeding the 2% improvement target. We expect further improvements in accuracy in 1997/98 when we introduce a higher-resolution version of our global forecasting model. We are also discussing with NATS an improved method of measuring the timeliness of delivery of aviation data.



We provide the Public Meteorological Service (PMS) on behalf of the Government for the 'public good'. The PMS comprises several specific services regarding safety of life and information. The National Severe Weather Warning Service (NSWWS) provides the public and emergency authorities with warnings of weather presenting a danger to life or likely to cause disruption. The Storm Tide Warning Service (STWS) gives warning of significant tidal events that may breach coastal defences. The gale warning, shipping and inshore waters forecasts provide mariners with a range of vital weather information to ensure safety at sea, while the pollution services provide emergency agencies with guidance on the airborne spread of pollutants.

*Services and service development*

As part of the NSWWS, we issued early warnings of widespread severe weather for 12 events, mostly occasions of significant snowfall. During the autumn and winter, we also issued 14 Flash Messages for imminent snowfall and 19 for severe gales, 11 of these during the particularly prolonged windy spell in February 1997. We started a major review of the NSWWS in December 1996 involving users from the emergency services, local government emergency planning and a major utility; results are due in the summer of 1997 for implementation in time for next winter.

The STWS season began earlier than normal with a surge event on 29–30 August 1996. This provided an excellent test of the Environment Agency's new flood warning dissemination system, due to start on 1 September. At the other extreme, we successfully forecast a near-record negative surge event (where sea levels are much lower than expected) that took place in February 1997.

We introduced some of the PMS general forecasts to our World Wide Web (WWW) site during the year. The site now attracts some 8,500 visits a week with the shipping forecast alone recording some 2,000 accesses weekly. We have linked these pages of marine information to the Marine Safety Agency WWW site.

Our WWW site now has an Enquiry page and also provides access to the Charter Standard for the Public.

An explosion at a chemical plant near Avonmouth on 3 October 1996 called for forecasts of the dispersion of the chemical plume to be sent to the emergency services.

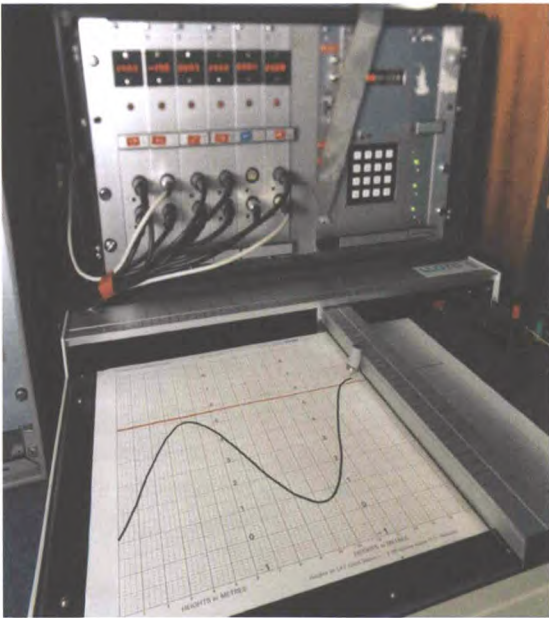
*Performance*

For the NSWWS, we use a Customer Satisfaction Index as the main measure of performance, the results coming from a survey of customers for the service. For the STWS, our target was to achieve at least three of four criteria agreed with the Ministry of Agriculture, Fisheries and Food, our customer for this service. To measure the performance of our gale warnings, there are targets for successful prediction and false-alarm rate. For atmospheric pollution events, we impose a target on ourselves of providing initial advice within 30 minutes on 87% of occasions; this year we provided timely advice on 90% of occasions. This latter measure is not an element of the Key Service Quality Target.



For the forecasts provided to the public on BBC TV and Radio 4, a Customer Satisfaction Index is used, based on a public survey.

<i>KSQ Target</i>	<i>Target for 1996/97</i>	<i>Result</i>
Customer Satisfaction Index for NSWWS	0.80 or greater	0.82 ✓
STWS	At least three targets	All four targets ✓
Gale warnings	Success rate at least 81% and false-alarm rate less than 17%	84.7% 9.8% ✓
Customer Satisfaction Index for services on national BBC TV and Radio 4	0.80 or greater	0.80 ✓



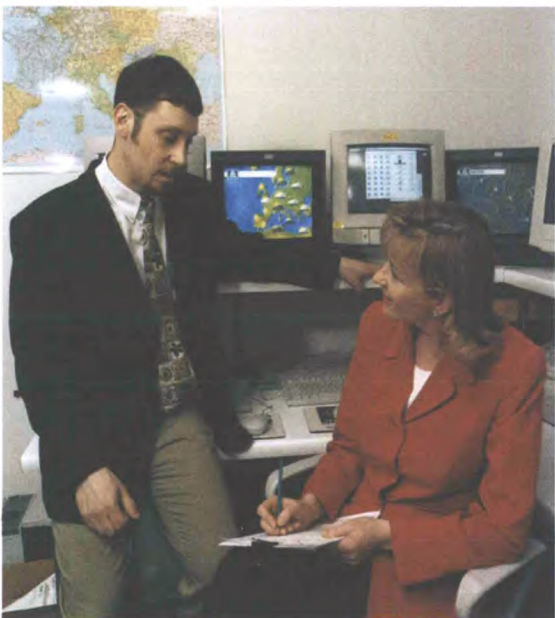
Staff in the NMC at Bracknell closely monitor output from tidal gauges

The Commercial Business Area provides services to all areas of industry, commerce and the media, excluding the CAA and the DoE. We provide a wide range of services; these are supplied largely from our 12 Weather Centres and other offices around the UK, and also directly from our headquarters at Bracknell.

*Services and service development*

In June 1996, our independent TV business unit, International Weather Productions (IWP) started a major service to The Weather Channel, a new UK TV channel dedicated to weather information. In the autumn, the service was extended to include production of the equivalent channel in the Netherlands. IWP staff also successfully negotiated to extend the national ITV and GMTV weather services.

The BBC opened extensive new facilities for the BBC Weather Centre in September 1996, demonstrating their commitment to weather broadcasting. We have also seen continued development of BBC regional broadcasting services; for example, Belfast Weather Centre staff now present an early evening forecast for BBC Northern Ireland. Services to BBC Ceefax were also substantially upgraded.



IWP forecasters keep The Weather Channel presenters up-to-date throughout the day

This year saw MetFAX services produce annual revenue of £1 million for the first time. During the year, we also launched a number of new services including some products aimed at small businesses. In Autumn 1996, we launched a commercial site on the WWW to provide wider access to specialist weather information. Customers gain access to the information by buying 'tickets' in advance using credit card facilities. The Met. Office is breaking new ground as a market leader with this Internet initiative.

Sales of our MIST PC-based weather information display system have grown very well during the year. We have successfully sold to those organizations that use control rooms to manage their operations, for example those in the water, power generation, transport, communications and security industries.

It was pleasing too that TransCo (a business group of BG Ltd, formerly a part of British Gas) have bought services from us for another year. Customers assessing the effects of heavy rain on their operations has led to new business.

We launched GeoProof, a new service to the insurance industry, in Autumn 1996. The service allows insurance companies to validate weather-related claims more quickly; we provide weather data direct to customers' computer systems on the basis of post codes. We have also entered into a collaborative venture with WS Atkins jointly to develop and provide environmental services.

In November 1996, we signed an agreement with a Thailand-based company to provide a range of meteorological services to the Thailand Meteorological Department (TMD). This extensive contract involves us in developing, and licensing

the use of, various aspects of our infrastructure, including our NWP to allow the TMD to create its own NWP capability.

There has been steady growth in our services to the retailers and manufacturers through The Weather Initiative business unit. This growth is mainly linked to a clear demonstration of the effects of weather on the sale of a wide and increasing range of products.

The Commercial Business Area achieved a contribution to Core activities and central overheads of £5.3 million, against a target of £3.4 million. This is £1.9 million above target and some 50% higher than the previous year's achievement. This was based on sales of £23.6 million, an 11% growth on the previous year.

Performance

There are four other measures of performance for our commercial services. These relate to the overall satisfaction of our customers, the accuracy of the 24-hour forecasts we provide to TransCo, the accuracy of forecasts of extreme weather events (wind strength and wave height) for the North Sea, and the accuracy of our OpenRoad winter maintenance services.

KSQ Target	Target for 1996/97	Result
Overall customer satisfaction score	Not less than 79%	80.3% ✓
Temperatures for TransCo	Within 3 °C on 98% of occasions	98.7% ✓
Extreme weather		
North Sea winds greater than 30 kt;	Successful forecasts 85% or greater and false-alarm rate less than 30%	65.5% 34.5% ✗
North Sea wave height greater than 5 m	Successful forecasts 85% or greater and false-alarm rate less than 30%	74.3% 38.8%
Detection of frost in OpenRoad services	Success rate at least 87% and false-alarm rate 30% or less	88.5% 24.5% ✓



The Met. Office's Hadley Centre for Climate Prediction and Research is contracted by the Department of the Environment (DoE) to carry out its major Climate Prediction Programme. This programme improves our understanding of the full climate system; develops increasingly realistic computer models for climate; and uses these models to simulate the behaviour of the global climate in recent times and to predict how the global and regional climate might change over the next century or so, particularly in response to human influences. The results of this research are communicated immediately to the Government to provide a sound scientific basis on which to help formulate the UK's policy on, for example, the regulation of greenhouse gas emissions, under the UN Framework Convention on Climate Change.

*Programme highlights*

The question of whether we can already detect a human influence on the climate is a central element of the programme. This is a particularly difficult technical issue needing all our modelling and observational expertise, and its full resolution is hampered by our incomplete knowledge of the nature and size of very long-term climate variability. Nevertheless, innovative results obtained and published under this DoE programme have indicated that a 'fingerprint' of human influence is beginning to emerge from the 'noise' and complexity of natural climate variability, thereby providing valuable and necessary support to the claim (in the 1995 Intergovernmental Panel on Climate Change Assessment) that 'the balance of evidence suggests a discernible human influence on global climate'.

A further valuable use of our continuing careful construction and maintenance of key global climate data sets is our recognized ability, in close collaboration with the Climatic Research Unit, University of East Anglia, to demonstrate quickly and with confidence the evolution of the globally averaged surface temperature. In that context, while 1996 was cooler than 1995 (the warmest year since credible global records began in 1860), nevertheless it proved to be about the eighth warmest to date, thereby continuing the warm trend that has been evident throughout the 1980s and 1990s.



A great deal of work has also been done to consolidate our understanding of the cooling influence on the climate resulting from industrial emissions of sulphur. Demonstrated for the first time by the Hadley Centre in 1995, this effect may, in places, have offset partially the warming effect of increasing greenhouse gases. As part of the continuing thrust in the programme to develop increasingly more-realistic climate models, we can now represent the important aspects of the so-called 'sulphur cycle' explicitly within our climate model. In this same vein, we have also continued to improve our ability to model, in particular, aspects of the 'carbon cycle' over land and in the oceans, and to represent more realistically not only a range of physical processes in both the atmosphere and the oceans, but also those that are essential to ensure a proper 'coupling' between both components. This effort and commitment reduces the current deficiencies and uncertainties and improves confidence in our modelling capabilities and, thereby, maintains the Hadley Centre as a recognized centre of excellence for climate prediction and research.

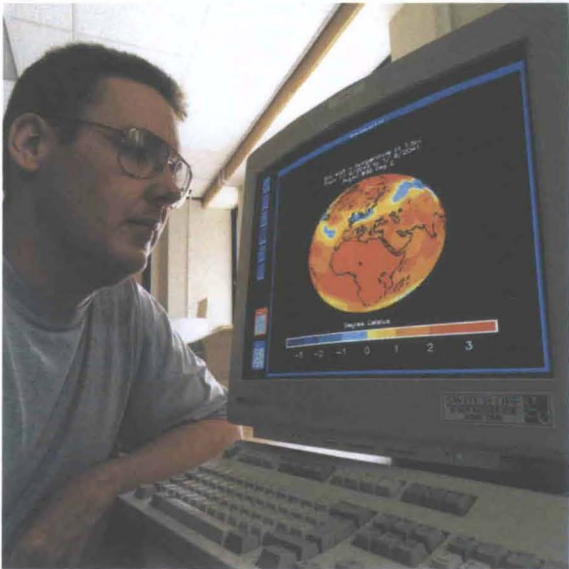
In 1996/97 we met the targets set by our customers in the DoE Climate Prediction Contract.

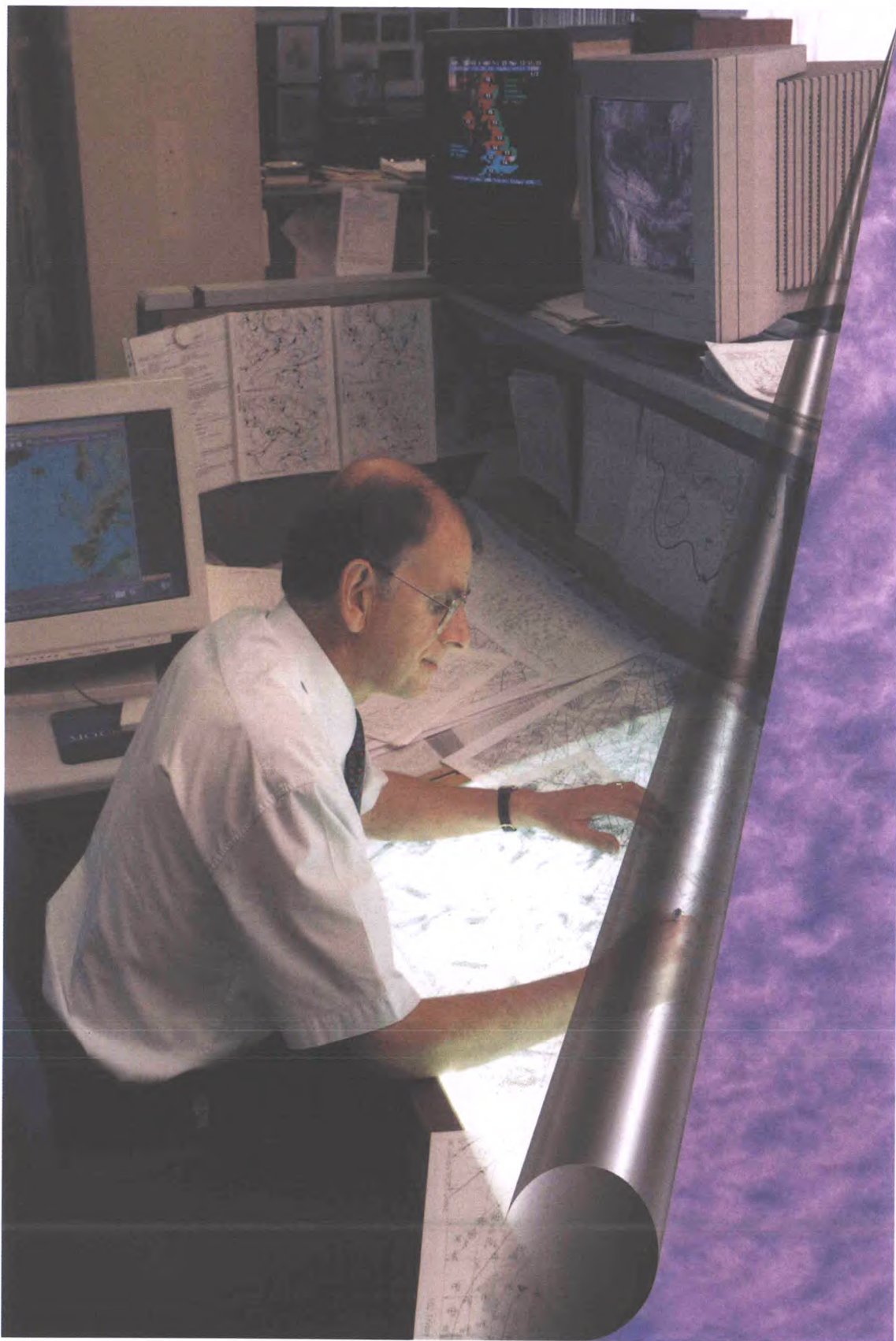
Performance

KSQ Target	Result
DoE Climate Prediction customer satisfaction	Target met ✓



'...a 'fingerprint' of human influence is beginning to emerge...'





Corporate affairs

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<i>Management Board and advisory groups</i>	<i>30</i>
<i>Finance</i>	<i>32</i>
<i>Human resources</i>	<i>33</i>



The Chief Forecaster, working in the NMC at The Met. Office, Bracknell, is responsible for issuing guidance to staff throughout the UK on the expected weather for up to five days ahead. As with many operational Core posts, the Chief Forecaster post is filled on a shift basis, covering 24 hours a day, seven days a week.

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## Management Board

The Management Board of The Met. Office is responsible for the day-to-day running of the Agency's operations and for ensuring that customers' requirements are met.

There have been no changes to the membership of the Management Board during the year. Prof. JCR Hunt leaves the position of Chief Executive at the end of June 1997.

Members of the Board at 31 March 1997 are shown below.



David Roberts,  
Director of Finance and Corporate Development

Martyn Bittleston,  
Secretary

Paul Mason,  
Chief Scientist

Prof. Julian Hunt,  
Chief Executive

Colin Flood,  
Director of Operational Services

Simon Cross,  
Director of Services and Business

Jim Caughey,  
Director of Observations



The Defence Meteorological Board

The Secretary of State for Defence, as owner of the Agency, is advised by the Defence Meteorological Board. The Board comprises members with relevant scientific and commercial experience, and normally meets four times a year. Members of the Defence Meteorological Board at 31 March 1997 were:

- Mr RT Jackling CB CBE, Second Permanent Under Secretary, MoD
- Prof. Sir D Davies Kt CBE, Chief Scientific Adviser, MoD
- Mr JM Legge CMG, Deputy Under Secretary (Civilian Management), MoD
- Maj Gen GA Ewer CBE, Assistant Chief Defence Staff (Logistics), MoD
- Prof. JCR Hunt, Chief Executive, The Met. Office
- Prof. BEF Fender CMG, Chief Executive, Higher Education Funding Council for England
- Mr CM Brendish, Chairman and Chief Executive, Admiral plc

The Meteorological Committee

The Met. Office Chief Executive is advised by the Meteorological Committee on broad aspects of Office policy. The committee also reviews aspects of The Met. Office programme and activities with particular emphasis on meeting customer needs; it meets twice a year.

Members are appointed by the Secretary of State for Defence for a period of four years. Members of the Meteorological Committee at 31 March 1997 were:

- |                                  |                            |
|----------------------------------|----------------------------|
| Baroness Platt of Writtle CBE DL | Mr D Filkin                |
| Mr DA Davis                      | Baroness Jay of Paddington |
| Prof. MH Pesaran                 | Prof. BJ Hoskins           |
| Prof. RL Bell CB                 | Ms A Gammidge              |
| Dr H Hughes OBE                  | Mr CM Stuart CBE           |
| Ex Officio                       |                            |
| Prof. JCR Hunt                   | Cdre RMV Willis RN         |
| Dr DA Bennetts                   | Mr G Paulson               |
| Mr JM Legge CMG                  |                            |



*Financial strategy* Our strategy is to provide a Core capability, and meteorological services, to customers' agreed requirements at quality levels and prices that provide the Agency with adequate profitability to meet its financing obligations and the funding of a substantial investment programme. One key aim is for vesting loans to be repaid by 2004, well ahead of the original schedule, while maintaining an adequate level of current liquidity.

*Progress* We have made a successful financial start as a trading fund. We met our £151 million revenue target and held operating costs significantly below budget, producing an operating profit of £21.7 million. Good cash in-flow management, combined with rescheduling of investment expenditure and the impact of cost savings, has resulted in a net increase in cash of £18 million after the initial draw-down in cash of £29.5 million of loans. The strong cash flow has enabled the Agency to reduce the gross interest cost of vesting loans by some 60%. This liquidity is essential for the investment programme, which is dominated by the UK's share of the European meteorological geostationary satellite programme.

During this first year of Trading Fund, we introduced more commercially orientated scrutiny of all proposals for major capital expenditure. Such proposals are now fully supported by development programmes in business case and investment appraisal training, and programme and project management. Internal reporting systems have been developed and strengthened. A modified activity-based costing system was introduced in April 1997.

Human resources

*Personnel* In an important move to support our aims and objectives, a Human Resources (HR) Board has been established that lays down HR policies and monitors their implementation. We have made a formal commitment that we shall reach the national standard as an Investor in People organization within two years. Equal Opportunities principles are also to the fore in the HR area.

Overall full-time equivalent staff numbers have fallen from 2,138 on 1 April 1996 to 2,118 on 31 March 1997. We have continued reshaping the mix of staff skills; broadly, this means an increasing number of graduate level staff. Of the total number of staff, 19.0% are women, 1.0% are recorded as being from ethnic minorities, 3.6% are recorded as being disabled and 3.6% work part-time.

The Personnel Management (PM) branch has been benchmarked against a national database and against a group of 15 other companies near the boundary between the public and private sectors. The results showed that the branch was extremely cost-effective.

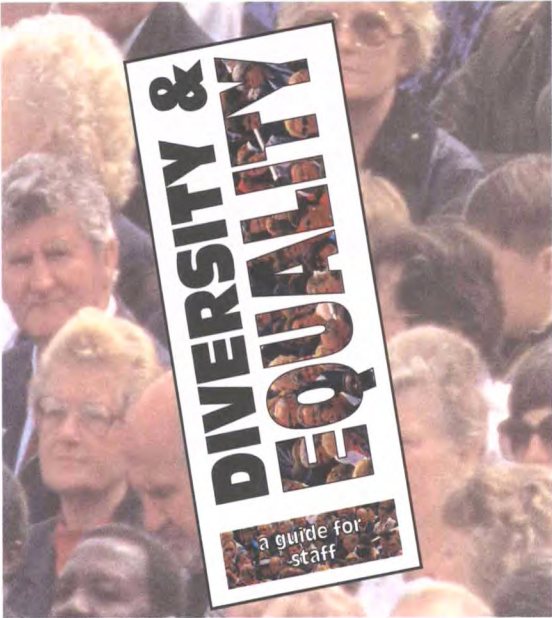


In a new venture, 62 managers attended personal assessment seminars. These helped staff to analyse their skills against core competences and produce personal development plans. More effort has been put into broadening the experience of our future top management.

*Staff development and training*

At The Met. Office College, 88.6% of places were filled against a target of 85%. The Student Satisfaction Index as measured by the end-of-course assessments reached 0.84 against a 0.80 target. This year, we have sought to improve the training expertise of instructors at the College, and some instructors have acquired a professional qualification in training. Their level of expertise is illustrated by a 97.2% satisfaction rating achieved for College instructor's teaching style, knowledge and helpfulness, the target being 90%.

Students on the first of the new foundation training programme for forecasters finished their final course in February 1997. This has produced forecasters with the required knowledge and skills more effectively than in the past.



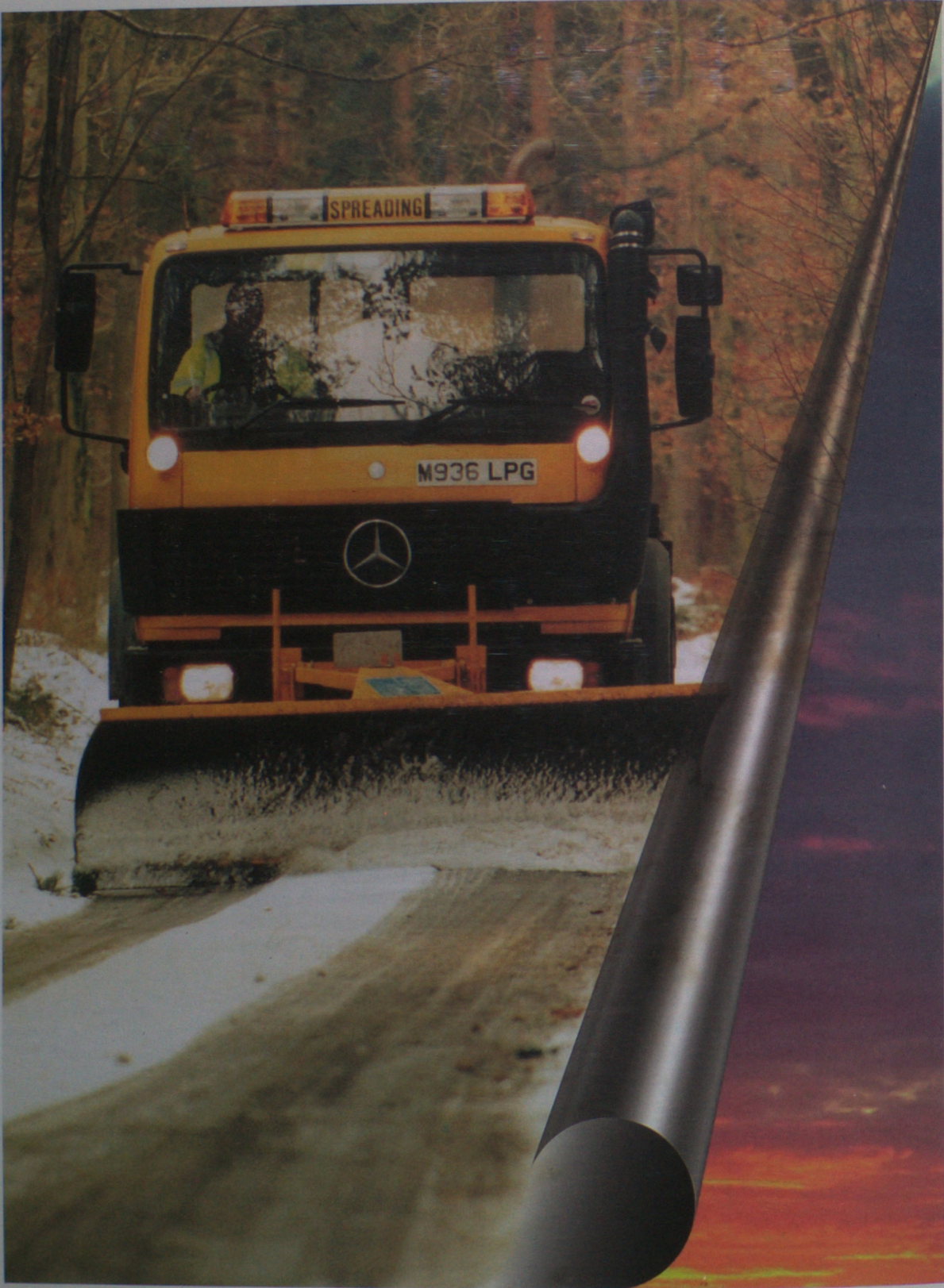
There is now virtually continuous recruitment for graduate scientists, with more recruitment targeted to specific posts and closer involvement of managers in the selection process. During the year, 87 people joined The Met. Office; the majority of these are graduates in mathematics, physics or computing.

*Recruitment*

It is our policy to recruit staff in accordance with the Civil Service Commissioners' Recruitment Code 1996. Individual appointments are made on the basis of fair and open competition; the only exceptions to this recruitment principle are those permitted within the code. The only exception to fair and open competition and selection on merit was the reappointment of 10 former Met. Office staff; we required these specialist staff to cover a shortfall to meet changing business needs.

Job Value Group	Male	Female	Ethnic minority	Disabled person	Total
2	0	0	0	0	0
3	39	15	1	2	54
4	14	15	0	1	29
Other	4	0	0	0	4
Total	57	30	1	3	87

Recruitment summary,  
1 April 1996 to  
31 March 1997



Future plans and targets 1997/98

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<i>Future plans and targets</i>	<i>35</i>
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In winter, most local authorities take our OpenRoad service to help them with their gritting and snow clearance commitments. OpenRoad services are provided by forecasting staff working at The Met. Office Weather Centres around the UK.

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*Key Performance  
Indicators and targets  
for the future*

Key Performance Indicators (KPIs), and their associated targets, serve two purposes. Their primary purpose is to give the public, our customers and the Government, as owner of the Agency, measures of how we perform in our key areas of activity; they also serve to focus management on central aspects of the business.

The business of providing meteorological services, including climate research, is complex. It involves high levels of science and technology combined with essential human interpretive skills and is mainly concerned with forecasting the global state of the atmosphere. While we can measure the accuracy of our forecasts, it is not always possible to do this as well as we would like, due to the lack of verifiable observations. In devising appropriate indicators of quality, we have to take account of the verifiability of forecasts as well as the importance of forecast features themselves.

A new scheme of measurement of performance is to be adopted from 1997/98. This takes account of such criteria as relevance, consistency, meaningfulness, comparability, timeliness, value for money and accuracy. In particular, we recognize the need for fewer and more-understandable KPIs than before, within the limitations of an organization serving a diverse range of customers. There are three categories of indicator – quality of service, efficiency and resources – incorporating a total of six KPIs with related targets.

*Quality of services*

Our Core capability can be expressed through the accuracy of the output of our NWP models. We run these models several times a day, every day, on a global scale as well as a more local scale. Because of inherent fluctuations on small timescales due to synoptic conditions, targets are expressed in terms of improvements over a three-year period. For the future, a new index will reflect the expected and actual changes in forecasting skill.

*New Global NWP Index*

The Index measures the overall forecasting skill of the global NWP model. The target for 1997/98 is to achieve an Index level of 108.0 by 31 March 1998 from a baseline of 100.0 at 31 March 1995.

*New UK NWP Index*

This Index comprises three key elements of the weather over the UK. The target is to achieve an Index level of 104.0 by 31 March 2000 from a baseline of 100.0 at 31 March 1997. It is intended to add two further weather components to this Index at 1 April 1998.

*Service Quality Index (SQI)*

The new SQI has seven components of equal weighting, representing a cross-section of meteorological services covering both public sector services as well as commercial services. This SQI (baseline 100.0 at 31 March 1997) comprises the aggregate of the customer-related targets for each component. Some components are measured over a three-year rolling period in order to minimize random fluctuations.

The target for 1997/98 is to achieve an Index level of 103.2 by 31 March 1998, representing customers' minimum service quality requirements for those components. In the future it is intended to increase the number of components of the Index.

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*Return on capital employed*

The target for 1997/98 is to achieve a return on capital employed of not less than 7%, taking one year with another.

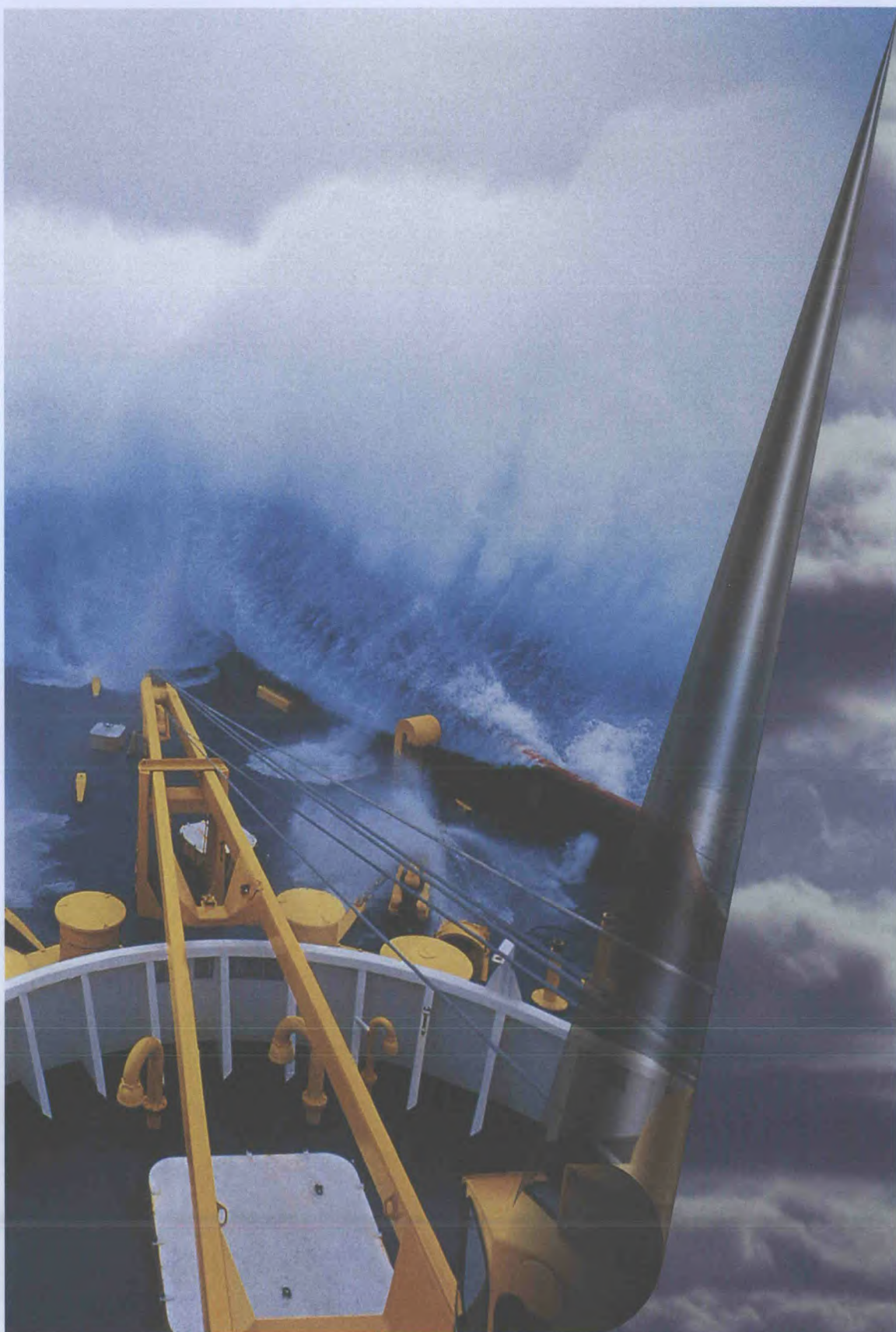
*Commercial Services' Contribution*

The target for 1997/98 is for The Met. Office to achieve a contribution to Core and General Overheads of not less than £3.0 million. This is not directly comparable to previous years as the bases of cost attribution have been revised. On the previous basis this target would equate to approximately £4.6 million.

A new Efficiency Index (EI) has been constructed. It measures the change in outputs to costs over time for two major areas of The Met. Office's activities. The Index will be measured at constant prices. The two components are Core output and Defence Services delivery. The target for 1997/98 is to increase the EI to 104.0 by 31 March 1998 from a baseline of 100.0 at 31 March 1997.

*Resources and financial*

*Efficiency Index*



Tony Stone

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Accounts and financial information

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The Met. Office provides the Public Meteorological Service for public safety and general information. The gale warning, shipping and inshore waters forecasts provide mariners with a range of vital weather information to ensure safety at sea.

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- Statutory background** The accounts for The Met. Office have been prepared in accordance with the Direction given by HM Treasury on 19 June 1997 in pursuance of section 4(6) of the Government Trading Funds Act 1973. The Direction is reproduced on pages 59 to 60 of the Annual Report and Accounts. The Trading Fund order (SI 1996/774) determined that 81% of the value of net assets acquired (before the advance of a working capital cash loan) should be treated as public dividend capital. The adjustments to the value of assets and liabilities taken on as a consequence of operating as a trading fund are shown at note 20.
- History** The Met. Office was established as the Meteorological Department of the Board of Trade in 1854 and adopted its present title in 1867. Separate meteorological branches for each of the armed forces were set up in 1914 and The Met. Office became part of the Air Ministry in 1920 and subsequently part of the Ministry of Defence (MoD) in 1964. The Met. Office became an Executive Agency on 2 April 1990 and started operating as a trading fund on 1 April 1996, in accordance with Statutory Instrument SI 1996/774.
- Review of activities** The principal activities of The Met. Office are set out on page 4. There have been no significant changes in these activities during the year.
- Board members** The operation of The Met. Office is overseen by the Defence Meteorological Board, and the Chief Executive is advised by the Meteorological Committee and its Research Sub-committee. The day-to-day business of The Met. Office is managed by the Management Board, as shown on page 30.
- Payment policy** Payments to suppliers are predominantly made direct from The Met. Office. The policy is to pay suppliers within 30 days of receipt of the invoice (as specified by the CBI Code – Prompt Payment), or of the delivery date if later. In the year ended 31 March 1997, 89% of undisputed invoices were paid within 30 days of receipt. Performance in-year was affected by the transition to trading fund and during the second half year, performance was 92%. Plans are in place to improve further.
- Results and appropriations** The Met. Office's turnover for the year was £152.0 million. Total expenditure, before exceptional items and interest, was £130.3 million and operating profit was £21.7 million. This was the first year of operations on a full trading basis and prior year's figures are not comparable. Net assets as at 31 March 1997 were £117.6 million and the ROCE key target of 7% was met with a performance of 20.7%. Profit after interest payments was £20.4 million, meeting the key target to break even. As agreed with HM Treasury, no dividend was paid to the Consolidated Fund in the first year of trading and the retained surplus has been transferred to the General Reserve, to meet future investment needs.
- Market value of land** It is considered that there is no significant difference between the open market value and the book value of land on an existing use basis. One site is to be sold for redevelopment in 1997/98 (see note 21).
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A programme of applied research and development is conducted in support of the operational services provided by The Met. Office. Additional research and development concerning man-made climate change is conducted under contract to the DoE.

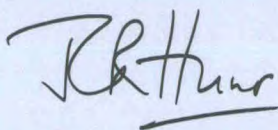
***Research and  
development***

The Met. Office is committed to a policy of Equal Opportunity. The only test applied for recruitment, retention, training or advancement is the ability to do the job.

***Disabled persons***

Formal consultation with staff is undertaken through The Met. Office Functional Whitley Committee, its sub-committees and local committees. The Met. Office regards the health, safety and welfare of its employees (and others) as of paramount importance. A full-time Health and Safety Officer is employed to ensure that all staff are fully aware of new and existing requirements and of their responsibilities. Employee involvement is through the Health and Safety sub-committee of the Functional Whitley Committee. In addition, the Trades Unions have been consulted on a range of special issues including changes in personnel management arrangements and the introduction of new pay and grading structures. Staff are informed of new developments within The Met. Office by circulars and *Mercury*, the house magazine.

***Employee involvement***



JCR Hunt  
Chief Executive  
27 June 1997

Profit and Loss Account for the year ended 31 March 1997

	Note	1996/97 £ '000
Turnover	2	151,987
Cost of sales	3	109,958
Gross profit		42,029
Operating expenses	3	20,281
Operating profit		21,748
Profit on disposal of fixed assets		50
Profit on ordinary activities		21,798
Interest receivable		1,867
Interest payable	4	(3,265)
Retained profit		20,400
Return on capital employed (ROCE) –1996/97	*	20.7%
Target (taken year on year)		7.0%

\* ROCE is calculated as the operating profit plus the profit on disposal of assets, as a percentage of the average Government funds (excluding unrealized capital reserves) plus insurance provision employed in the business at the beginning and end of the year.

As a consequence of the transition to a trading fund basis, prior year figures are not comparable and are therefore not provided.

The notes on pages 46 to 55 form part of these accounts.

The movement on the General Reserve is set out at note 15 on page 53.

# Balance Sheet as at 31 March 1997

		31 March 1997		1 April 1996	
	Note	£ '000	£ '000	£ '000	£ '000
<i>Fixed assets</i>					
Intangible	6		53,023		49,040
Tangible	6		24,382		32,417
			77,405		81,457
<i>Current assets</i>					
Stocks	7	1,454		1,756	
Debtors and prepayments	8	29,835		14,837	
Cash on deposit	9	40,600		0	
Cash at bank and in hand	9	6,691		29,475	
		78,580		46,068	
Creditors: amounts falling due within one year	10	(26,107)		(15,701)	
Net current assets			52,473		30,367
Creditors: amounts falling due after one year	10		(12,296)		(12,234)
Net assets			117,582		99,590
<i>Financed by</i>					
Provisions for liabilities and charges	12		4,214		3,050
<i>Capital and reserves</i>					
Public dividend capital		58,867		58,867	
Long-term loans	13	32,162		37,673	
Revaluation Reserve	14	1,939		0	
General Reserve	15	20,400		0	
Government funds		113,368		96,540	
			117,582		99,590

The comparative figures at 1 April 1996 are adjusted balances set on establishment of a trading fund – see note 20.

The notes on pages 46 to 55 form part of these accounts.

*JCR Hunt*

JCR Hunt  
Chief Executive  
27 June 1997

## Cash Flow Statement for the year ended 31 March 1997

	Note	1996/97 £ '000
<i>Reconciliation of operating profit to net cash inflow from operating activities</i>		
Operating profit		21,748
Permanent diminution		1,013
Depreciation charges		18,663
Provisions for liabilities and charges		1,164
Decrease in stocks		302
Increase in debtors		(14,898)
Increase in creditors		15,168
Net cash inflow from operating activities		<u>43,160</u>
<i>Cash flow statement</i>		
Net cash inflow from operating activities		43,160
Returns on investments and servicing of finance	17	(1,489)
Capital expenditure	17	(13,635)
Management of liquid resources	17	(40,600)
Financing	17	(10,220)
Decrease in cash at bank and in hand		<u>(22,784)</u>
<i>Reconciliation of net cash flow to movement in net debt</i>		
Decrease in cash in the period		(22,784)
Cash on deposit	17	40,600
Other movements	17	7,269
Change in net debt	17	<u>25,085</u>
Net debt at 1 April 1996		(15,467)
Net debt at 31 March 1997		<u>9,618</u>

As a consequence of the transition to a trading fund basis, prior year figures are not comparable and are therefore not provided.

The notes on pages 46 to 55 form part of these accounts.

#### Statement of recognized Gains and Losses for the year ended 31 March 1997

	1996/97 £ '000
Profit for the financial year	20,400
Surplus on revaluation of fixed assets credited to the Revaluation Reserve	1,939
Total recognized gains and losses relating to the year	22,339

#### Reconciliation of movements in Government funds

	1996/97 £ '000
Government funds at 1 April 1996	96,540
Total recognized gains and losses relating to the year	22,339
Movements in long-term loans	(5,511)
Movements in public dividend capital	0
Net movement in Government funds	16,828
Balance at 31 March 1997	113,368

As a consequence of the transition to a trading fund basis, prior year figures are not comparable and are therefore not provided.

The notes on pages 46 to 55 form part of these accounts.

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**1 Accounting policies**    *(a) Basis of accounting*

The accounts have been prepared in accordance with the accruals concept and the historical cost convention, modified to include revaluations of fixed assets and stocks. They comply with the accounting and disclosure requirements of the Companies Act 1985 and the Accounting Standards Board, where appropriate. Prior year figures on a comparable basis are not available in the first year of operation as a trading fund.

*(b) Turnover*

Turnover comprises the invoiced value of services (net of VAT) supplied to the private sector, the wider public sector and other Government departments. Income received under collaborative arrangements for the capital installation of weather rainfall radar systems is credited as deferred income within creditors until tangible fixed assets are acquired.

*(c) Research and development*

All research and development expenditure is charged to the Profit and Loss Account.

*(d) Intangible fixed assets*

The Met. Office is a member of EUMETSAT and, as such, contributes to the cost of its satellite programmes. The Met. Office benefits from the data and services resulting from these programmes. Expenditure on individual programmes is capitalized and revalued annually using the Aerospace Combined Input Cost Index. The value of each programme is depreciated from the date that the programme becomes operational over its expected life (currently of the order of ten years) using the straight line method.

*(e) Tangible fixed assets**Valuation*

Where the Agency is the principal beneficial user of the Departmental Estate, such estate is treated as an asset of the Agency although legal ownership rests with the Secretary of State for Defence.

Freehold land and buildings are revalued by qualified valuers every five years, or at shorter periods if it is considered that values have changed materially.

Plant and equipment, including computers, is capitalized where the useful life exceeds three years and the cost of acquisition and installation exceeds £5,000 (excluding VAT). From 31 March 1996, The Met. Office has also capitalized networked minor computers, and related equipment, which individually do not meet the criteria. Major items are revalued annually using the Gross Domestic Product Deflator Index.

Certain meteorological equipment installed in commercial aircraft or at sea is not capitalized as it is outside the direct control of The Met. Office and has an uncertain operational life.

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### *Depreciation*

Freehold land is not depreciated.

Depreciation on buildings is calculated to write off the cost, or value, by equal instalments over the asset's estimated useful life (not exceeding 50 years).

Computers, plant and equipment are generally depreciated by the reducing balance method at a rate calculated to reduce the net book value to 5% of current replacement cost over the asset's estimated useful life (between 3 and 10 years).

Major assets, where the benefit accrues evenly over the life of the asset, are depreciated by the straight-line method.

### *(f) Leasing commitments*

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to The Met. Office, are capitalized in the Balance Sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the Profit and Loss Account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

All leasehold property is held under operating leases which are charged to current expenditure.

### *(g) Stocks*

Stocks are valued at the lower of cost, or net current replacement cost if materially different, and net realizable value.

### *(h) Insurance*

In line with Government policy, it is normal practice for The Met. Office to insure itself against insurable risks. A Balance Sheet provision has been set up for this purpose. In the event of a loss occurring which exceeds the insurance provision, The Met. Office will consult with MoD about the action to be taken.

### *(i) Pensions*

Excepting locally employed civilians, all staff are covered by the provisions of the Civil Service and Armed Forces Pension schemes. Payments are made into the Consolidated Fund at contribution rates determined by HM Treasury.

### *(j) Foreign Exchange*

Payments made to international bodies in respect of annual subscriptions and contributions, including payments for intangible fixed assets, are accounted for at the sterling equivalent at the exchange rate ruling on the date on which payment is made. With effect from payments due January 1998, The Met. Office's policy is to buy forward foreign currency in respect of these payments as soon as amounts can be reliably estimated. In this case payments will be accounted for in sterling at the buy forward rate.

---

**2 Turnover** This note meets the requirements of HM Treasury's *Fees and Charges Guide*. The analysis of activity by business segment was as follows:

	Note	1996/97 £ '000
MoD		72,263
Other Government Departments		29,636
Others		50,088
Total turnover		151,987

All turnover relates to the same class of business, the provision of meteorological and related services. There were no acquisitions or discontinued operations.

**3 Cost of sales and operating expenses**

	Note	1996/97 £ '000
Staff costs	5	62,621
Travel and subsistence		3,456
Equipment and services		27,715
Accommodation		8,685
Depreciation	6	18,663
International subscriptions		7,667
Other administrative expenses		1,432
Total cost of sales and operating expenses		130,239

- (i) International subscriptions include the European Centre for Medium-range Weather Forecasts, the World Meteorological Organization and EUMETSAT (excluding amounts capitalized as intangible assets).
- (ii) Other administrative expenses include an audit fee of £50,000.
- (iii) Total cost of research and development, which was funded by customers including the Department of the Environment, was £15.3 million.

	Note	1996/97 £ '000	4 Interest payable and similar charges
On loans wholly repayable within five years		0	
On loans not wholly repayable within five years		3,265	
Total interest payable and similar charges		3,265	

(a) Staff costs

	Note	1996/97 £ '000	5 Staff
Salaries, wages and allowances		51,929	
Social security		3,994	
Pension contributions		6,698	
Total staff costs		62,621	

Pension rates, advised by HM Treasury, ranged from 11% to 19.5% – see note 1(i).

(b) Average staff numbers

	Note	1996/97 number
Senior Civil Service		8
Scientific, managerial, technical		1,463
Support		638
Locally engaged civilians overseas		20
Monthly average staff numbers		2,129

There were 2,118 staff employed at 31 March 1997 compared with 2,138 on 1 April 1996, both expressed as full-time equivalents.

(c) Chief Executive emoluments

Professor JCR Hunt, the Chief Executive, received total emoluments, excluding pension contributions, of £77,420. He is an ordinary member of the Principal Civil Service Pension Scheme.

(d) Employee information

The number of other employees, including Management Board members, whose remuneration exceeded £40,000 was:

	Note	1996/97 number
£40,000–£49,999		73
£50,000–£59,999		21
£60,000–£69,999		7
Total number of employees whose remuneration exceeded £40,000		101

Remuneration includes, where appropriate, allowances subject to UK income tax but excludes pension contributions.

(e) Early retirement

	Note	1996/97 £ '000
Expenditure incurred in current year		142
Expenditure to be incurred within one year		0
Expenditure to be incurred in later years		0
Total early retirement expenditure		142

This represents the full cost of employees leaving in 1996/97 and is fully offset by a grant from MoD.

6 Fixed assets The movements in each class of assets were:

	Intangible Fixed assets £ '000	Land and buildings £ '000	Tangible Plant and equipment £ '000	Total £ '000
Cost or valuation:				
At 1 April 1996	59,448	11,642	20,775	32,417
Additions	12,477	0	1,404	1,404
Permanent diminution	—	—	(1,013)	(1,013)
Disposals	0	(43)	(223)	(266)
Revaluation	2,116	193	194	387
At 31 March 1997	74,041	11,792	21,137	32,929
Depreciation:				
At 1 April 1996	10,408	0	0	0
Charged during year	10,239	421	8,003	8,424
Disposals	0	0	(70)	(70)
Revaluation	371	193	0	193
At 31 March 1997	21,018	614	7,933	8,547
Net book value:				
At 1 April 1996	49,040	11,642	20,775	32,417
At 31 March 1997	53,023	11,178	13,204	24,382

- (i) The net book value of freehold land and buildings includes £4.6 million of freehold land (1 April 1996 £4.6 million) which has not been depreciated.
- (ii) The net book value of plant and equipment at 1 April 1996 is based on a valuation at 14 December 1995 by Grimley.

- (iii) As a result of changes to requirements for the Weather Information Network, £1.0 million has been charged to the Profit and Loss Account as a permanent diminution.
- (iv) The net book value of plant and equipment includes £nil (1 April 1996 £3.8 million) for assets held under finance leases. The depreciation charge was £3.8 million.
- (v) Land and buildings were valued by the Valuation Office at 1 November 1995, in accordance with the Statements of Asset Valuation Practice in guidance notes prepared by the Royal Institution of Chartered Surveyors, on the basis of open market values for existing use, except that specialized buildings have been valued on the basis of depreciated replacement cost.

	Note	31 March 1997 £ '000	1 April 1996 £ '000	7 Stocks
Meteorological equipment		857	716	
Reserve equipment		386	815	
Consumable stores		211	225	
Total stock		1,454	1,756	

	Note	31 March 1997 £ '000	1 April 1996 £ '000	8 Debtors
Trade debtors		19,435	4,791	
Other debtors		649	524	
Prepayments and accrued income		9,751	9,522	
Total debtors		29,835	14,837	

Trade debtors at 1 April 1996 include no debt in respect of activities previously funded by MoD votes. As a trading fund, these activities are now subject to sales contracts with MoD and other Government Departments on a credit basis resulting in an increase in debtors.

	Note	1996/97 £ '000	9 Analysis of changes in cash at bank and in hand
Balance at 1 April 1996	20	29,475	
Net cash outflow	17	(22,784)	
Balance at 31 March 1997		6,691	

Cash which is surplus to immediate requirements is held in interest-bearing accounts (£40.6 million).

## 10 Creditors

		31 March 1997	1 April 1996
	Note	£ '000	£ '000
<i>Operating expenditure</i>			
Amounts falling due within one year:			
Current instalment on long-term loans	13	5,511	2,560
Trade creditors		2,586	269
Taxation and social security		7,102	700
Early retirement payments		142	0
Accruals and deferred income		10,555	7,252
Total operating expenditure within one year		25,896	10,781
<i>Amounts falling due after one year:</i>			
Dilapidations		812	750
Deferred income		11,484	11,484
Total operating expenditure after one year		12,296	12,234
Total operating expenditure		38,192	23,015
<i>Capital expenditure</i>			
Amounts falling due within one year:			
Deferred income for capital expenditure		211	211
Obligations under finance leases		0	4,709
Total capital expenditure		211	4,920
Total amounts falling due within one year		26,107	15,701
Total amounts falling due after one year		12,296	12,234
Total amounts due		38,403	27,935

The increase in taxation and social security includes VAT and payroll costs not included in the opening balance under previous funding arrangements.

## 11 Finance lease obligations

Analysis of changes in finance leases during the current year:

		1996/97
	Note	£ '000
At 1 April 1996		4,709
Inception of finance lease contracts		0
Capital element of finance lease payments		(4,709)
At 31 March 1997		0

The finance charge to the Profit and Loss Account was £81,000.

Note:	Reorganization (i) £'000	Insurance 1(h) £'000	Year 2000 (ii) £'000	Total £'000	12 Provisions for liabilities and charges
Balance at 1 April 1996	2,250	800	0	3,050	
Transferred from Profit and Loss Account	0	400	1,000	1,400	
Utilized in year	(86)	(150)	0	(236)	
Balance at 31 March 1997	2,164	1,050	1,000	4,214	

(i) Provision has been made for the future cost of leasehold properties which are surplus to requirements following reorganization.

(ii) Provision has been made for the costs of additional external resources necessary to ensure that IT systems are year-2000 compliant.

Government loans, repayable by instalments, and bearing interest at 8% and 8.25% per annum:

### 13 Long-term loan repayments

	31 March 1997 £ '000	1 April 1996 £ '000
Loans at 31 March 1997 comprise amounts repayable		
In two to five years	27,155	30,104
After five years	5,007	7,569
Total loan repayments	32,162	37,673

Amounts repayable in one year are included in note 10 (Creditors).

	1996/97 £ '000	14 Revaluation Reserve
Revaluation Reserve at 1 April 1996	0	
Revaluation of intangible fixed assets	1,745	
Revaluation of tangible fixed assets	194	
Revaluation Reserve at 31 March 1997	1,939	

£347,000 of the Revaluation Reserve was realized.

	1996/97 £ '000	15 General Reserve
General Reserve at 1 April 1996	0	
Retained profit	20,400	
General Reserve at 31 March 1997	20,400	

The Ministry of Defence is regarded as a related party. During the year, The Met. Office has had material transactions with the Department and with other entities for which MoD is regarded as the parent department, primarily the Defence Evaluation and Research Agency. In addition, The Met. Office has had material transactions with a number of other public bodies, Government Departments and their agencies, principally the Civil Aviation Authority, Departments of the Environment and Transport, Home Office and Ministry of Agriculture Fisheries and Food. None of the Management Board members, key managerial staff or other related parties has undertaken any material transactions with The Met. Office during the year.

### 16 Related parties

# 17 Cash Flow Statement

## a) Gross cash flows

	1996/97	
	£ '000	£ '000
Returns on investments and servicing of finance		
Interest received	1,767	
Interest paid	(3,175)	
Interest element of finance lease payments	(81)	
		(1,489)
Capital expenditure		
Payments to acquire intangible fixed assets	(12,477)	
Payments to acquire tangible fixed assets	(1,404)	
Receipts from sales of tangible fixed assets	246	
		(13,635)
Management of liquid resources		
Net payments to National Loans Fund deposit account	(40,600)	
		(40,600)
Financing		
Loan repayment	(5,511)	
Capital element of finance lease payments	(4,709)	
		(10,220)

## b) Analysis of changes in net debt

	At 1 April 1996 £ '000	Cash flows £ '000	Other changes £ '000	At 31 March 1997 £ '000
Cash at bank and in hand	29,475	(22,784)		6,691
Cash on deposit	0	40,600		40,600
Debt due within one year	(2,560)	2,560	(5,511)	(5,511)
Debt due after one year	(37,673)	0	5,511	(32,162)
Finance leases	(4,709)	4,709	0	0
		7,269		
Total	(15,467)	25,085	0	9,618

# 18 Operating leases

31 March 1997

£ '000

Annual commitments for land and buildings were as follows:

Leases expiring within:

Under one year	12
One to five years	141
Over five years	1,509
	1,662

# 19 Capital commitments

31 March 1997

£ '000

Contracted	11,235
------------	--------

The Balance Sheet figures at 1 April 1996, provided as comparatives in this set of accounts, represent the opening Balance Sheet position of The Met. Office as a trading fund. The adjustments to the 31 March 1996 closing Balance Sheet of The Met. Office as a Vote-funded Agency, to reflect its restructuring as a trading fund, were as follows:

	31 March 1996 £ '000	Adjustment £ '000	Note	1 April 1996 £ '000
Fixed assets	81,857	(400)	(a)	81,457
Current assets				
Stock	1,756	0		1,756
Debtors and prepayments	13,613	1,224	(b)	14,837
Bank	0	29,475	(b)	29,475
	15,369	30,699		46,068
Current liabilities	(13,072)	(2,629)	(c)*	(15,701)
Total assets less current liabilities	84,154	27,670		111,824
Long-term liabilities	(2,948)	(9,286)	(d)	(12,234)
Net assets	81,206	18,384		99,590
Funded by:				
Provision for liabilities and charges	2,250	800	(e)	3,050
Public dividend capital	—	58,867	(h)	58,867
Long-term loans	—	37,673	(f)*	37,673
Revaluation Reserve	(241)	241	(g)	0
General Reserve	79,197	(79,197)	(g)	0
Capital Employed	81,206	18,384		99,590

\* Total borrowing at 1 April 96 was £40.233 million of which £2.560 million, repayable in one year, is included in note 10 (Creditors).

Adjustments in arriving at the net assets appropriated to the Trading Fund comprise:

- (a) A property transferred to MoD for disposal.
- (b) (i) Output VAT on debtors (£0.7 million), previously accounted for on a cash basis.  
(ii) Debtors transferred from MoD (£0.5 million).  
(iii) Working capital loan (£29.5 million).
- (c) (i) Output VAT owed to HM Customs and Excise (£0.7 million) on debtors, see (b) (i) above.  
(ii) Liability for early retirement costs transferred to MoD (£0.6 million).  
(iii) Long-term loan current liability (£2.6 million).
- (d) (i) Liability for early retirement costs transferred to MoD (£2.2 million).  
(ii) Provision for deferred income in recognition of the change from a Vote-funded basis to a full accruals accounting basis as a trading fund (£11.5 million).
- (e) With HM Treasury concurrence, an opening insurance provision is included.
- (f) The balance of assets less liabilities is funded by long-term loans from MoD.
- (g) General and Revaluation Reserves have been eliminated with the new financing structure agreed with HM Treasury for the commencement of Trading Fund.
- (h) In accordance with the Trading Fund order (SI 1996/774), public dividend capital was set at 81% of net assets before the advance of a working capital cash loan from MoD and the adjustment for loans repayable within one year.

On 20 June 1997 contracts were exchanged on a surplus Met. Office site at Aughton, Lancashire. This was valued in the accounts at £0.2 million for existing use but has been sold for £2.3 million for redevelopment. The profit of £2.1 million (before sales costs) will be accounted for in the 1997/98 accounts.

**20 Statement of net assets appropriated to the Trading Fund on 1 April 1996 and the Balance Sheet at 1 April 1996 following completion of initial funding**

**21 Post Balance Sheet event**

## The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

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I certify that I have audited the financial statements on pages 42 to 55 under the Government Trading Funds Act 1973. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 46 and 47.

### *Respective responsibilities of the Meteorological Office, the Chief Executive and Auditor*

As described on page 58 the Meteorological Office and the Chief Executive are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. It is my responsibility to form an independent opinion, based on my audit, on those statements and on the regularity of the financial transactions included in them and to report my opinion to you.

### *Basis of opinion*

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Meteorological Office and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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

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*Opinion*

In my opinion:

- ◆ the financial statements give a true and fair view of the state of affairs of the Meteorological Office at 31 March 1997 and of the profit, total recognized gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Trading Funds Act 1973 and directions made thereunder by the Treasury;
- ◆ in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn  
Comptroller and Auditor General  
11 July 1997

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Statement of the responsibilities of the Agency and the Chief Executive

---

Under section 4 (6) of the Government Trading Funds Act 1973, HM Treasury have directed The Met. Office to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction on page 59. The accounts are prepared on an accruals basis and must give a true and fair view of the The Met. Office's state of affairs at the year end and of its income and expenditure, total recognized gains and losses and cash flows for the financial year.

In preparing the accounts the Agency is required 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 have been followed, and disclose and explain any material departures in the financial statements;
- ◆ prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Accounting Officer of the Ministry of Defence has designated the Chief Executive of The Met. Office as the Accounting Officer for the Trading Fund. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officer's Memorandum, issued by HM Treasury and published in *Government Accounting*.

## Treasury Accounts Direction and schedules

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### ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 4(6) OF THE GOVERNMENT TRADING FUNDS ACT 1973

1. The Met. Office shall prepare accounts for the financial year ended 31 March 1997 and subsequent financial years comprising:

- (a) a foreword;
- (b) a profit and loss account;
- (c) a balance sheet;
- (d) a cash flow statement; and
- (e) a statement of total recognized gains and losses,

including such notes as may be necessary for the purposes referred to in the following paragraphs.

2. The accounts shall give a true and fair view of the profit or loss, and cash flows for the financial year, and the state of affairs as at the end of the financial year.

3. Subject to this requirement, the accounts shall be prepared in accordance with:

- (a) generally accepted accounting practice in the United Kingdom (UK GAAP);
- (b) the disclosure and accounting requirements contained in *The Fees and Charges Guide* (in particular those relating to the need for segmental information for services or forms of service provided) and in any other guidance which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;
- (c) the accounting and disclosure requirements of *Government Accounting* (in particular Chapter 17) and the Treasury's guidance paper *Next Steps Agencies—Annual Reports and Accounts* (February 1993), as amended or augmented from time to time,

insofar as these are appropriate to The Met. Office and are in force for the financial period for which the accounts are to be prepared.

4. Clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards is given in Schedule 1 of this Direction. Additional disclosure requirements are set out in Schedule 2 of this Direction.

5. The Profit and Loss Account and Balance Sheet shall be prepared under the historical cost convention modified by the inclusion of:

- (a) fixed assets at their value to the business by reference to current costs; and
- (b) stocks at the lower of net current replacement cost (or historical cost if this is not materially different) and net realizable value.

6. This direction and, where appropriate, the Treasury Minute (see paragraph 2 of Schedule 2) shall be reproduced as appendices to the accounts.

Signed: Jamie Mortimer  
Treasury Officer of Accounts  
19 June 1997

*Application of the  
Accounting and  
Disclosure  
Requirements of  
Companies Act and  
Accounting Standards*

*Companies Act*

1. The disclosure exemptions permitted by the Companies Act shall not apply to The Met. Office unless specifically approved by the Treasury.
2. The Companies Act requires certain information to be disclosed in the Directors' Report. To the extent that it is appropriate, the information relating to The Met. Office shall be contained in the foreword.
3. When preparing its Profit and Loss Account, The Met. Office shall have regard to the Profit and Loss Account format 1 prescribed in Schedule 4 to the Companies Act.
4. When preparing its Balance Sheet, The Met. Office shall have regard to the Balance Sheet format 1 prescribed in Schedule 4 to the Companies Act. The Balance Sheet totals shall be struck at 'net assets'.
5. The Met. Office is not required to provide the historical cost information described in paragraph 33(3) of Schedule 4 of the Companies Act.
6. The foreword and Balance Sheet shall be signed by the Accounting Officer and dated.

*Accounting standards*

7. The Met. Office is not required to include a note showing historical cost profits and losses as described in FRS 3.

*Additional Disclosure  
Requirements*

1. The foreword shall, inter alia:
  - (a) state that the accounts have been prepared in accordance with a direction given by HM Treasury in accordance with section 4(6) of the Government Trading Funds Act 1973;
  - (b) include a brief history of The Met. Office and its statutory background.
2. The notes to the accounts shall include details of the further financial objectives set by the responsible Minister as described in a Treasury Minute in accordance with section 4(1) (b) of the Government Trading Funds Act 1973, together with an indication of the performance achieved.

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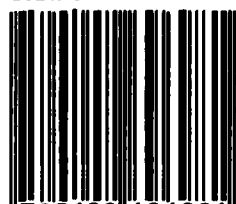
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