

NPL Management Limited Annual Report and Financial Statements

for the year ended 31 December 2025





NPL Management Limited

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Presented to Parliament by the Parliamentary Under-Secretary of State for
AI and Online Safety by Command of His Majesty

July 2026



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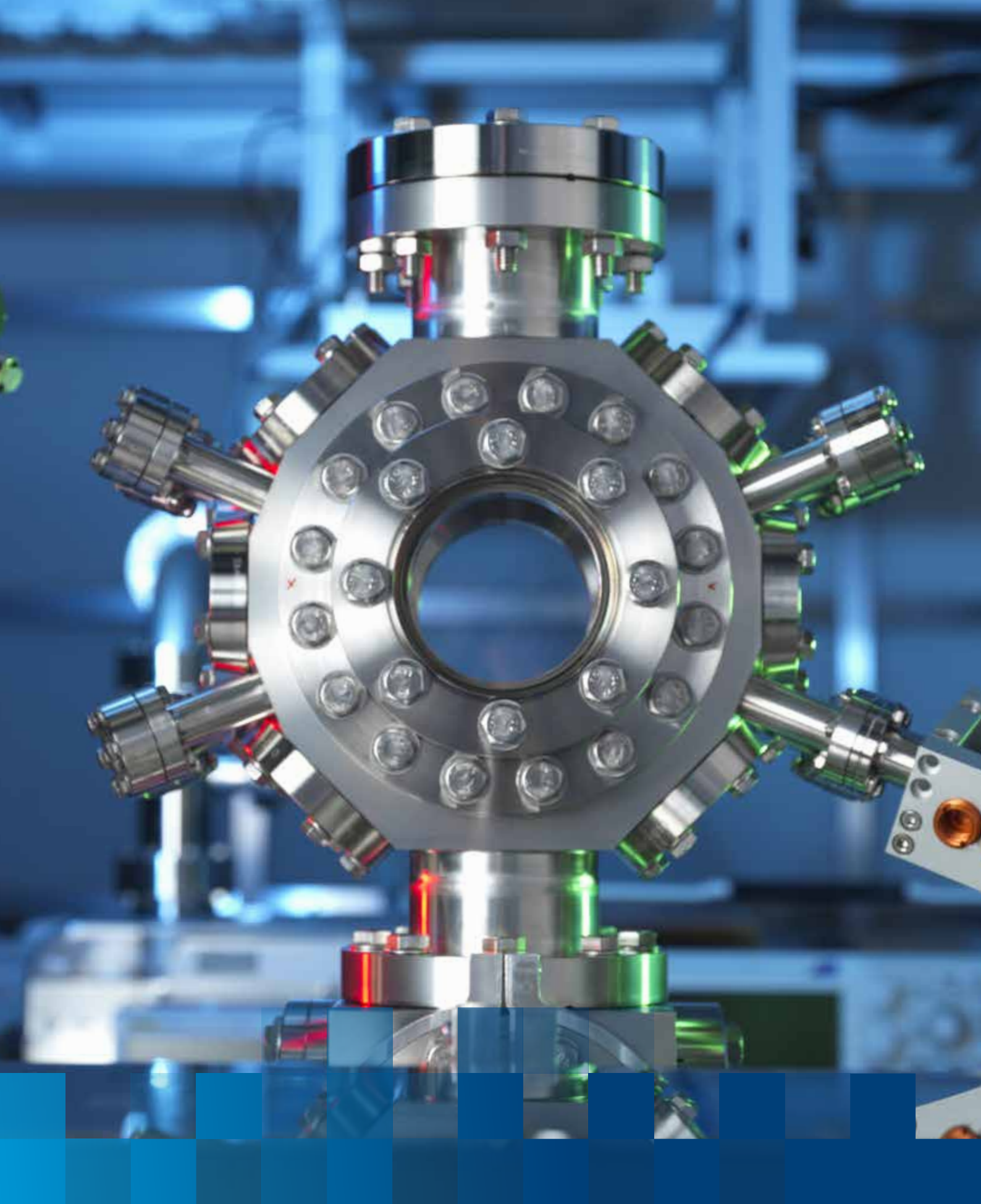
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/ 1 Introduction from the Chair



Shaping the next era of metrology to maximise scientific impact

► The National Physical Laboratory (NPL)'s mission is to provide the measurement capability that underpins the UK's prosperity and quality of life. At a time when the UK is investing in technologies that will shape the future, such as quantum, engineering biology, resilient communications, clean energy and advanced manufacturing, we provide the trusted measurement science and data to ensure these ambitions can be realised confidently.



NPL underpins many priorities in the Government's industrial strategy while increasing our high-risk, high-reward research. Much of NPL's work is focused on specific industry or government needs but we always make room to explore innovative, unconventional ideas with the potential for ground-breaking discoveries that could transform people's lives for the better.



Instilling the correct skills for our people, whatever their function and level, provides the foundation for these ambitions. In 2025 NPL published its perspective on The Future of Metrology which considered how metrology would evolve and how we could best support industry and research. It concluded that the “metrology mindset” was vital for all researchers, whether or not they worked at NPL, and that meant a sound understanding of traceability, independence, uncertainty, data provenance and more.

So, following our own advice, NPL is providing these skills for its own people, but also to other UK organisations. We use secondments, training, industry exchanges and open sharing of our work to help others grow their skills and apply good measurement practice.

The skills pipeline starts with outreach. A central part of our role is explaining science and demonstrating the value of science to society. We translate complex research into clear messages that strengthen public understanding. As part of our 125th anniversary we took our Outreach on tour: “It’s all science to me” brought stories of NPL’s science to an audience of over 26,000 people at schools and festivals throughout the UK, prioritising areas of lower prosperity and science capital. Our live talk programme “How long is a piece of string?” welcomed enthusiastic members of the public, virtually and in real-life settings, along with videos, podcasts and reels which had fantastic engagement.

The Postgraduate Institute (PGI) has seen more than 300 graduate students complete their PhD and equips them with the skills necessary to hit the ground running when they enter the workforce. In 2025 the PGI Summer school brought together 35 postgraduate researchers from 14 universities with NPL scientists and alumni for training, networking and appreciation of the relevance of measurement science to address global challenges.

Within NPL there is an apprenticeship programme with 22 young people currently enrolled, and 19 science and engineering graduates in this 2025 cohort. Both schemes have a high retention rate and are a fantastic opportunity for the next generation of future scientists and engineers.

As we look ahead, I am confident that NPL will continue to develop the “metrology mindset” which will support the scientific foundation and measurement expertise for people and companies to thrive.



/ 2 Chief Executive's summary



► In 2025, the National Physical Laboratory (NPL) proudly celebrated 125 years of impact and innovation. Since our founding in 1900, when just 22 scientists and engineers set out to standardise instruments, test materials and determine the physical constants that underpin modern science, NPL has been central to the UK's scientific and industrial progress. What began as a pioneering effort to bring rigour and consistency to measurement has grown into a national laboratory whose work touches every part of society.





Our 125th anniversary brought together government, industry, academia and international partners to reflect on what we have achieved and to look ahead to the impact we can deliver together. Our Innovation Day was a particular highlight, with more than 200 industry attendees joining panel discussions and networking sessions. Small and Medium Enterprises (SMEs) described operating in areas where standards do not yet exist, yet trusted data is essential for building confidence in their products. We step in at this critical stage, helping to establish measurement methods that are timely, flexible and adaptable, and laying the groundwork for scaleup and commercial success.

Our stakeholders described how innovation is often incremental and collaborative, a “convergence of ideas”, rather than a singular eureka moment. This reflects NPL’s own experience, where innovation thrives through multidisciplinary teams, long term programmes and collaboration across sectors, industries and borders. We support rapid and responsible innovation across all sectors of the modern industrial strategy and company sizes, from startups and scaleups to multinationals.

The innovation landscape is complex and often uncertain, and NPL helps organisations navigate it by providing confidence in their data and technology. By bringing together measurement standards, metrology roadmaps and sector focused insight, we help organisations grow and maximise their economic impact.



Alongside supporting others to innovate, we continue to advance world leading science at NPL. Our microfabricated ion trap represents a key step towards scalable quantum computing, while our ytterbium ion optical clock is pivotal to the forthcoming redefinition of the second.

Our breadth and depth of expertise, combined with our integrity and impartiality, place us in a unique position to lead and collaborate on major national programmes. The National Timing Centre, for example, is developing a resilient, distributed timing infrastructure in the UK to support critical services and future technologies. The UK Telecoms Lab, operated by NPL, is offering a secure, independent space where operators and vendors can confidently test and evaluate the resilience, security and interoperability of new telecoms equipment and software before they are deployed in the UK market. Our focus on digital technology and resilience provides confidence in data for decision making and can act as a catalyst for driving growth from the quantum industry to engineering biology.

At NPL, co-operation and collaboration are not optional; they are a given. Our international partnerships ensure that UK measurements are recognised globally, enabling trade, supporting regulation and strengthening the UK's voice in shaping emerging global standards. NPL enables co-operation across sectors, disciplines and borders, often convening communities that would not otherwise come together.

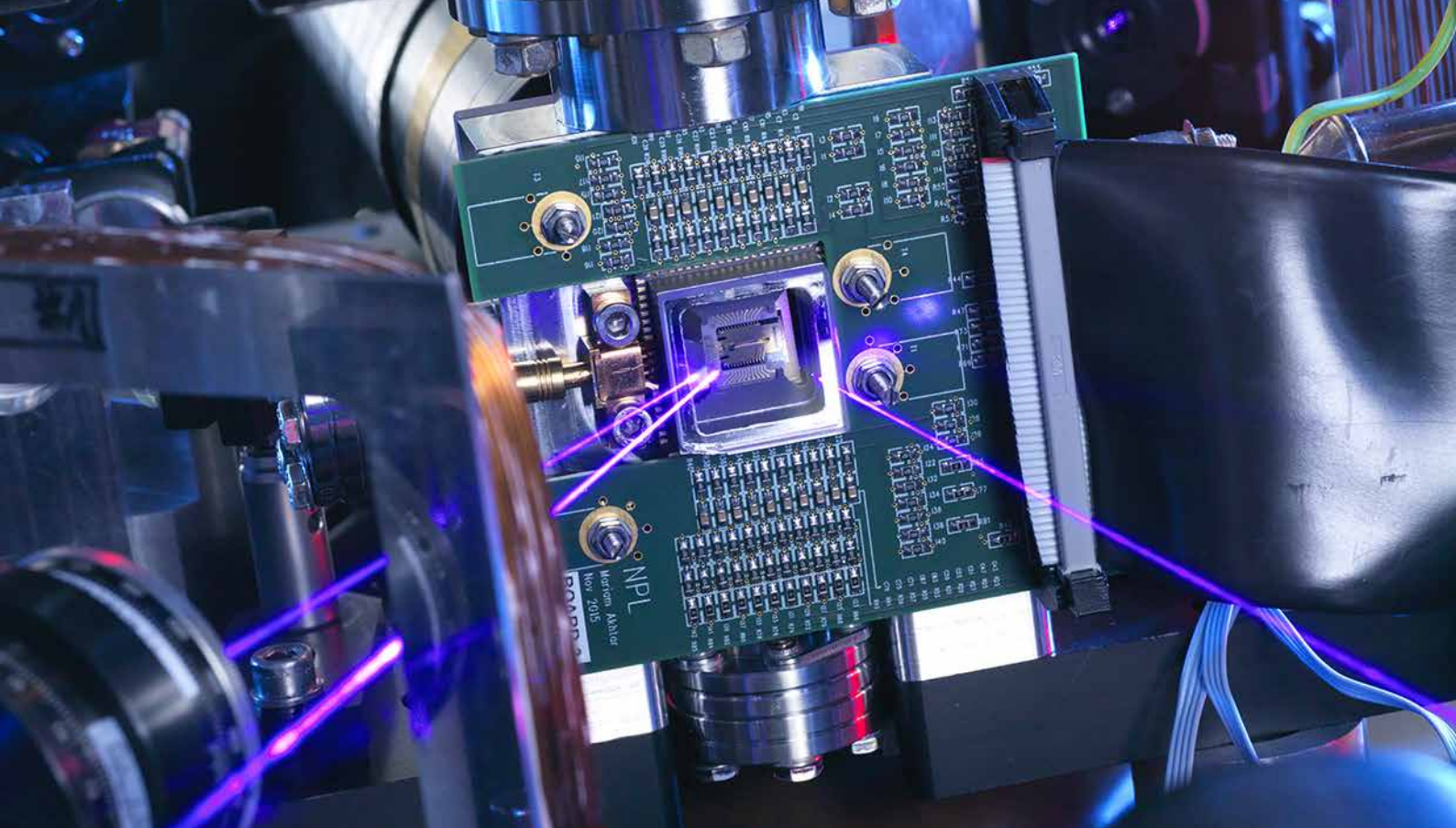
NPL regularly brings together global leaders in metrology to share knowledge, agree on future needs and develop a common approach to the world's most challenging technological problems. Reflecting our deep scientific roots, 2025 marked the first in a new series of Bushy House Scientific Meetings, where critical discussions on AI highlighted the vital role of metrology in testing, evaluation, validation and verification.

As the UK's centre of excellence for measurement, we maintain the nation's primary standards and ensure that science, technology and industry operate with accuracy, confidence and global credibility. As political and scientific challenges become increasingly complex, NPL can help analyse and understand multifaceted and interconnected systems, whether they be disease pathways or climate models.

During 2025, we took time to reflect on our journey, celebrate our people and reaffirm our purpose. By ensuring our science and engineering continues to enable innovation and inform decisions, we remain true to our mission to provide the measurement capability that underpins the nation's prosperity and quality of life. The progress made over the past 125 years shows just how essential metrology has become and why it will be a driving force behind the ideas, technologies and solutions that will shape the world over the next 125.



/ 3 Strategic report



/ 3.1

Our impact in 2025

► NPL's 125th anniversary celebrations highlighted its historic role as a national laboratory at the heart of UK science, innovation and technology.

The work that NPL carries out supports economic growth and productivity by providing trusted measurement science and expertise. We align world class metrology with the UK's national challenges, leading major programmes which underpin the UK's prosperity and quality of life. Our world-class scientific capability, combined with strong industry engagement, allowed us to help UK organisations move emerging technologies from early-stage testing through to commercialisation during 2025.



NPL played a key role in strengthening areas where infrastructure resilience, strategic technologies and sustained data integrity are vital. Through its leadership of The National Timing Centre (NTC) programme, NPL strengthened national digital resilience. The launch of the Time and Frequency Innovation Node at the University of Surrey provided secure, traceable access to UTC(NPL), enabling industry and researchers to test systems essential to telecoms, energy networks, satellite navigation and autonomous technologies.

NPL's role in operating the UK Telecoms Lab (UKTL) supported a secure and resilient digital infrastructure for future telecoms networks. The trials of NPL's Reconfigurable Intelligent Surface (RIS) technology with BT showed how 5G/6G coverage can be dramatically extended, while boosting capacity and energy efficiency at far lower cost than installing new base stations. This offers operators a practical way to eliminate rural and urban not spots, while reducing power use and infrastructure spend. This collaboration positions the UK at the forefront of next generation wireless innovation and supports a more resilient digital economy.



Throughout 2025, NPL led complex, high-impact programmes and international collaborations in quantum technologies. NPL showcased its partnership with the National Quantum Computing Centre (NQCC) and the Government Office for Technology Transfer (GOTT), which enabled the successful transfer of NPL's microfabricated ion trap to NQCC's Harwell facility. This was a key step towards scalable quantum computing and advanced sensing, and demonstrated an effective route for rapidly deploying and commercialising cutting edge quantum technologies.

NPL is at the forefront of quantum engineering and next generation computing. In 2025, it imaged individual defects in superconducting quantum circuits for the first time, unlocking the ability to understand and, ultimately, eliminate one of the biggest barriers to reliable quantum computing. This capability paves the way for more stable, scalable quantum processors, accelerating progress toward quantum technologies that could transform cybersecurity, drug discovery and clean energy.



A defining feature of NPL's impact in 2025 was its close engagement with industry and its ability to translate customer needs into effective technical solutions. Across sectors from space to health, NPL acted as a trusted partner, helping organisations overcome measurement and standardisation barriers.

NPL opened the UK's first metrology focused reference biofoundry, providing the measurement infrastructure required to scale engineering biology reliably and responsibly. The facility directly supports UK companies by improving reproducibility, benchmarking biological designs and supporting safe, ethical scale-up. NPL also contributed to the House of Lords Science and Technology Committee's report Don't fail to scale: seizing the opportunity of engineering biology and outlined, in evidence to the House of Commons, the challenges and investment needed to deliver scalable, predictable biomanufacturing in the UK.



Playing a decisive role in strengthening the UK's space capability, NPL was involved in satellite calibration, climate monitoring and space enabled environmental sensing. We worked with STFC RAL Space to establish the UK's new Small Satellite Calibration Facility, providing the high accuracy testing and calibration essential for reliable Earth observation data. This national asset underpins the fast growing, small satellite market and demonstrates that the UK can deliver trusted measurements to monitor and protect the planet.

NPL convenes key players across industry, government and academia, leading international initiatives and major programmes to tackle complex national challenges. In October, scientists and government attended the first in a new series of Bushy House Scientific meetings: Getting the measure of AI: trustworthy and impactful AI through metrics and assurance. The event, chaired by Dame Wendy Hall, Regius Professor of Computer Science at the University of Southampton, initiated critical conversations and highlighted the pivotal role of metrology in AI assurance, testing, evaluation, validation and verification.





We demonstrated our international leadership by hosting the launch of NMI Q, a global initiative bringing together National Metrology Institutes to accelerate quantum measurement best practice and future standardisation. This coordinated commitment to advancing quantum technologies was backed by the G7 countries and Australia and shows the vital role NPL plays in accelerating innovation and underlining quantum as a driver of economic growth.

As NPL marked 125 years of advanced materials research, it hosted the 50th VAMAS Steering Committee, reinforcing the UK's leading role in global materials standards, critical for batteries and semiconductors. With delegates from 18 countries, discussions focused on harmonising testing, supply chains, emerging materials and recycling. This shared understanding will accelerate innovation, help shape future UK, EU and international policy, and deliver impact for the UK.

We work at the heart of the UK's national infrastructure and institutions to improve health, safety and quality of life. Over the past year, NPL has extended its remote end-to-end audit service for independent assessment of stereotactic radiosurgery, which uses many precisely focused radiation beams to treat small tumours. Twenty NHS hospitals have now completed their audit, providing information on the absolute dose measured and the dose distribution. This will allow more effective and reliable treatment of cancer.

NPL performed measurements with the Heidelberg Ion Beam Therapy Center which is the only place in the world using helium ion therapy for treating cancer. The NPL Primary Standard Proton Calorimeter enables absorbed dose measurements to be made in a standardised manner. This is vital for safety and reliability, especially as other centres adopt this form of radiation therapy. These projects are clear examples of how metrology can directly impact clinical decision-making and, ultimately, patient outcomes.

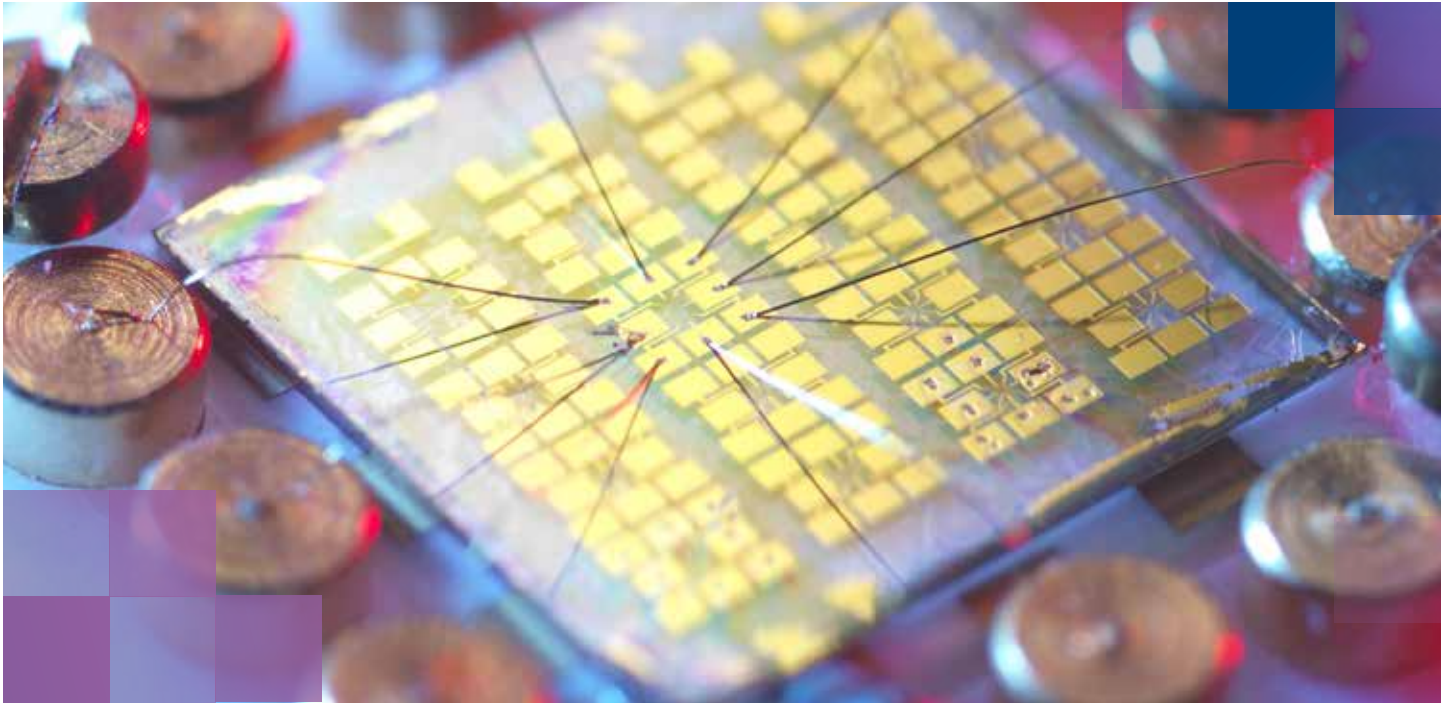


We have improved our understanding of nuclear power station emissions, supporting global atmospheric monitoring and nuclear security. NPL installed a detector system at EDF's Hartlepool Nuclear Power Station to measure radioactive gases in the reactor's coolant, which are indicators of the fission conditions within the core. It builds on partnerships with the University of Surrey and Hitachi on monitoring approaches for the Fukushima Daiichi nuclear power plant and directly contributes to safety.

NPL scientists are using ultra sensitive optical measurements to turn some of the Southern Cross seafloor cables into a sensor array for detecting earthquakes and ocean currents in the Pacific. Since October 2024, the system has recorded more than 50 earthquakes, rapidly advancing this new fibre based sensing technique to reduce risks.

Our deep industry engagement ensures our science delivers real world impact. By working closely with customers from SMEs to major multinationals we ensure that innovation is validated, accelerated and ready for market. During 2025 NPL consistently helped organisations navigate the complex path from early stage innovation to deployment and scale up. By providing trusted measurements, reference standards and testing environments, we reduced technical risk and increased confidence for investors, regulators and customers.

Measurement for Business, Measurement for Quantum and Analysis for Innovators continued to allow UK companies to access up to 20 days of specialist measurement science with no charge to help them generate new income opportunities, more investment and better productivity. Thermology Health, a medical technology company spun out from NPL, secured funding from private investors to transition into an independent company, focusing on innovative solutions for diabetic foot ulcer prevention.



By aligning world class metrology with national challenges we help to drive economic growth, strengthen national capability and improve societal outcomes. We have a strong focus on the future of metrology. As the pace of change increases and metrology problems become more complex, NPL is at the forefront of helping to unravel interconnected systems, such as disease pathways and climate, and advancing core research.

NPL's ytterbium ion optical clock, NPL-E3Yb+3, made its first contribution to steering International Atomic Time (TAI). This makes NPL the first institute with more than one type of optical clock steering TAI and is also the first ytterbium-ion based clock in the world to contribute. This acceptance of NPL-E3Yb+3 is one of the mandatory criteria that must be met before the anticipated redefinition of the second. NPL is playing a pivotal role in this work which will deliver a step change in accuracy for timekeeping across the world.

In 2025, NPL's diverse and international workforce were at the heart of the UK innovation ecosystem, partnering with industry, government and academia to tackle national challenges, accelerate new technologies and prepare for the future. As a trusted convener, we brought together thought leaders from across the world, enabling meaningful cross sector networking. This helped to create the optimum environment for industry, government and academia to innovate with confidence and maximise their impact.





/ 3.2

Our people and community

► Our people are fundamental to the delivery of the Company's strategic ambitions, and the success of our business depends on attracting, retaining and motivating them. It is essential that we remain a responsible employer and continue to keep pay, benefits, inclusion, health, safety and the workplace environment in mind. It is for these reasons that the directors always factor in the implications of decisions on our people.

Further details of how we engage with our people, our culture, the working environment, our approach to diversity and inclusion, and how we are supporting early career scientists can be found on pages 24-31.



► In 2025, all ticket sale proceeds from our bi-annual Open Day were donated to the British Heart Foundation, totalling £5,300.



► In March, the British Heart Foundation was chosen as NPL's Charity of the Year. We donated £2 for every vote cast to each of the shortlisted charities.



► We worked with the Teddington Society and Marks and Spencer (M&S) to update their window display for it to be more in keeping with the heritage of the Teddington area.



► We were the associate partner for the British Heart Foundation's Santa in the City event. Our colleagues completed the 4.5 km run in Santa suits to raise money for the charity.



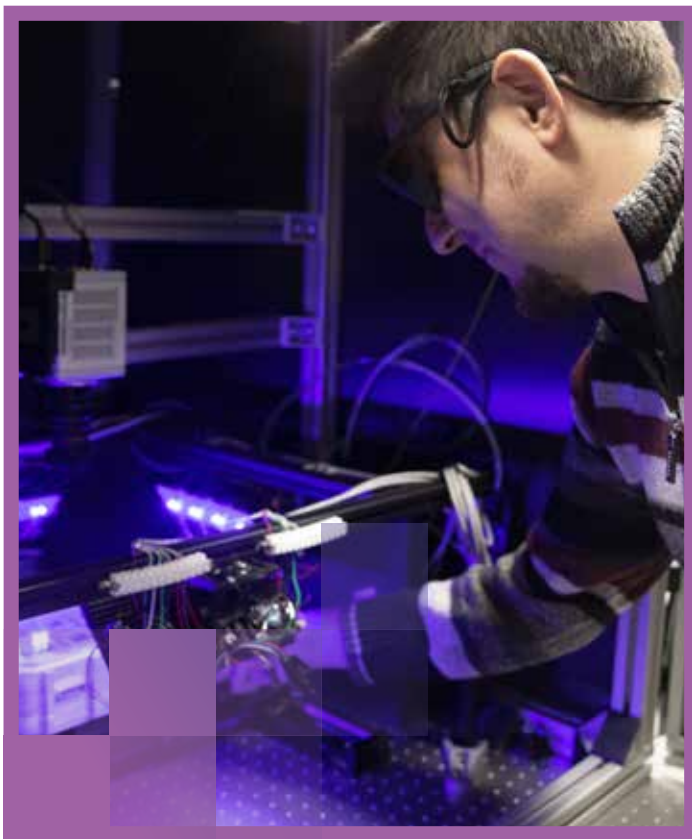
► During the festive period, we donated Christmas presents to our neighbouring staff and patients at Teddington Memorial Hospital.



► Our annual Christmas jumper day raised a fantastic £463 for Save the Children.



► 17 colleagues were match funded up to £350 for major charity challenges during the year. These challenges included the London Marathon, the Twilight Walk for the Brain Tumour Charity, and the Walk for Hearts for the British Heart Foundation.



An engaged workforce

► We are committed to creating and maintaining an engaged workforce, where our people feel respected and comfortable being their authentic selves. We encourage collaboration between colleagues, allowing each person to add value and feel appreciated for their unique contributions.

Employee voice

► In 2025, we continued to strengthen our focus on championing the voice of our people, which is central to our engagement and wellbeing strategy. We used our network and people council to gather insights and perspectives, to ensure a representative voice across NPL. We also maintained our engagement with Prospect our recognised trade union - to foster discussions on important topics and share experiences and ideas from across the organisation.

Our leadership team keeps our people informed of key NPL activities. This is largely steered by quarterly communication sessions involving all NPL people - led by the CEO and other key personnel - along with monthly team meetings conducted by line managers. In addition, we brief our extended leaders monthly, providing them with relevant and up-to-date information to share with their teams for further discussion and feedback.

Engagement and insights platform

► We continue to engage with our people using ThymoMetrics, our online employee engagement platform, which provides an accessible way for individuals to have their voices heard. ThymoMetrics is always available for our people to anonymously share their thoughts and feelings about the organisation, and to communicate any questions, concerns or suggestions they have. The platform allows NPL to seek feedback on, and engage in, targeted discussions with colleagues, as well as supporting local data-led employee engagement sessions. This helps us to uncover issues and find solutions to benefit both the organisation and its people.





During 2025, we received 1,445 comments on important topics within the platform, including feedback on our new performance and development framework, which was redesigned based on this feedback, as well as pay, leadership and benefits. We took steps to improve colleagues' employee engagement experience, issuing new guidance for responders to ensure high quality, empathetic responses, and for all colleagues on how to maximise the impact of their feedback, and saw our average response time reduce to seven days.

We also enhanced our guidance for all colleagues to help them navigate our listening channels, which include more private mechanisms for feedback, including a direct communication line to the People team and our CEO.

Developing our people

► In 2025, we continued to embed the performance and development approach that was introduced in 2024. We ran pulse surveys through ThymoMetrics to gather feedback on the different aspects of the approach, using it to improve resources and guidance available.

We continued the rollout of the Developing Excellent Leaders programme, which focuses on essential people leadership skills, including managing conflict, coaching, and challenging conversations as well as effective feedback discussions. It provides leaders with practical tools to adopt a coaching style, fostering trust and open communication within their teams. To date, 83% of managers have completed this programme.

Culture and working environment

► NPL's culture continues to be shaped by our Company's values and Values in Action. These principles guide our expectations and are at the heart of the way we work, fostering an environment that is truly inclusive and respectful.

This year we expanded our dedicated culture and values SharePoint hub, which provides colleagues with easy access to our Code of Conduct, organisational values and our Employee Value Proposition 'The measure of us' – a summary of our commitment to defining and upholding what makes our workplace truly special. New resources are now available on topics such as being an active bystander, safeguarding, and addressing and preventing sexual harassment.

The wellbeing of our people remains a key priority, ensuring that everyone feels supported in maintaining their health and wellness. In 2025, we enhanced our Employee Assistance Programme, offering a broader range of resources designed to support health and wellbeing, and empowering colleagues with more choice. We also launched a revamped Wellbeing Hub, creating a central point to access and explore a wider range of resources and support services. We reinforced this with a programme of wellbeing seminars on topics like strengthening resilience and supporting men's mental health, providing learning opportunities for all our people.

Celebrating Success

► In 2025, we once again brought colleagues together for our annual Recognition Reception, an important moment where we pause to celebrate the people whose contributions help NPL excel.

This year the event recognised:

133

colleagues who
had been promoted

72

colleagues who
reached long-service
milestones

148

colleagues who were recognised for
professional achievements, that
demonstrated excellence in scientific
and professional contribution

98

colleagues who won
individual awards
for exemplifying
our values

382

colleagues who
were recognised for
outstanding team
collaboration and
impact in our team
values awards.

These accomplishments speak to the strength of our people and their commitment to delivering work that matters. We also introduced a new exceptional team award, to celebrate teams that exemplify all our values through impactful teamwork and delivery, and enhanced the visibility of all our winners through a new link on the homepage of our IntraMet.

Diversity and inclusion

► At NPL, we believe that diversity and inclusion are critical to our vision to deliver extraordinary impact from our excellent science and engineering as an exemplary national laboratory that employs people from around the world. In 2025, we continued to make progress with our Diversity and Inclusion Strategy, introducing a new caring benefit, as part of our commitment to support our people to be their best both in and out of work. This new benefit provides access to a digital care platform, which allows access to specialist experts who provide practical support and access to a community of carers. Since it launched in April 2025, it has saved our colleagues an estimated 1,200 hours of their time, and we hope to see this number increase as more people access the service.

We continue to evaluate our work and progress, taking part for the first time this year in Onvero's Talent Inclusion and Diversity Evaluation, that evaluates and benchmarks how well we are cultivating a positive and inclusive culture. Our highest scoring areas were wellbeing and belonging at 86%, with measures in place for supporting mental health scoring highly. Inclusive recruitment and diversity data monitoring were our highest-ranking areas. In our first submission we ranked 5th in the Science and Pharmaceuticals sector, and in the top 100 overall.

We continue to invest in delivering a rolling programme of activities aligned to our strategy, ensuring that all our colleagues feel able to be their genuine selves at work, and have access to support should they need it.



Some examples of activities in 2025 include:

- growing our organisational awareness of unconscious bias, launching a dedicated microsite to support deeper learning, refreshing our training course and incorporating implicit association testing, and hosting a mix of internal and external seminars;
- completing our third annual departmental deep dive, providing senior leaders from across the business with a bespoke analysis to support them in prioritising areas for local action;
- creating new resources for line managers on topics like supporting work-related stress, including new associated risk assessment and action plan templates to better support colleagues; and
- launching a new e-learning that turns our accessibility checklist into a training module, helping colleagues learn how to implement the checklist in practice.



Encouraging science, technology, engineering and mathematics (STEM)

► NPL's outreach programme delivers an exciting, tailored range of activities to support the STEM agenda, empowering enthusiastic NPL speakers to tell engaging stories about the impact of our work to audiences in schools and colleges, as well as to the public.

In 2025, 1,140 NPL colleagues enabled 201 activities. We reached almost 110,000 people, comprising 50% primary school students, 23% secondary school students and 8% teachers, with the remaining 19% made up of VIPs and members of the public.



Our key tactic to generate impact is to drive inspiring conversations between our colleagues with others through activities which in 2025 included:

- taking the NPL 125-year celebration around the country with a tour of 17 venues, including Bradford Science Festival, Kent, Lanarkshire, Nottinghamshire, Norfolk, the Scottish Islands, Somerset, Staffordshire, Stoke-on-Trent and Suffolk;
- welcoming more than 3,700 visitors to our Teddington site in three separate open days dedicated to schools, businesses and the general public. Discovery Day engaged 1,000 students and teachers from KS2 to KS5 through hands-on metrology activities. A separate session was also delivered for a local SEND school, ensuring that all accessibility needs were fully met;

- collaborating with our partners at the Science Museum. Three NPL staff members took part in their outreach training programme. We then supported their National Apprenticeship Week, Technicians Gallery event, STEM Skills Fair KS3/4, and participated in the Bradford Science Festival with a 3-day residency with NPL Huddersfield;
- celebrating International Women in Engineering Day by talking to 200 primary and secondary students at a conference at Brooklands Museum;
- promoting physics with inspiring activities onsite for under-represented groups: welcoming 30 teenage Londoners of black heritage at the Blakett Family summer school, and 160 year 10 girls from multiple schools in the London Maths School 'Girls Love Maths and Physics' programme;



- promoting our science and people through four themed broadcasts called 'How Long is a Piece of String?' Recorded in front of a live audience, they covered diverse topics in sports, myth busting and history, spawning a playlist of 18 videos on our YouTube channel;
- celebrating International Year of Quantum with events including a special Outreach Event at the Royal Institution, and a popular exhibit for thousands of visiting public and VIPs at the Royal Society Summer Science Exhibition, featuring live remote-control of individual ions located in an ion trap in Teddington;
- local community and school events including Teddington Village Fair, Chestnut Sunday Fair in Bushy Park, a special STEM day at Thorpe Park for 10,000 school students and Brooklands Innovation Academy, where our speakers joined Brian Cox on stage to inspire 400 students, as well as our rocket engineering challenge launching at a world-famous racetrack;
- promoting access to STEM careers for people from underprivileged backgrounds through several events including sessions with schools for students with autism, special educational needs and hearing loss. Nine colleagues, including our CEO, spent a week touring seven primary schools in Stoke-on-Trent with 'Meet the STEM professional' sessions for students, teachers and parents, where the percentage of students taking free school meals (a social deprivation index) at the schools visited was almost double that of the national average;
- 31 special British Science Week activities – many with the theme 'Adapt and Change' - including a popular liquid nitrogen show tour, judging the Institute of Physics' Early Career Physics Communicator Award, and a live session on Reddit with an audience of 30,000 people;
- contributing as STEM professionals in a Royal Society Partnership Grant activity with a local school in a project on environmental gas monitoring; and
- spreading the word through online activities, including our new Online STEM Club which attracted up to 1,365 students at a time in four weekly sessions.

The impact of our outreach



I've never ever in my whole life seen a black female physicist. It really makes me happy to see this, especially because I'm planning to become a physicist and work in research. ▮▮

Elsie, Year 13, NPL event attendee



We only scratched the surface and we were here for five hours! Loved the liquid nitrogen display, sea levels talk, metre room, clock room and DNA experiment. ▮▮

Feedback from the public Open Day



Supporting early career scientists

► The Science and Engineering Graduate Programme has proven highly effective in developing early careers scientists and engineers. It equips graduates with technical skills and practical experience while providing the organisation with an essential talent pipeline. Since 2023, we have had 79 graduates join our programme, including 19 colleagues from across our Science and Engineering Departments and the UK Telecoms Lab joining in 2025. Graduate retention rate remains robust, with overall attrition at 6.3%, well below the Institute of Student Employers (ISE) Survey 2023 benchmark.

We remain invested in apprenticeships across NPL and have recruited over 154 apprentices since restarting the programme in 2013. We currently have 22 apprentices across our science and engineering and IT level 3 programmes, filling our talent pipelines for the future. In 2025 we employed nine apprentices across the business: four in metrology, two in network engineering, two in IT and one in software engineering. We have continued to invest in upskilling colleagues across NPL, with various schemes to offer further development and growth opportunities, with nine individuals on upskilling programmes at level 6 and 7.

Our 2025 summer work experience programme, NPL Academy, had its largest on-site presence in its 17-year history. 60 students participated in 16 projects. 86 NPL colleagues facilitated these activities, hosting students in areas including project management, the International Office, engineering, Quantum Electrical Metrology, finance, biophysics, quantum detection, and mass spectrometry imaging at our National Centre of Excellence in Mass Spectrometry Imaging.

/ 3.3 Our business



Mission, vision and values

► Throughout 2025, our high quality science and engineering continued to deliver on our mission to provide measurement capabilities that underpin the UK's prosperity, security and quality of life. We supported national priorities across areas including resilient infrastructure, advanced technologies, environmental sustainability and health. Our vision remains to deliver extraordinary impact from excellent science and engineering as a world leading and exemplary national laboratory, working in close partnership with government, industry and academia. We remain committed to providing a progressive, inclusive and supportive working environment that promotes wellbeing, flexible ways of working and high professional standards, enabling our values to flourish and our people to thrive and contribute at their best.

Financial review

► The Company's financial performance for the year ended 31 December 2025 is summarised below.

Financial Performance

► Revenue for the year increased by 11.6% to £200.8 million (2024: £180.0 million), largely driven by growth in revenues from major Government funded programmes, such as the National Timing Centre and UK Telecoms Lab programmes.

Operating profit decreased to £0.4 million in 2025 (2024: £4.5 million). This reduction was primarily due to planned strategic investments in the Company's digital infrastructure and new target operating model and, to a lesser extent, inflationary pressures.

Profit before taxation was £0.5 million (2024: £4.8 million), with the Company reporting a loss for the year after tax of £0.3 million (2024: loss of £4.1 million).

Key Performance Indicators

► The Directors use a number of financial key performance indicators to monitor performance, including revenue growth and operational efficiency.

Revenue per full-time equivalent (FTE) employee increased by 4.7% to £138,354 (2024: £132,160), reflecting improved operational efficiency.

Financial Position

► At 31 December 2025, the Company had net assets of £78.6 million (2024: £81.3 million).

Total assets of £93.8 million (2024: £91.2 million) excluding retirement benefit assets, are dominated by tangible assets, reflecting the significant levels of investment in infrastructure and scientific capability required to support the Company's operations.

The Company reported net current assets of £9.7 million (2024: £9.3 million), an appropriate level of working capital to support operations.

Cash balances at the year end were £19.6 million (2024: £25.5 million).

Liquidity and Funding

► The Company continues to be funded through a combination of operating cash flows and government financing arrangements.

Borrowings at 31 December 2025 totalled £47.8 million, including amounts falling due after one year (2024: £40 million), relating primarily to funding provided by the Department for Science, Innovation and Technology to support capital investment.

The Directors consider that the Company has adequate resources to meet its liabilities as they fall due.





Outlook

► The Company will continue to focus on delivering its strategic objectives, including investment in infrastructure and capability to support long-term growth. Financial performance is expected to reflect continued investment alongside delivery of key programmes and services.

Section 172(1) statement

► In accordance with section 172(1) of the Companies Act 2006, the directors are required to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole, having regard to the interests of other stakeholders and to wider factors affecting the Company's long term success.

Throughout the year, the Board considered the long term consequences of its decisions, the interests of employees, the need to foster strong relationships with customers, suppliers and other business partners, and the impact of the Company's operations on the wider community and environment. The Board also considered the contribution NPL makes to the wider UK science, innovation and economic landscape. The Board receives regular information on workforce matters, including organisational capability, performance, remuneration, health and safety, and culture, and takes these factors into account when making strategic and investment decisions.

The Board has delegated authority for day to day management to the Chief Executive and executive management team within clearly defined delegated authorities, while retaining responsibility for strategy, oversight, risk management, and ensuring accountability to the shareholder and Parliament. Directors receive timely and appropriate information from management to support effective decision making and to enable them to discharge their statutory duties.

Directors receive induction training on their statutory duties on appointment and have ongoing access to advice and guidance from the Company Secretary. Further details of the Company's governance arrangements are set out in the governance statement.

Our purpose, strategy and consideration of the consequence of decisions for the long term

► During Board meetings in 2025, the Board's primary focus was on ensuring that NPL's strategy continued to deliver maximum national impact, particularly in areas aligned with government priorities on security, resilience, economic growth and emerging technologies. In light of the change in government and shifting policy emphasis, the Board considered how NPL's capabilities could best support national needs, including through enhanced engagement across government, industry and academia, and by strengthening the governance and oversight of major programmes and the estate. Particular attention was given to the safety, security and wellbeing of our people, alongside cyber and information security, organisational capability and financial sustainability.





The Board met formally on a quarterly basis and, in addition, held monthly Board teleconferences throughout 2025 to maintain close oversight of NPL's operational and financial performance, programme delivery, and progress on strategic priority initiatives. These discussions were informed by regular CEO updates and deep dives on significant programmes, estates planning and risk management.

Each year, the Board also undertakes an in-depth review of the Company's strategy.

In July 2025, this included a full day strategy meeting, held at the Science Museum in London as part of NPL's 125th Anniversary partnership with the Museum, which considered national risks and longer term challenges identified in the UK National Risk Register and NPL's role as the UK's National Metrology Institute in supporting Government mitigating such risks.

Risk management

► The Company operates a risk management system, which is regularly reviewed by the directors. The directors seek to ensure that risk is managed with the purpose of minimising any potential adverse effect on the Company's performance. The Company's approach to risk management, and a summary of the most significant strategic risks facing the Company, are set out in the governance statement.

There is a robust schedule of Board and Committee meetings that review these risks.

Financial Risk Management

► The primary financial risks faced by the Company include credit risk, liquidity risk and market risk (including interest rate risk, foreign exchange risk and price risk, where applicable). The Company does not enter into complex financial instruments or hedging arrangements.

Financial Instruments

► The Company's principal financial instruments comprise cash at bank, trade and other receivables, trade and other payables, and borrowings. These instruments arise directly from the Company's operations.

Credit Risk

► Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations. The Company's primary exposure to credit risk arises from its trade receivables.

The Company manages this risk by performing appropriate credit checks on new customers, and monitoring outstanding balances on an ongoing basis. There is no significant concentration of credit risk from commercial customers. Provision is made for expected credit losses based on historical experience, current conditions and forward-looking information.

Cash balances are held with financial institutions with appropriate credit ratings, limiting exposure to counterparty risk.

Liquidity Risk

► Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations as they fall due.

The Company manages liquidity risk by maintaining adequate cash reserves and monitoring forecast and actual cash flows. The Company prepares regular cash flow forecasts to ensure it has sufficient resources to meet its liabilities as they fall due.

Trade and other payables are generally due within standard commercial terms, and borrowings are structured to ensure manageable repayment profiles.

Market Risk

► Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and other price risks, will affect the Company's income or the value of its financial instruments.

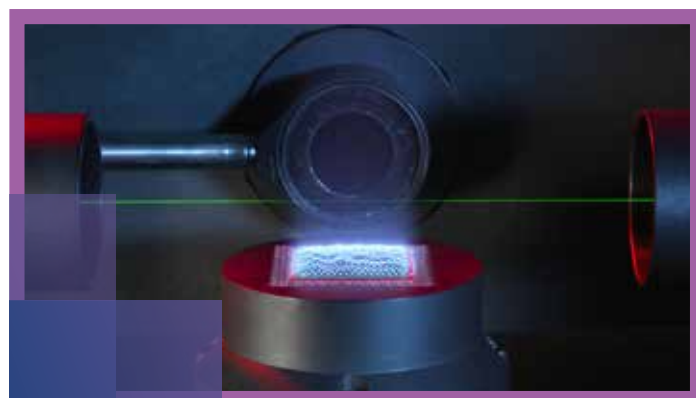
Interest Rate Risk

► The Company has limited interest rate risk exposure as its borrowings currently bear interest at fixed rates.

Foreign Exchange Risk

► The Company's foreign currency exposure is relatively limited, with the majority of transactions conducted in pounds sterling.

Where the Company undertakes transactions denominated in foreign currencies, it seeks to mitigate foreign currency risk by matching currency inflows and outflows where possible and by holding appropriate levels of foreign denominated cash balances.



Other Price Risk

► The Company has limited exposure to other price risks (such as equity price risk or commodity price risk), as it does not hold significant investments in such instruments.

Summary

► Overall, the Company adopts a prudent approach to financial risk management, ensuring that exposures are identified, monitored and managed in line with the Board's risk appetite.

Our business relationships

► Delivering NPL's strategy depends on strong, trusted and mutually beneficial relationships with government, suppliers, customers and partners across industry and academia. In support of this, NPL operates within a long standing formal partnership agreement with the Department for Science, Innovation and Technology (DSIT) and with the University of Strathclyde and the University of Surrey. This partnership has enabled all parties to strengthen both the excellence of their science and their engagement with industry.

The partnership also underpins NPL's Postgraduate Institute for Measurement Science, which is developing the next generation of world class measurement scientists and helping to ensure a sustainable pipeline of specialist skills for the UK.

Throughout the year, the directors receive regular updates on NPL's engagement with its partners and stakeholders, including insight into collaborative activity, strategic relationships and emerging opportunities. This information is provided through the Board and its committees, as set out in the governance statement, enabling effective oversight and informed decision making.

High standards of business conduct

► The Board periodically reviews and approves NPL's frameworks, principles and policies, either directly or through its sub-committees, to ensure high standards are maintained across the Company and its business relationships. During the year, the Board continued to strengthen these foundations through oversight of governance, assurance and control frameworks, including monitoring progress against Government Functional Standards, where 2025 self assessments showed improved capability, and oversight of internal audit following the introduction of NPL's Internal Audit Charter.



NPL also continued to strengthen its contribution to the UK's National Quality Infrastructure, enhancing its external profile through leadership in standards and assurance initiatives in emerging areas such as quantum technologies, artificial intelligence and telecommunications security.

The Board took assurance from extensive external quality and accreditation activity. During 2025 NPL successfully completed a full four year cycle of UKAS assessments for ISO 17025, 17034 and 17043, alongside ISO 9001 and TickITplus surveillance assessments, with no major non conformities reported. Findings and recommendations were incorporated into improvement plans to further strengthen quality.

This focus on continuous improvement supports the Board in promoting high standards of business conduct, effective stewardship of resources and long term public value.

Statement on bribery and anti-corruption

► NPL is committed to maintaining professional and ethical relationships with its suppliers and has a clear zero tolerance approach to bribery and corruption. The Company communicates its expectations regarding ethical conduct to suppliers and requires compliance with applicable anti bribery and corruption legislation.

These standards are embedded within NPL's procurement and contractual arrangements and support transparency, integrity and trust across the Company's supply relationships.

Our relationship with DSIT

► NPL is 100% owned by DSIT, and a DSIT shareholder representative is a member of the Board. At each Board meeting, this representative updates the directors on relevant activities in central government. The directors also work closely with a DSIT sponsor team across a wide range of programmes and initiatives each year.



/ 3.4 Sustainability report



NPL Social Value Contribution

► In 2025 we increased our focus on social value at NPL, partly driven by the PPN 002 Social Value Model that came into force early in the year. We became members of the Social Value Portal to enable us to start measuring the impact of our social value initiatives, and to raise awareness across the organisation. The objective was to collate and upload data from existing activities, to set a benchmark for future targets. During 2025, NPL delivered £136,000 of social value, with the majority coming from initiatives relating to work and community.

A new charity was selected for NPL for the next 2 years, nominated and voted on by staff – the British Heart Foundation.

We have also worked closely with the NHS blood donation service, running a campaign to promote blood and plasma donation to NPL, resulting in more than 50 members of staff getting their blood type identified and registering to donate.



Contributing to the UK's net zero targets

► NPL has an ongoing commitment to building trusted relationships with collaborators and beneficiaries, supporting firms in turning scientific research into real-world impact, and equipping highly innovative organisations with the tools needed to scale. As a key contributor to national missions - including clean energy, digital transformation and economic growth - NPL's work continues to help position the UK to achieve net zero by 2050, while ensuring that measurement capabilities and infrastructure deliver enduring value long after initial investment is made.



Our internal initiatives throughout 2025

► In 2025 we focused on systems and processes to support our reporting and improve our sustainability data. Work started on developing a strategic ESG reporting tool as part of our finance system renewal. With the support of our procurement colleagues, we have been engaging with suppliers to identify opportunities to understand and reduce our scope 3 emissions ahead of measuring this complex category in 2026. A considerable reduction in emissions from waste treatment was achieved by increasing recycling and waste reduction activity. We have also reduced our business travel emissions by improving the advice and options for domestic travel (see Table 1).

We continued our collaboration with the science teams, rolling out specific environmental training to laboratory managers to investigate opportunities for water savings through upgrades to the ultrapure water systems. We extended the training activity to our service partners, with training on waste and spills, and concluded the year's training programme with a waste awareness session at a leaders' briefing, giving all managers across the business an opportunity to understand our waste streams and how to correctly segregate and dispose of them. One such example was to introduce a recycling scheme for non-contaminated neoprene gloves, diverting 98kg of gloves from waste, equating to 49,000 gloves.



We also extended our activity to reduce Single Use Items (SUI) with the introduction of reusable food takeaway boxes. This scheme involves colleagues paying a deposit to receive a reusable takeaway box, which they return to be cleaned in return for another. This halved SUI food container use in the first four months. We have also implemented the use of small food caddies in the kitchenette areas to collect food waste, reducing energy production.

We have been working with internal and external partners to understand and identify opportunities to increase biodiversity at the Teddington site and deliver against our Nature Recovery Plan (NRP). As part of this work, we ran an acoustic bird survey which highlighted four red list species and ten amber on site. The results fed into our site landscaping plans.

This year, in partnership with our service partners, we focused on reducing our energy systems carbon footprint. Through a mixture of optimisation and remedial works we have seen reductions in electricity usage and a particularly sizable reduction in gas usage of 13.4%, supporting our progress towards our goal of becoming carbon neutral by 2040.

Environmental report for the year 1 January 2025 to 31 December 2025

▶ Since 2021, NPL has reported against the metrics and data requirements of the central government's Greening Government Commitments (GGCs). This framework outlines what UK government departments and their partners will do to reduce their impact on the environment between 2021 and 2025. These metrics provide additional insights alongside the guidance of the Streamlined Energy and Carbon Reporting (SECR) requirements. An aggregate of the data from GGC reporting from relevant partner organisations is published by DEFRA in its annual report and accounts. This year is a transition year for the GGC targets with the financial year 2025 being the baseline year for new targets covering 2026-2030.

Changes in emissions in 2025

▶ NPL's emissions in 2025 decreased by 8.3%. This decrease is a result of continued business focus on optimising energy systems and improving waste management. Our intensity ratio dropped by 10.5% compared to the previous year, reflecting a decrease in carbon emissions for each full time equivalent (FTE) member of staff. This has been delivered through ongoing work to improve the efficiency of building equipment and optimising system controls. We saw an impressive 38.8% reduction in waste related emissions and another increase to the recycling rate (now at 71%).





Table 1. Summary of carbon emissions

	2025	Variance (%)	2024
Scope 1			
Gas consumption (gross calorific value)	3,192	-13.4	3,687
Vehicles (owned, hired or leased)	18.2	92.1	9.5
Fugitive emissions	816	44.7	564
Total scope 1 (tCO₂e)	4,025.9	-5.5	4,260.5
Scope 2			
Location based			
Electricity	4,645	-11.1	5,224
Total scope 2 (tCO₂e)	4,645	-11.1	5,224
Scope 3			
Business travel (rail and air)	23.9	-42.6	41.6
Transmission and distribution losses	421.9	-0.1	422.15
Water and wastewater	10.3	32.1	7.8
Waste	1.016	-38.8	1.66
Total Scope 3 (tCO₂e)	457.1	-3.4	473.2
Total emissions (tCO₂e)	9,128.2	-8.3	9,957.7

► **Note 1:** In accordance with GGC guidance, the scope 1 vehicles figures reported above cover owned, hired and leased vehicles. In 2020, under SECR, we reported on owned vehicles only.

► **Note 2:** In accordance with GGC guidance, the scope 3 business travel figures reported above cover rail and domestic air travel.



Intensity measurement

► We have chosen FTE numbers to demonstrate our intensity ratio, which will be high in comparison with many organisations due to our laboratory-based operations. By their nature, labs require space for scientific plant and machinery, and often have high energy requirements to deliver highly accurate measurements and outputs.

Table 2. Summary of carbon intensity

Intensity ratio	2025	2024	2023	2022
tCO ₂ e	6.13	7.31	7.54	7.75

Responsible procurement

► We continue to embed responsible practices into all aspects of our procurement, incorporating sustainability, social values, responsible sourcing and supply chain transparency. The procurement team continues to build its understanding of sustainability and social values to ensure that it reduces, where possible, any negative impacts of its activities, and maximises the value it can bring to the environment and society.

Through its membership of the London Universities Purchasing Consortium, NPL is an affiliated member of Electronics Watch. This is an independent monitoring organisation that helps public sector entities meet their responsibility to protect the labour rights and safety of workers in global electronics supply chains. This enables us to have access to guidance, resources and contract clauses that support responsible procurement.

When onboarding new suppliers, they are also asked to sign the Sustain Supply Chain Code Of Conduct, which asks suppliers to commit to responsible / sustainable procurement within their organisations and to acknowledge their compliance with the principles of the Sustain Supply Chain Code of Conduct with respect to their organisation and their supply chains.

Staff involved in sourcing and supplier management are required to complete HEPA annual Modern Slavery and Protecting Human Rights in the supply chain and CIPS (Chartered Institute of Procurement and Supply) ethics training.

Quantification and reporting methodology

► We continue to develop our understanding of our carbon footprint using the Global Reporting Initiative (GRI) standard, an internationally recognised and highly respected sustainability framework. Our decrease in footprint is driven by extensive work on our infrastructure, demonstrated in our intensity ratio having the largest drop year on year, demonstrating a more optimised energy system. Positive behavioural changes have also been seen around travel, waste reduction and recycling. Given the report style, we have not sought an independent third party to assess the sustainability data.

Organisational boundary

► We have used the operational control approach and reported emissions from our Teddington estate only. We have allocated working areas outside of our control in the universities of Huddersfield, Strathclyde and Surrey, but their carbon impact is minimal.

Energy usage

During 2025, NPL consumed **17,446.5 MWh** of gas (2024: 20,157.2MWh) and **22,909.4 MWh** of electricity (2024: 23,190.6).

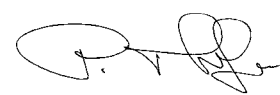
We generated **12.1 MWh** from our own solar array and 93 MWh from a ground source heat pump system in the Institute of Quantum Metrology building.

Commitment

► We are committed to looking for ways to reduce our emissions in line with the GGC framework, wherever reasonably possible. This will remain an ongoing process and, over time, we expect these reductions to become increasingly significant. Our main emissions are from business travel, and electricity and gas use, based on the analysis of currently available data using the hybrid method described in the Greenhouse Gas Protocol. As we further develop the process, we will refine our list of material issues and associated methods of data gathering.

TCFD phase 1 compliance statement

► NPL has reported on climate-related financial disclosures consistent with HM Treasury’s Task Force on Climate Related Financial Disclosures (TCFD)-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. NPL has complied with TCFD recommendations and recommendations disclosures around 96090: governance (all recommended disclosures) and metrics and targets (disclosures (b)). This is in line with the central government’s TCFD-aligned disclosure implementation timetable. NPL plans to make disclosures for strategy, risk management, and metrics and targets (disclosures (a) and (c)) in future reporting periods in line with the central government implementation timetable.



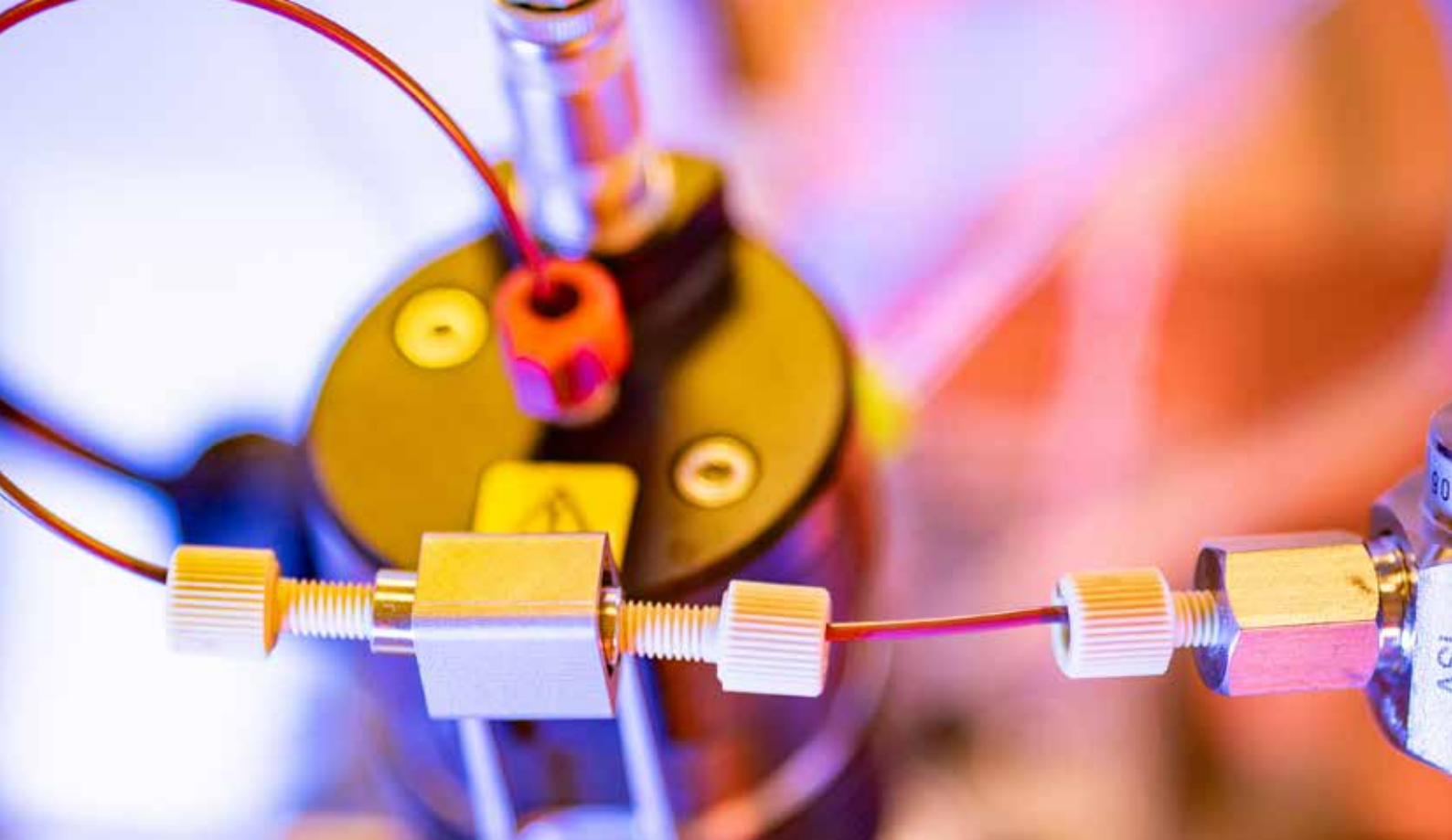
Dr Peter Thompson CBE | CEO
Date: 17 June 2026

GRI index

Statement of use	NPL has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI standards.
GRI 1 used	GRI 1: Foundation 2021

GRI standard	GRI code	GRI disclosure	GRI index location (page)
GRI 2: General disclosures 2021	2-1	Organisational details	39, 49
	2-2	Entities included in the organisation’s sustainability reporting	45
	2-3	Reporting period, frequency, and contact point	43
	2-4	Restatements of information	43, 44
	2-5	External assurance	44
GRI 3: Material Topics 2021			45

/ 4 Accountability



/ 4.1

Governance statement

Purpose of the governance statement

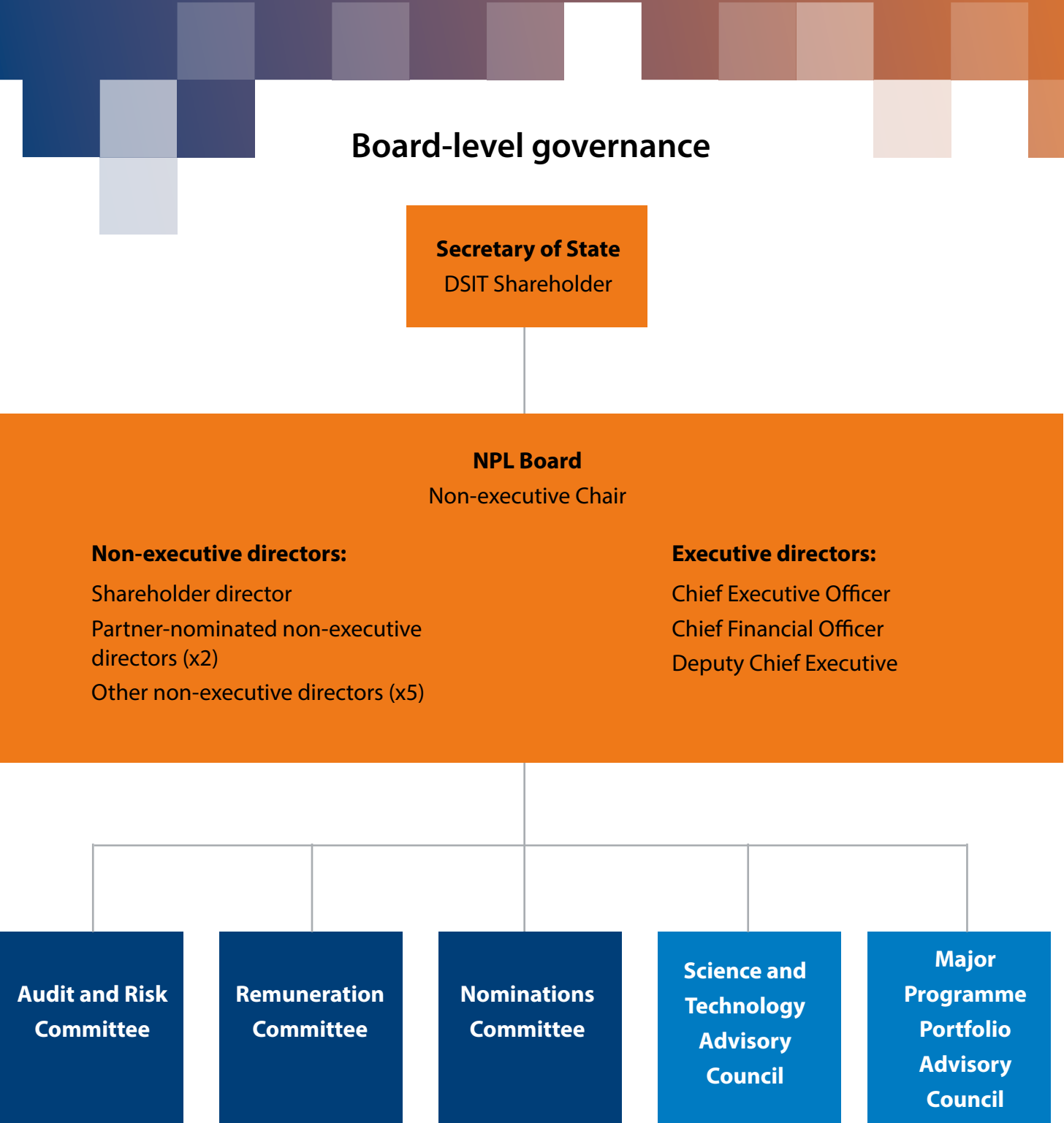
▶ The Governance Statement sets out how NPL is governed. It describes the composition and organisation of its governance arrangements and explains its control and decision-making structure. NPL is committed to meeting high standards of corporate governance, and, although it is not required to comply with the provisions of the UK Corporate Governance Code ('The Code'), it does aim to follow the principles where relevant and practicable. The statement explains how NPL has applied principles of good governance and how the Board has acted on its responsibility for the appropriate and effective governance of NPL.



Statement of responsibility

▶ As NPL's Accountable Person, Peter Thompson, CEO, has responsibility for the maintenance and oversight of a sound system of internal control and governance that supports the achievement of NPL policies, aims and objectives. In addition, the Accountable Person is responsible to the DSIT Principal Accounting Officer for meeting high standards of probity in the management of public funds and departmental assets. This is in accordance with the responsibilities assigned to the Accountable Person in HM Treasury's Managing Public Money. The Board of directors is responsible for the wider governance of NPL.

The governance framework



Key:

- Required Committees of the Board, with delegated responsibilities and decision-making authority
- Councils set up as advisory only, with external co-opted members

DSIT Secretary of State

▶ The Secretary of State for Science, Innovation and Technology is the Minister with formal responsibility for NPL. Day-to-day ministerial oversight is undertaken by the Minister for Science, Innovation, Research and Nuclear. The Secretary of State and the Minister for Science, Innovation, Research and Nuclear are answerable to Parliament for all matters relating to NPL and also hold ministerial policy responsibility for the company.

Board composition

▶ Appointments to the Board are made on merit and objective criteria, taking into account the skills and experience the individual can bring to the role. Appointments and succession plans promote diversity, inclusion and equal opportunity.

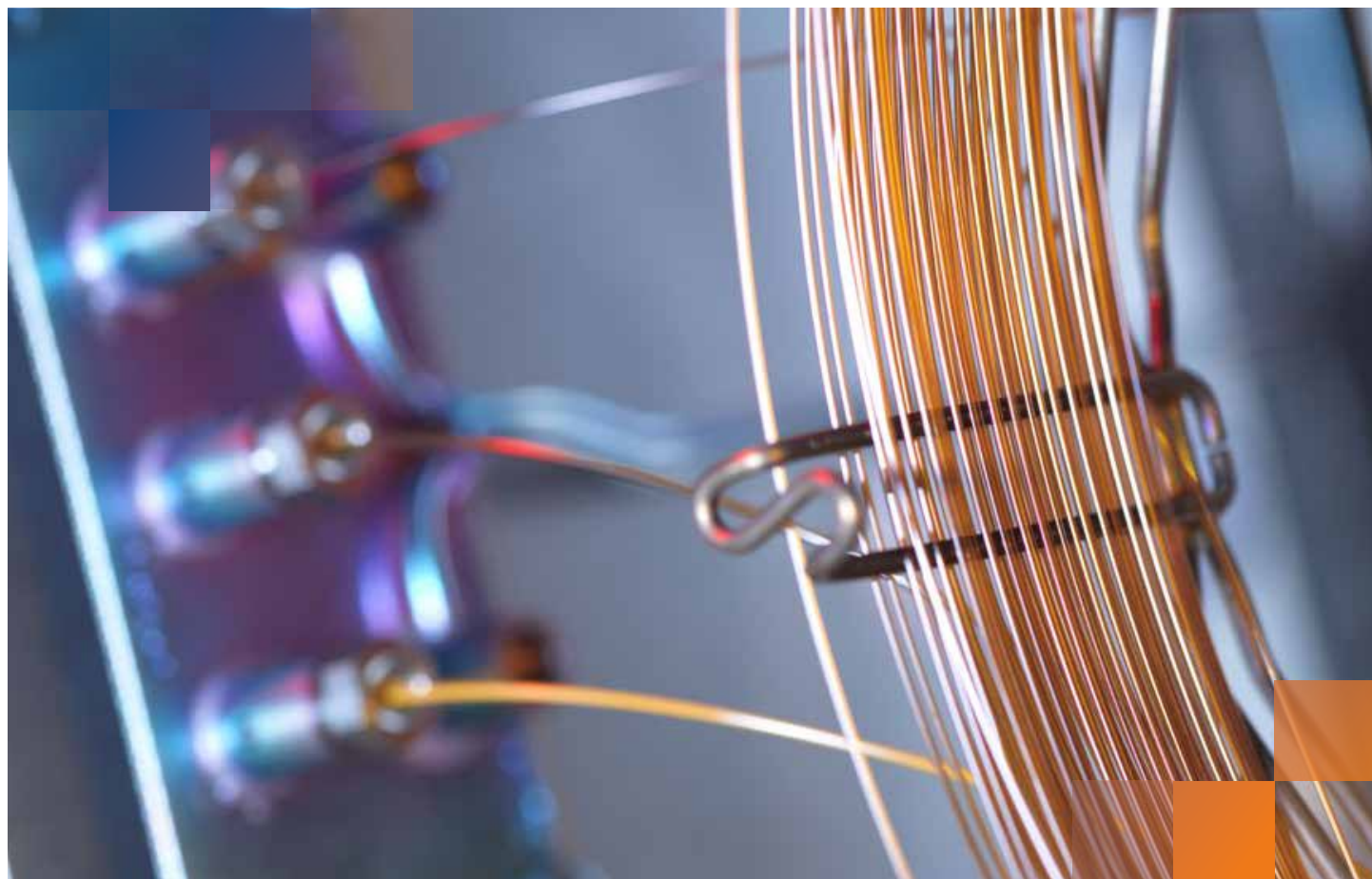
The Board consists of nine non-executive directors and three executive directors, with the following structure:

Non-executive directors:

- independent non-executive chair
- DSIT shareholder director
- representation from each of NPL's Strategic University Partners: the University of Surrey and the University of Strathclyde
- five other independent non-executive directors.

Executive directors:

- Chief Executive Officer (CEO)
- Chief Financial Officer (CFO)
- Deputy CEO.



Board and committee membership and attendance

		Meeting type:					
2025 Board Members	Date appointed	Board	Audit and Risk Committee	Remuneration Committee	Nominations Committee	Science and Technology Advisory Council	Major Programme Portfolio Advisory Council
Total number of meetings:		5	5	3	2	3	1
Non-executive directors							
Dr Carol Bell (Senior Independent Director)	1 August 2022	4 of 5	4 of 5		2 of 2		
Andrew Chang	1 August 2022	4 of 5	5 of 5	3 of 3			
Professor Timothy Dunne (University of Surrey)	17 May 2025 to 15 September 2025	2 of 2					
Lindsay Jamieson (DSIT shareholder director)	4 September 2023	5 of 5	4 of 5	1 of 3	1 of 2		
Professor Stephen Jarvis (University of Surrey)	16 October 2025	1 of 1					
Professor Max Lu (University of Surrey)	1 January 2017 to 17 May 2025	1 of 1		0 of 1			
Professor Stephen McArthur (University of Strathclyde)	16 October 2025	0 of 1					
Professor Sir James McDonald GBE (University of Strathclyde)	21 May 2015 to 10 September 2025	2 of 3			0 of 1		
Catherine Quinn	11 November 2020	5 of 5	4 of 5	3 of 3			
Professor Graeme Reid (Chair)	1 January 2021	5 of 5		3 of 3	2 of 2		
Catriona Schmolke CBE	1 August 2022	4 of 5	4 of 5		2 of 2		1 of 1
Professor Robert Sorrell	1 July 2022	5 of 5		3 of 3		3 of 3	
Executive directors							
Penelope Holt (CFO)	26 September 2018	5 of 5					
Dr Victoria Saward (Deputy CEO)	2 October 2023	5 of 5					
Dr Peter Thompson CBE (CEO)	3 September 2015	5 of 5					

Note: Attendance is shown against the number of meetings each member was eligible to attend

Professor Max Lu stood down from the Board on 17 May 2025 and was replaced on an interim basis by Professor Timothy Dunne on 17 May 2025 until 15 September 2025 pending the appointment of Professor Stephen Jarvis (President and Vice-Chancellor at the University of Surrey) on 16 October 2025.

Professor Sir James McDonald stood down from the Board on 10 September 2025 and was replaced by Professor Stephen McArthur (Principal and Vice-Chancellor at the University of Strathclyde) on 16 October 2025. There were no other Board changes during 2025.

Dr Carol Bell was the Senior Independent Director throughout 2025. The Senior Independent Director acts as a sounding board for the Chair and serves as an intermediary for other directors.

Operation of the Board

► The Board sets the organisation's overall direction, culture and strategy, and ensures that NPL is working within a framework of effective governance. The Board provides support, independent constructive challenge and strategic leadership to the NPL Executive Team, and enables risk to be appropriately assessed and managed.

The Board ensures that directors receive sufficient, timely, accurate and clear information to carry out their roles effectively, and that they have the necessary time and resources to perform their duties. The Company Secretary provides support and advice to the Board on governance matters and attends Board and committee meetings, making sure that the correct procedures are followed and appropriate records kept.

During the year, the Board met five times for formal meetings, held a separate Strategy Day, and made formal decisions outside of meetings by written resolution. The Board also met informally in months when there was no formal meeting to receive updates and discuss strategic and operational matters, and received additional briefings on specific areas of NPL's business.

Matters considered by the Board during the year included:

- corporate strategy – NPL's Corporate Plan;
- annual budget and five-year forecast;
- financial management and business performance metrics;
- NPL's corporate risk register – risks, controls and mitigations;
- the estates strategy;
- Board skills and succession planning;
- reports from the Board's committees and advisory councils on their activities;
- updates from the DSIT shareholder director on relevant activity in central government;
- major external programmes;
- health, safety and security (including cyber security) reports; and
- changes to committee memberships and terms of reference.

Committees of the Board

Audit and Risk Committee	Remuneration Committee	Nominations Committee
▶ The Audit and Risk Committee oversees audit and risk management in NPL. The Committee is responsible for providing assurance to the Board on the adequacy and effectiveness of governance, internal controls and risk management arrangements and on the external audit and internal audit functions. During 2025, the Committee met five times and was chaired by Andrew Chang.	▶ The Remuneration Committee approves the remuneration and incentives for employees and, in particular, for the executive directors in accordance with its terms of reference. During 2025, the Committee met three times and was chaired by Catherine Quinn.	▶ The Nominations Committee plays a key role in board succession planning and the appointment process for Board members and in making recommendations to the Board. During 2025, the Committee met twice and was chaired by the Senior Independent Director, Dr Carol Bell.



The Science and Technology Advisory Council

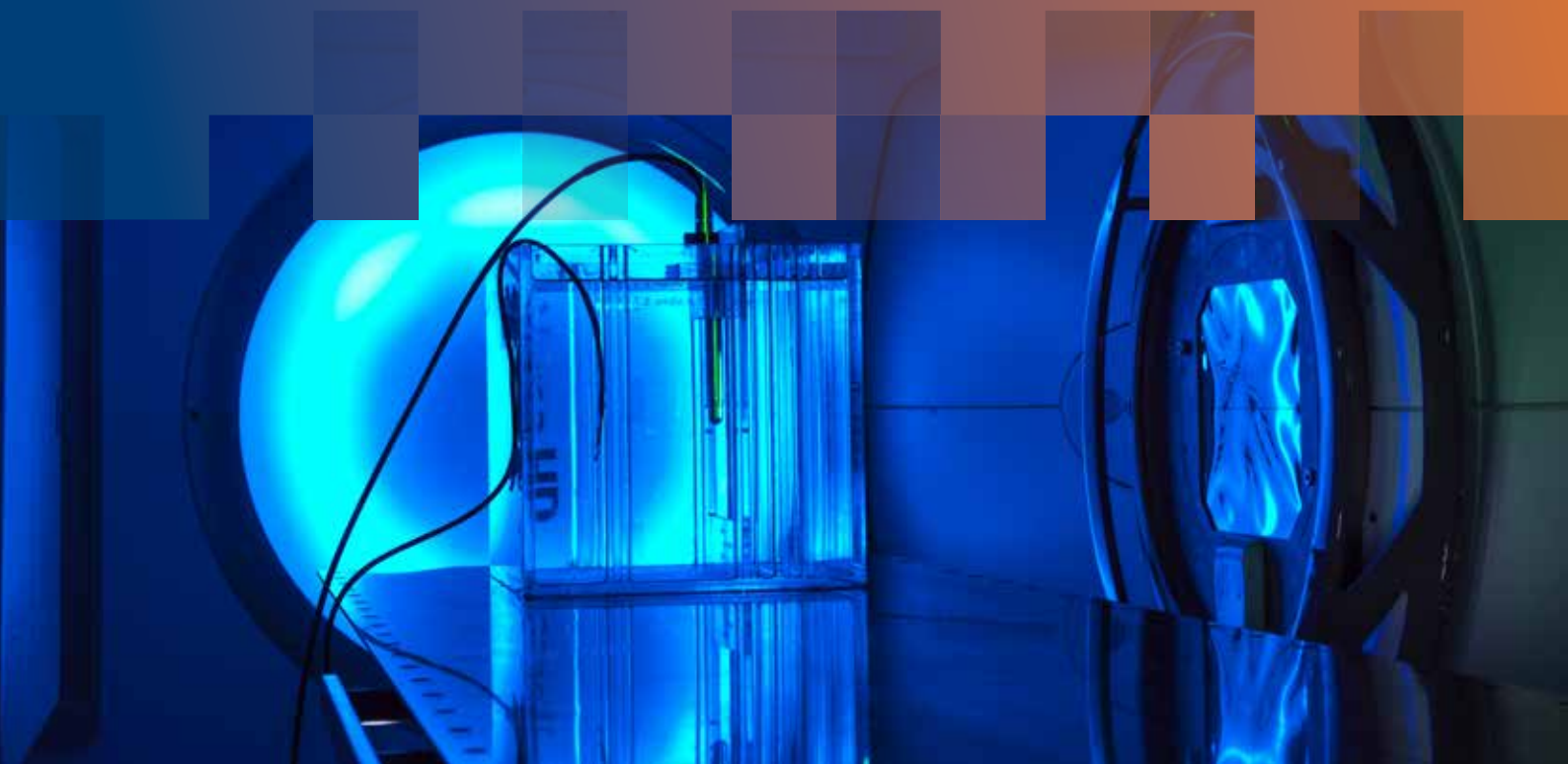
• The Science and Technology Advisory Council provides independent strategic advice, challenge and support to NPL, particularly on the quality, international standing and industrial relevance of NPL's science and technology. Members comprise independent and distinguished individuals from across industry, academia and international laboratories. Biographies of all members of the Council can be found on NPL's website at: <https://www.npl.co.uk/about-us/people/stac>. The Chair is Professor Robert Sorrell.

Major Programme Portfolio Advisory Council (MPPAC)

• The Major Programme Portfolio Advisory Council became fully operational in late 2025. It provides strategic advice, challenge and support to NPL when shaping the strategic direction of NPL's major programme portfolio. The Chair is Catriona Schmolke.



Board and director effectiveness



► An external review of the Board's effectiveness was last completed in 2023, with a number of actions identified. This was reported in the Annual Report 2023. As the next external review was scheduled for early 2026, with preparations made in late 2025, it was decided not to carry out an interim internal review of board effectiveness in 2025.

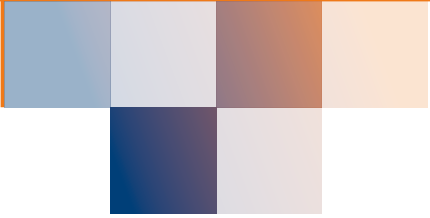
Directors are subject to annual performance reviews by the Chair, with the Senior Independent Director carrying out the Chair's performance assessments in the light of feedback from other Board members.

A revised Board Skills Matrix was implemented in 2025. This provides a picture of the skills and experience of the Board as a whole and helps to inform future discussions on Board composition and succession planning.

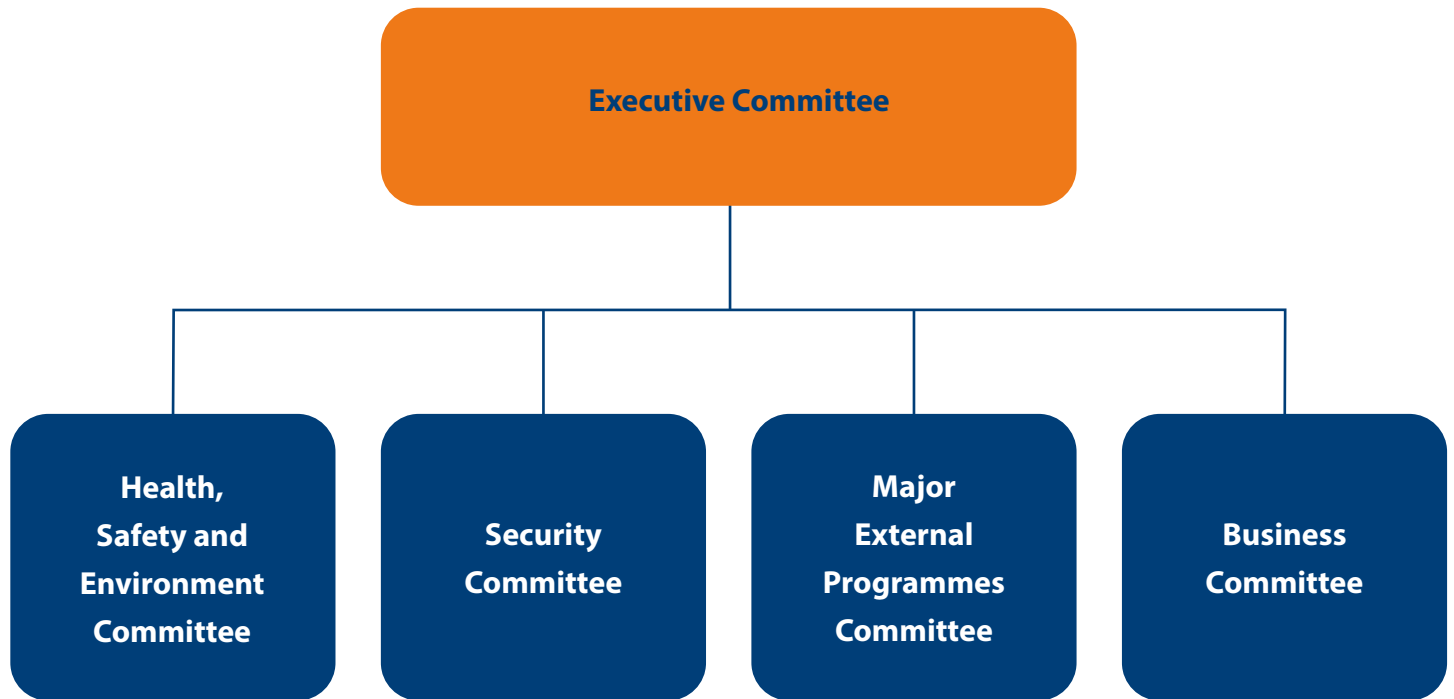
Board interests

► All members of the Board are required to declare any conflicts of interest, actual or perceived, that may impact on their judgement or independence regarding decision-making or involvement with any future or existing transaction or arrangement. This is in line with sections 175, 177 and 182 of the Companies Act 2006 and NPL's Articles of Association. Where conflicts have been declared, these have been recorded and handled in accordance with best practice.

NPL's independent non-executive directors may hold multiple roles on boards and committees of other organisations. Consideration has been given to their collective commitments to ensure that each non-executive director has sufficient capacity to fulfil their role on the NPL Board and their fiduciary duties.



Executive-level governance



A review of NPL's executive and management committee structure began at the end of 2024 and continued into 2025. This led to clarification of delegated decision-making, responsibilities and accountabilities, and a number of changes to the executive committee structure. As a result, several executive committees were disbanded in favour of a structure that enabled more focused engagement and collaboration and more agile decision-making.

The CEO has primary responsibility for the day-to-day management of the business and discharges his responsibilities through the Executive Team. The Executive Committee, which comprises the members of the Executive Team, meets monthly for formal meetings and separately for monthly executive strategy sessions.

Essentially, the executive and management committees ensure that there is good information flow between themselves and the wider organisation, appropriate escalation of risk and opportunity, and holistic decision-making with clear accountabilities.

There is a separate governance structure for NPL's estates management, with a review having resulted in a realignment of the relevant committees and accountabilities. This includes the Strategic Site Development Committee reporting into the joint DSIT/NPL Estates Management Board, which is part of the estates governance arrangements that operate separately from the main executive committee structure.



The company's remuneration policy and practices

- ▶ The Remuneration Committee decides and advises on NPL's remuneration policy, and on its approach to pay and incentives for employees and executive directors.

NPL's remuneration policy includes the following criteria, such that remuneration levels:

- are aligned with NPL's objectives;
- are sufficient to attract and motivate high calibre individuals to drive the delivery of the activities and objectives of NPL;
- are structured to link remuneration of all employees to performance in line with the Corporate Plan;
- deliver value for money; and
- take account of remuneration levels within comparable public sector institutions, and are set with wider public sector pay policy in mind.

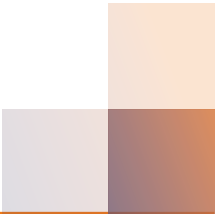
The Committee's work is also undertaken with reference to the NPL Framework Document and the UK Corporate Governance Code, both of which support the strategic direction of NPL's Remuneration Policy.

The Remuneration Committee comprises six non-executive directors and is chaired by Catherine Quinn. NPL's CEO and Chief People Officer are invited to attend all meetings (except for items that consider their own remuneration and/or terms and conditions of employment). The membership of the Remuneration Committee includes the DSIT shareholder director, ensuring that the shareholder view is considered in decision-making. The Committee also considers other related people matters, such as reward and recognition.

The Committee met three times in 2025 and considered matters such as the approval of the leadership bonus, reward and recognition, and pay proposals. The Committee reviews evidence of NPL's performance against metrics, achievements against strategic objectives, and the ways in which these outcomes were accomplished, supporting the Committee in its decision-making on remuneration proposals.

The Committee’s decisions on remuneration, including the design of any bonus scheme and the level of annual staff salary increases, are made with wider consideration of the principles set out in the UK Corporate Governance Code. This ensures that remuneration arrangements support strategy and promote long-term sustainable success, with executive remuneration aligned to the organisation’s purpose and values and clearly linked to the successful delivery of NPL’s long-term strategy.

In addition, NPL engages with the workforce, through employee engagement channels and platforms and through engagement with Prospect, NPL’s recognised trade union, as well as with DSIT shareholder representatives, to help inform the organisation’s remuneration arrangements and decisions.



NPL’s reward principles

- NPL’s remuneration is aligned with the organisation’s strategic goals.
- NPL’s remuneration is set to attract and motivate high-calibre individuals to drive the delivery and objectives of the organisation.
- NPL’s remuneration is linked to company performance in line with the corporate plan and is designed to deliver value for money.
- NPL’s remuneration takes into account remuneration levels for comparable public sector institutions and is set with the wider public sector pay policy in mind.
- NPL’s remuneration is fair and inclusive with a strong commitment to diversity and equality of opportunity.
- These reward principles were in place at the beginning of the year, but the Remuneration Committee has since commenced an exercise for modernising the approach by refreshing and renewing NPL’s reward principles to help improve their clarity and relevance. This review started in 2025 and is continuing into 2026.

Fair pay disclosure (audited):

▶ Reporting bodies are required to disclose the relationship between the remuneration of the most highly paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation’s workforce (excluding the highest-paid director).

	Remuneration (excl. performance-related pay) ratio		Total remuneration ratio	
	2025	2024	2025	2024
75th percentile pay ratio	3.0	3.1	3.7	4.1
Median pay ratio	4.0	4.1	4.9	5.4
25th percentile pay ratio	5.1	5.1	6.2	6.8

	2025		2024	
	Remuneration excluding performance-related pay	Total remuneration	Remuneration excluding performance - related pay	Total remuneration
Highest paid director (banded)	£210,155	£257,934	£206,862	£282,075
75th percentile employee	£69,654	£69,765	£66,633	£68,551
Median employee	£52,590	£52,590	£50,267	£51,852
25th percentile employee	£41,348	£41,348	£40,538	£41,621

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

		2025		2024	
		Year on year change		Year on year change	
Salary and benefits excluding performance-related pay					
Highest paid director (banded)	£210,155	1.6%	£206,862	4.1%	
Average for other employees	£55,843	2.4%	£54,540	5.4%	

Performance-related pay				
Highest paid director (banded)	£47,779	-36.5%	£75,213	163.7%
Average for other employees	£514	-68.0%	£1,603	108.4%

No employees received remuneration in excess of the highest-paid director in either 2024 or 2025. The range of staff remuneration (excluding pension benefits) in 2025 was £20,775 to £257,935 (2024: £18,228 to £282,075).

Risk and control

► To create greater efficiencies, continually improve our service, drive innovation and seek opportunities, we recognise that taking some risks can be positive. We do not seek to remove all risks from our business, but, rather, look to carefully manage risks through informed decision-making, mitigation and robust risk management.

Risk framework

► The NPL Board has accountability for risk management and has delegated this to the Audit and Risk Committee. Together, the NPL Board, the Audit and Risk Committee and the Executive Team provide the governance processes, the time to consider NPL's risk landscape, and the oversight and leadership of risk management in NPL.

The NPL Executive Team has overall responsibility for identifying major risks to NPL's business activities. All business and commercial activities contain risk and uncertainty, and risk management is an integral part of business management. Some risks and uncertainties cannot be eliminated completely, so NPL's aim is to understand them and devise a control and mitigation strategy. NPL's approach to risk aligns with the government's Orange Book on the principles and concepts of risk management.

Our holistic approach to risk management is based on the three lines of defence model. This framework sets out how we identify, assess, report, monitor and control risks, and supports our efforts to consider emerging threats and seek new opportunities. This balance between innovation and risk appetite is underpinned and governed by our control framework.



The internal control framework

► NPL continues to maintain and update the existing internal control framework, which has operated successfully for many years. As part of its wider corporate assurance responsibilities, NPL reviews and updates its internal controls on a rolling cycle to ensure they meet the changing needs of the organisation. The Audit and Risk Committee reviews the framework annually and also reviews internal controls when considering areas of risk and as part of the regular reviews of the corporate risk register and the mitigating controls.

Risk management

► The NPL Executive Team maintains a strategic and operational risk register and reviews its risk landscape monthly at Executive Committee meetings. This approach ensures strategic and operational risks are identified, assessed and monitored. In addition, deep dives of individual risks are undertaken regularly by the Board, the Audit and Risk Committee and the Executive Team.

The most significant risks identified in 2025, with varying degrees of likelihood of occurring and potential impact, were in the areas of:

- major health and safety incidents potentially adversely affecting staff, neighbours, the general public or the local environment;
- the inability to attract and retain talent to deliver world-class science or to deliver programmes and services for customers;
- economic shock adversely impacting our trading ability;
- reputational damage owing to failures to comply with operational compliance legislation and standards;
- the use of artificial intelligence (AI) technologies; and
- a major cybersecurity incident.



Risk appetite

🔴 NPL's risk appetite is reviewed each year against the agreed risk categories. The following statement describes NPL's risk appetite for 2025:

"NPL has an ambitious strategy to be recognised as a world-leading centre of excellence, pushing the boundaries of measurement science, engineering and technology to provide extraordinary impact that underpins prosperity and quality of life in the UK. Our risk appetite is aligned with this strategy, recognising that the delivery of new science, innovation and the technology to realise it requires a high-risk appetite."

The building blocks of this strategy – covering a broad range of disciplines, the scale of programmes and change, and the openness of the organisation to innovation – require the flexibility of a medium-risk profile.

There is a very low to low-risk appetite in those areas where emergent issues, poor risk control or divergence from NPL values could distract from the corporate plan, or in areas that relate to the health and safety of our people."

Dr Peter Thompson CBE | CEO

Date: 17 June 2026

/ 4.2 Directors' report

► The directors present the Annual Report and Accounts of NPL Management Ltd ('the Company') for the year to 31 December 2025.

The Company is domiciled and incorporated in the United Kingdom. The parent and ultimate controlling party of the Company is the Secretary of State for Science, Innovation and Technology. The principal activity of the Company is to provide scientific research and development, programme management and business support services, as a wholly-owned subsidiary of DSIT.

Excellent science is at the heart of NPL's activities – driving innovation, supporting industry and improving quality of life, both in the UK and globally. We maintain a wide portfolio of internationally-visible research programmes that advance measurement science, underpin the International System of Units (SI) for measurement, and support cross-disciplinary technologies.

The directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year. Details of future developments, the Company's business relationships with suppliers, customers and others, financial risk management and employee involvement, can all be found in the strategic report and form part of this report. Details of the Company's risk management approach and the principal risks faced by the Company can be found in the governance statement and form part of this report. Details of greenhouse gas emissions, energy consumption and energy efficiency requirements can be found in the sustainability report.

During the financial year, the directors have ensured that full and fair consideration was given to applications for employment by the Company made by disabled persons, having regard to their particular aptitudes and abilities. Furthermore, the directors ensured that there was employment of, and appropriate training for, employees of the Company who became disabled during the period when they were employed, and that training, career development and promotion opportunities for disabled people were employed by the Company.



Dividends

▶ No dividends have been paid or declared in the year. The directors do not recommend a final dividend (2024: £nil).

Directors

▶ The following directors held office during the period 1 January 2025 up to the date of the signing of the financial statements:

Dr Carol Bell
(Senior Independent Director, non-executive)
Lucy Caffery (Chief Customer Officer)
(appointed 18 May 2026)
Andrew Chang (non-executive)
Professor Timothy Dunne (appointed 17 May 2025,
resigned 15 September 2025)
Penelope Holt (CFO)
Lindsay Jamieson (non-executive)
Professor Stephen Jarvis
(appointed 16 October 2025)
Professor Max Lu (non-executive)
(resigned 17 May 2025)
Professor Stephen McArthur
(appointed 16 October 2025)
Professor Sir James McDonald GBE
(non-executive) (resigned 10 September 2025)
Catherine Quinn (non-executive)
Professor Graeme Reid (Chair, non-executive)
Dr Victoria Saward (Deputy CEO)
(resigned 25 February 2026)
Catriona Schmolke CBE (non-executive)
Professor Robert Sorrell (non-executive)
Dr Peter Thompson CBE (CEO)

Disclosures to the Auditor

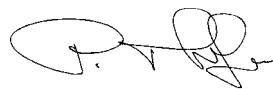
- ▶ Each of the persons who is a director at the date of approval of this report confirms that:
- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
 - the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information, and to establish that the Company's Auditor is aware of that information.

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

Approved by the Board and signed on its behalf by:



Professor Graeme Reid | Chair



Dr Peter Thompson CBE | CEO

Date: 17 June 2026



/ 4.3 Directors' responsibilities statement

▶ The directors are responsible for preparing the strategic report, directors' report, and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year, which they have elected to do so in accordance with United Kingdom Generally Accepted Accounting Practice UK (GAAP), United Kingdom Accounting Standards and applicable law. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

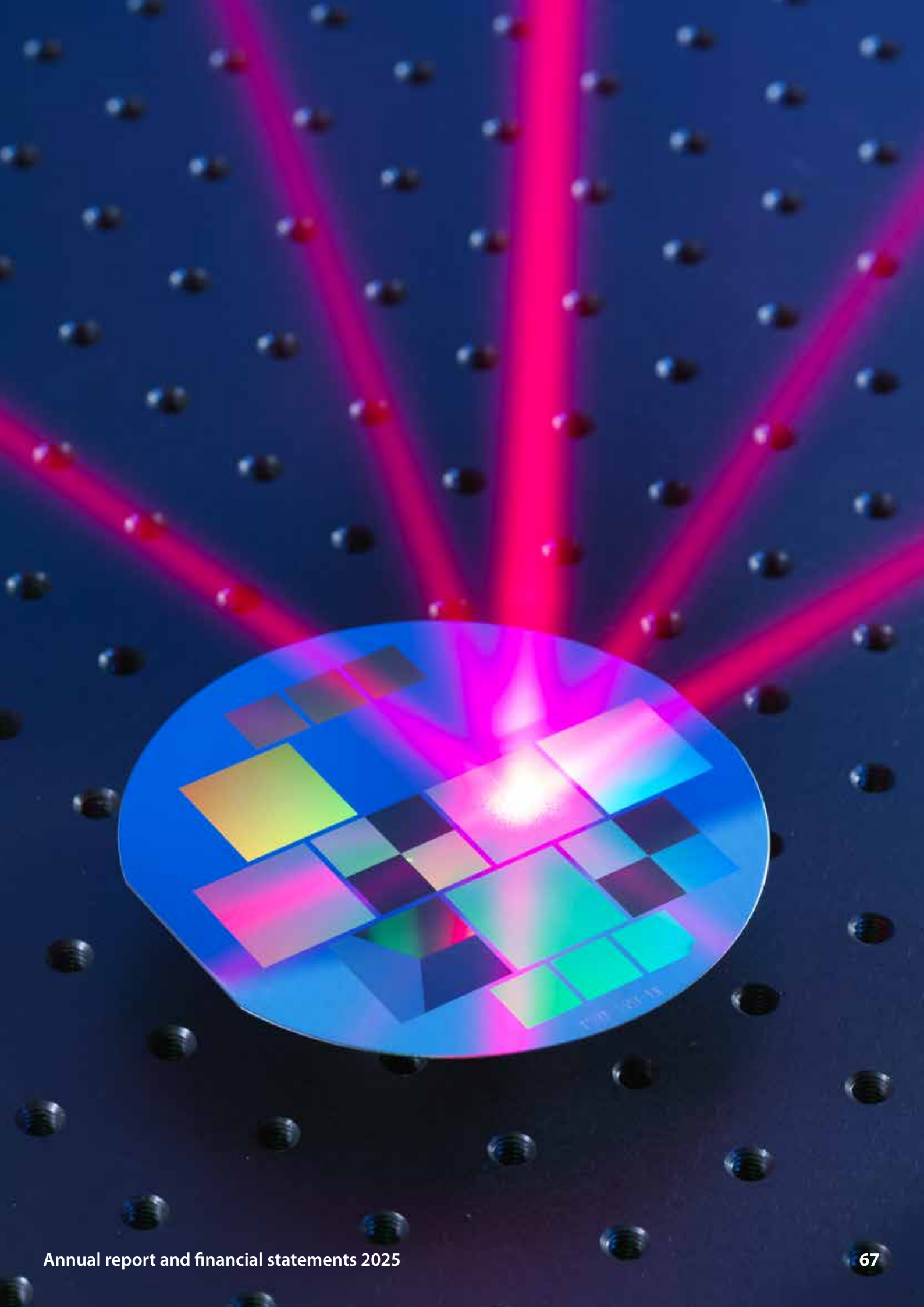




The directors are responsible for keeping adequate accounting records that show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company. This will enable them to ensure that the financial statements comply with the Companies Act 2006.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

Finally, the directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

/ 5 Financial statements



Independent auditor's report to the members of NPL Management Ltd

Opinion

► We have audited the financial statements of NPL Management Ltd (the 'Company') for the year ended 31 December 2025, which comprise the profit and loss account, statement of comprehensive income, statement of changes in equity, balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

► We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

► In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

► The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

► In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

► As explained more fully in the directors' responsibilities statement set out on page 64, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the

directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

► Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

► Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit. However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Company operates in and how the Company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur, including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, tax compliance regulations and pension law. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements, which included reviewing financial statement disclosures, evaluating advice received from external tax advisors, and confirmed that the Company continues to make pension contributions in line with the agreed schedule.

The audit engagement team identified the risk of management override of controls and revenue cut-off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included, but were not limited to, testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and reviewing management's stage of completion calculations on a sample of contracts at the balance sheet date.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Christopher Hurren BA FCA | (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
One Cross Lanes
Guildford
GU1 1UN

Date: 17 June 2026

Profit and loss account

For the year ended 31 December 2025

		2025	2024
	Notes	£000s	£000s
			restated
Turnover	4	200,758	180,002
Cost of sales		(106,018)	(92,539)
Gross profit		94,740	87,463
Administrative expenses		(94,364)	(83,004)
Operating profit		376	4,459
Interest receivable and similar income	6	1,778	1,829
Interest payable and similar charges	7	(1,608)	(1,474)
Profit before taxation	8	546	4,814
Tax on profit	9	(862)	(8,891)
Loss for the year		(316)	(4,077)

Statement of comprehensive income

For the year ended 31 December 2025

		2025	2024
	Notes	£000s	£000s
Loss for the financial year		(316)	(4,077)
Other comprehensive loss			
Pension scheme actuarial loss	19	(3,136)	(5,496)
Tax on other comprehensive loss – deferred tax	9	784	1,374
Other comprehensive loss net of taxation		(2,352)	(4,122)
Total comprehensive loss for the year		(2,668)	(8,199)

Statement of changes in equity

For the year ended 31 December 2025

	Share premium reserve	Retired benefit obligation reserve	Profit and loss reserve	Total
	£000	£000	£000	£000
Balance at 1 January 2024	115,400	(12,579)	(13,329)	89,492
Loss for the year	-	-	(4,077)	(4,077)
Actuarial loss on pension employment scheme (note 19)	-	(5,496)	-	(5,496)
Tax charge on net actuarial loss (note 9)	-	1,374	-	1,374
Balance at 31 December 2024	115,400	(16,701)	(17,406)	81,293
Loss for the year	-	-	(316)	(316)
Actuarial loss on pension employment scheme (note 19)	-	(3,136)	-	(3,136)
Tax charge on net actuarial loss (note 9)	-	784	-	784
Balance at 31 December 2025	115,400	(19,053)	(17,722)	78,625

The profit and loss reserve represents cumulative profits or losses, net of dividends paid.

The retired benefit obligation reserve represents cumulative actuarial gains and losses and cumulative credits or charges derived by deferred tax movement in relation to the defined benefit pension scheme.

The share premium reserve represents the premium to their nominal value arising on the issue of equity shares, net of issue expenses.

Balance sheet

As at 31 December 2025

		2025	2024
	Notes	£000s	£000s
Fixed assets			
Intangible assets	10	6,094	6,295
Tangible assets	11	77,988	75,577
Total fixed assets		84,082	81,872
Current assets			
Stock		369	378
Debtors:			
- amounts falling due within one year	13	63,637	55,427
- amounts due after more than one year	14	4,859	2,446
Cash at bank and in hand		19,564	25,519
		88,429	83,770
Creditors: amounts falling due within one year	15	(78,758)	(74,490)
Net current assets		9,671	9,280
Total assets less current liabilities		93,753	91,152
Creditors: amounts falling due after one year	21	(43,704)	(40,039)
Provision for liabilities and charges	16	(571)	(1,152)
Net assets excluding retirement benefit asset		49,478	49,961
Retirement benefit assets	19	29,147	31,332
Net assets including retirement benefit asset		78,625	81,293
Capital and reserves			
Share capital	17	-	-
Share premium reserve	18	115,400	115,400
Retirement benefit obligation reserve		(19,053)	(16,701)
Profit and loss account		(17,722)	(17,406)
Shareholders' funds		78,625	81,293

The financial statements of NPL Management Limited (company number 02937881) were approved by the Board of Directors and authorised for issue on 17 June 2026.

These were signed on its behalf by:

A handwritten signature in black ink, appearing to be 'P. Thompson', written in a cursive style.

Dr Peter Thompson CBE | CEO

Date: 17 June 2026

Notes to the financial statements

For the year ended 31 December 2025

1. Accounting policies

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

a) General information and basis of accounting

► NPL Management Limited is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The registered office is given in note 22. The nature of the company's operations and its principal activities are set out in the Strategic Report. The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The Company is consolidated within the Whole Government Accounts and is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the Cash Flow Statement and related notes, and Section 33 'Related Party Disclosures' - Compensation for key management personnel.

The Company is also a qualifying entity for the disclosure exemptions relating to the requirements of Section 11 Paragraphs 11.39 to 11.48A as the equivalent disclosures required by the FRS are included in the consolidated financial statements of the Group in which the Company is consolidated.

The functional currency of NPL Management Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

b) Going concern

► The directors have acknowledged the guidance on going concern and financial reporting published by the Financial Reporting Council in April 2016.

As the UK's national measurement institute, the Company remains at the heart of the UK Measurement Strategy and the company is currently wholly owned by DSIT.

The Company's revenues are principally derived from long-term contracts with the UK government and competitively won grants which, historically, have been largely unaffected by changes in the general economy. Consequently, the directors have a good level of visibility of contracted levels of revenue.

In view of the above, coupled with NPL's continued profitability in 2025 and its cash reserves of £19.6m at December 2025, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

c) Turnover

Turnover from contracts

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

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year. Any turnover recognised in excess of amounts invoiced is recorded as 'amounts recoverable on contracts' with debtors. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Grant income

► The Company accounts for capital grant income as deferred income and recognises the revenue as it utilises the assets for which the grant income was received. For revenue, grants are accounted for under the accruals method. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to capital is deferred, it is recognised as deferred income.

d) Research and development

► Research expenditure and development expenditure are expensed as incurred and included in cost of sales.

e) Intangible assets

► Intangible assets relate to software development costs that have future economic benefit to NPL. Intangibles are amortised when ready for use based on useful life. Intangible assets are amortised over 10 years, representing the estimated useful economic life of the underlying asset.

f) Tangible assets and depreciation

► Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible assets on cost over the estimated useful lives of the assets. The rates of depreciation are as follows:

- | | |
|---|--------|
| • Technical equipment | 10-33% |
| • Office equipment | 20-33% |
| • Furniture and fittings | 10-20% |
| • Assets in course of construction are not depreciated until ready for use. | |

g) Taxation

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

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

in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

h) Leasing

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

i) Financial assets

- The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition. Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs.

Loans and receivables

- Trade debtors, loans, other debtors and prepayments that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'.

Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. They are included in current assets, except where maturities are in greater than 12 months after the Balance Sheet date which are classified as non-current assets. The Company's loans and receivables comprise 'trade and other debtors' and 'cash and cash equivalents' in the Balance Sheet.

De-recognition of financial assets

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

j) Financial liabilities

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

Other financial liabilities

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

De-recognition of financial liabilities

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

Equity instruments

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

k) Employee benefit

Defined benefit scheme

• For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs.

The net interest received on the net defined benefit asset is credited to profit or loss and included within interest receivable.

Remeasurement amounts, comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit asset), are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds.

The net defined benefit asset represents the fair value of the pension scheme assets less the present value of the scheme liabilities (measured on an actuarial basis using the projected unit credit method). The asset recognised is limited to the present value of refunds available, the value of the reduction in future contributions to the plan or the value of the surplus that would be recoverable on the death of the last member. Deferred tax is measured at 25% of the pension scheme asset.

Defined contribution scheme

• For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

l) Foreign currency

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

m) Investments in associates

• In the Company's financial statements, investments in associates are accounted for at cost less impairment.

2. Critical accounting judgements and sources of estimation uncertainty

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

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

Critical judgements in applying the Company's accounting policies

► The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. There are no critical judgements other than those which involve estimations. These are as follows:

- **Recoverability of deferred tax assets (note 14)**

NPL is required to make a judgement concerning the timing and likely extent of recovery of deferred tax asset balances held on the balance sheet based on the expected future profitability of the business and the current tax regime. Following the changes regarding capital allowances announced in the 2023 Autumn Budget, and subsequently reconfirmed in the 2024 Autumn Budget, the Company took the decision during 2024 to derecognise £7.3m of the previously recognised deferred tax assets on the basis that recoverability of those assets is unlikely during the next 5 years. This derecognition adjustment, coupled with the £3.1m of unrecognised deferred tax assets arising during 2024 and 2025, bring the total value of unrecognised deferred tax assets to £21.7M at 31 December 2025.

- **Timing of revenue recognition (note 4)**

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

- **Recognition of pension scheme asset (note 19)**

The pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date. There is significant estimation in the assumptions used to derive the value of the pension scheme liabilities and each assumption is subject to NPL's judgement. NPL has recognised a pension asset as a result of a net surplus for the defined benefit pension scheme. In accordance with paragraph 28.22 of FRS102, NPL is of the view that it is allowed to recognise an asset as it would be able to recover the surplus on the death of the last member.

The valuation of the amounts recognised in the Balance Sheet has been assessed through the following sensitivity analysis. The effect of marginal changes on discount rate, inflation rate, and mortality have the following impact on the net defined benefit asset:

	2025	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality - 1-year age rating
Fair value of plan assets	152,703	152,703	152,703	152,703	152,703	152,703
Defined benefit obligation	(123,556)	(127,520)	(119,788)	(119,882)	(127,372)	(126,565)
Net defined benefit asset	29,147	25,183	32,915	32,821	25,331	26,138

3. Prior Year Adjustment– reclassification of expenses

During the year, management reviewed the categorisation of costs within the profit and loss account. This review was performed to ensure that expenses are classified in a manner that more accurately reflects their underlying nature and aligns with current reporting practices, thereby enhancing the clarity and relevance of financial information provided to users of the financial statements.

As a result of this assessment, certain cost classifications reported in the prior year regarding staff costs and non-time costs have been revised. These changes were made to improve consistency in reporting and to provide a more meaningful representation of the financial performance. The adjustment reflects the reclassification of costs that are not directly attributable to revenue-generating activities from cost of sales to administrative expenses.

These reclassifications have no impact on total operating loss/profit, profit before tax or equity, and were made solely to improve consistency and the usefulness of information presented. There is no impact on the opening retained earnings. The comparative figures have been restated accordingly.

The Prior year movements are shown in the table below:

(£'000s)			Administrative
	Cost of Sales		expenses
Changes to profit and loss accounts			
Period ending 31 December 2024	As previously reported £'000	Adjustment £'000	As restated £'000
Cost of sales	(121,010)	28,471	(92,539)
Gross profit	58,992	28,471	87,463
Administrative expenses	(54,533)	(28,471)	(83,004)

In the current year, using the new categorisation of costs, the amount of cost of sales which have been reclassified to administrative expenses amounted to £14,547k.

4. Turnover

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

	2025 £000s	2024 £000s
National Measurement System	95,115	90,029
Non-National Measurement System	105,643	89,973
Total	200,758	180,002

All turnover arose from the provision of services in the United Kingdom. Turnover includes grant income of £24.7m (2024: £29.3m).

5. Information regarding directors and employees

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

	2025 No.	2024 No.
Average number of full-time equivalent employees during the year		
Technical Staff	1,042	1,009
Administration	409	353
Total	1,451	1,362

Their aggregate remuneration comprised:

	2025 £000s	2024 £000s
Wages and salaries	76,478	70,317
Social Security costs	10,064	8,025
Other pensions costs	14,266	11,557
Total	100,808	89,899

Directors' remuneration

	2025 £000s	2024 £000s
Directors' emoluments		
Emoluments (excluding pension contribution)	752	840
Pension contributions	112	61
Total	864	901

Highest paid Directors' remuneration

	2025 £000s	2024 £000s
Aggregate of emoluments	258	282
Pension contributions	24	21
Total	282	303

Number of directors who:

	2025	2024
Are members of a money purchase scheme	3	3
Total	3	3

6. Interest receivable and similar income

	2025 £000s	2024 £000s
Bank interest receivable	46	67
Net interest on defined benefit pension scheme	1,732	1,762
Total	1,778	1,829

7. Interest payable and similar charges

	2025 £000s	2024 £000s
Other loans	1,608	1,474
Total	1,608	1,474

8. Profit before taxation

Profit before taxation is stated after charging:

	2025 £000s	2024 £000s
Depreciation of tangible assets	11,312	9,994
Operating lease rentals		
• Plant and machinery	626	673
• Property rental costs	19,995	18,119
Loss on disposal of property, plant and equipment	166	79
Amortisation of intangible assets	670	53
Research and development expense	65,578	63,491
Exchange (gains)/losses	(309)	75

The analysis of auditor's remuneration is as follows

	2025 £000s	2024 £000s
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	83	74
Fees payable for grant auditing services	263	162
Total	346	236

9. Taxation

The tax charge/(credit) comprises:

	2025 £000s	2024 £000s
Analysis of tax charge for the period		
Current tax		
• UK corporation tax at 25% (2024: 25%)	2,492	-
• Adjustments in respect of prior periods	-	1,274
Total current tax charge	2,492	1,274
Deferred tax		
Origination and reversal of timing differences	(942)	8,183
Adjustment in respect of prior periods	(688)	(566)
Total deferred tax charge/(credit)	(1,630)	7,617
Tax on profit on ordinary activities	862	8,891
Tax relating to other comprehensive income	(784)	(1,374)

The deferred tax balances at 31 December 2025 have been calculated at 25% (2024-25%).

The tax charge recognised for the year ended 31 December 2025 is higher than the effective United Kingdom corporation tax rate of 25% (2024: 25%). The reasons for this are set out below.

	2025 £000s	2024 £000s
Reconciliation of tax charge/(credit)		
Profit before tax	546	4,814
Tax on profit at standard corporation tax rate of 25% (2024: 25%)	137	1,203
Fixed asset differences	(1)	-
Expenses not deductible for tax purposes	12	30
R&D expenditure credits	160	263
Adjustments to tax charge in respect of previous periods	-	1,274
Adjustments to tax charge in respect of previous periods – deferred tax	(688)	(566)
2025 RDEC Notional tax charge	2,492	-
Movement in deferred tax not recognised	(1,250)	6,687
Tax charge for the year	862	8,891

10. Intangible assets

	2025 £000s
Cost	
At 1 January 2025	8,598
Addition	469
At 31 December 2025	9,067
Amortisation	
At 1 January 2025	(2,303)
Charge	(670)
At 31 December 2025	(2,973)
Net book value	
At 31 December 2024	6,295
At 31 December 2025	6,094

Intangible assets relate to software development costs that have future economic benefit to NPL. Intangible assets are amortised based on their estimated useful economic life.

11. Tangible assets

	Assets in the course of construction £000	Technical equipment £000s	Office equipment £000s	Total £000s
Cost				
At 1 January 2025	18,474	124,113	3,919	146,506
Additions	14,723	-	-	14,723
Disposals	(118)	(344)	(967)	(1,429)
Transfers	(18,789)	18,246	543	-
At 31 December 2025	14,290	142,015	3,495	159,800
Depreciation				
At 1 January 2025	-	67,959	2,970	70,929
Charge for the year	-	10,752	560	11,312
Disposals	-	(297)	(966)	(1,263)
Impairment	-	834	-	834
At 31 December 2025	-	79,248	2,564	81,812
Net book value				
At 31 December 2025	14,290	62,767	931	77,988
At 31 December 2024	18,474	56,154	949	75,577

12. Investments

	Investment in Subsidiary £000s	Investment in Associate £000s	Total £000s
Cost	200	-	200
Transfer	(200)	200	-
Impairment	(200)	-	(200)
Transfer	200	(200)	-
Net book value			
At 31 December	-	-	-

This investment relates to Thermology Health Limited, which was incorporated on 19 July 2023. The investment in Thermology Health Limited is fully provided against. Following an equity funding round in March 2025 NPL's equity stake falling below 50%. At this point, NPL's investment became an investment in associate. NPL management continue to consider it prudent to fully provide against the value of the loans drawn down by Thermology Health.

13. Debtors: Amounts falling due within one year

	2025 £000s	2024 £000s
Trade debtors	27,145	16,168
Amounts recoverable on contracts	9,205	16,266
Other debtors	266	460
Prepayments	7,358	5,338
RDEC tax asset	19,663	17,195
Total	63,637	55,427

14. Deferred tax asset

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

	2025 £000s	2024 £000s
Recognition of deferred tax		
Accelerated capital allowances	9,537	7,670
Short term timing differences	(7,287)	(7,833)
Tax losses carried forward and other deductions	2,609	2,609
Total deferred tax asset	4,859	2,446
Movement in deferred tax asset:		
Asset at 1 January	2,446	8,689
Deferred tax credit/(charge) in the profit and loss account for the year	1,629	(7,617)
Statement of Comprehensive Income	784	1,374
Deferred tax asset at 31 December	4,859	2,446

	2025 £000s	2024 £000s
Within one year	-	-
More than one year	4,859	2,446
Total	4,859	2,446

The total value of unrecognised deferred tax assets to £ 21.7M at 31 December 2025 (2024: £21.2M).

15. Creditors: amounts falling due within one year

	2025	2024
	£000s	£000s
Other loans (see note 21)	4,061	3,502
Trade creditors	8,612	4,208
Other taxes and social security	8,268	5,437
Other creditors	34,214	32,217
Accruals	11,423	16,230
Deferred income	12,180	12,896
Total	78,758	74,490

Within other creditors is £34.2m (2024: £31.7m) of grant income to fund the purchase of capital equipment.

16. Provisions for liabilities and charges

The provisions balance is made up as follows:

	2025	2024
	£000s	£000s
Opening balance	1,152	1,333
Increase in provisions	-	245
Provisions utilised	(581)	(426)
Closing balance	571	1,152

The provisions balance is made up of provisions for future loss on contracts and provisions for warranty expenses. Should a project have a requirement to give a warranty, this is provided for based on the best estimate of future cashflows.

17. Share capital

Allotted, called up and fully paid	£
Balance at 1 January and 31 December 2025 (76 Ordinary shares at £1 each)	76

Ordinary Share rights

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company. All shares rank equally.

18. Share premium reserve

	Share Premium £'000s
Balance at 1 January and 31 December 2025	115,400

19. Employee benefits

Defined contribution schemes

► The Company operates a defined contribution scheme for all qualifying employees in the United Kingdom. The contributions payable by the Company charged to profit or loss amounted to £13.5m (2024: £10.97m). Contributions totaling £nil (2024: £746k) were payable to the fund at the year end and are included in creditors.

Defined benefit scheme

The NPL Management Limited Pension Scheme

► The Company operates a defined benefit under which qualifying employees of the Company previously earned benefits. The scheme closed to future benefit accrual on 30 June 2024.

Under the scheme, the employees previously earned retirement benefits varying between 1.111% and 1.667% of final pensionable pay for each year of Pensionable Service on attainment of their normal retirement age of 60. No other post-retirement benefits are provided. The Scheme is a funded scheme.

Following conclusion of the formal actuarial valuation conducted as at 5 April 2022, it was agreed that the Company would cease cash contributions to the scheme while the scheme remains in surplus.

The most recent comprehensive triennial valuation of the Scheme was carried out at 5 April 2022. The company has employed an independent actuary to approximately update this valuation, as required by FRS102, allowing for differences between the actuarial assumptions used by the Scheme for funding purposes and those adopted by the company to measure the Scheme's assets on the financial statements, as well as adjustment for benefits paid by the Scheme.

	Valuation at	
	2025	2024
Key assumptions used:		
Discount rate	5.60%	5.60%
Rate of salary increases	n/a ¹	n/a ¹
Rate of increase in pensions in payment	2.85%	3.00%
Inflation (RPI)	3.00%	3.20%
Inflation (CPI)	2.80%	2.95%

¹ the scheme closed to future accrual with effect from 30 June 2024.

Mortality assumptions:

The assumed life expectations on retirement at age 60 are:

	Valuation at	
	2025	2024
Retiring today:		
Males	27.4	27.3
Females	29.4	29.4
Retiring in 20 years:		
Males	28.9	28.7
Females	31.3	31.3

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

	2025	2024
	£000s	£000s
Current service cost	-	2,073
Net interest gain	(1,732)	(1,762)
Admin expenses paid from plan assets	781	510
Total charged to the Profit and Loss	(951)	821

Amounts recognised in other comprehensive income in respect of the defined benefit scheme are as follows:

	2025	2024
	£000s	£000s
Total cost relating to defined benefit scheme	3,136	5,496

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

	2025	2024
	£000s	£000s
At 1 January	155,245	170,354
Interest income	8,491	8,044
Return on plan assets (excl. amounts incl. in net interest costs)	(3,806)	(17,602)
Contributions from employer	-	268
Contributions from scheme participants	-	24
Benefits paid	(6,446)	(5,333)
Admin expenses paid from plan assets	(781)	(510)
At 31 December:	152,703	155,245

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

	2025	2024
	£000s	£000s
At 1 January	123,913	132,973
Service cost	-	2,073
Interest expense	6,759	6,282
Benefits paid	(6,446)	(5,333)
Settlement payments from employer	-	24
Effect of change in assumptions	(1,961)	(12,492)
Effect of experience adjustments	1,291	386
At 31 December:	123,556	123,913
Net Asset recognised in the balance sheet	29,147	31,332

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

	Fair value of assets	
Year	2025	2024
	£000s	£000s
Cash and cash equivalents	607	297
Debt instruments	143,981	142,375
Real estate	359	1,343
Other assets	7,756	11,230
Total	152,703	155,245

The Directors are aware that the Court of Appeal has upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained.

On 5 June 2025, the Government announced its intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written confirmation that historical benefit changes met the necessary standards. However, details of the legislation have not been announced. Subject to the Directors being able to comply with the legislation and the pension scheme obtaining the required written actuarial confirmation(s), the Directors do not expect the valuation of the scheme liabilities to change.

20. Financial commitments

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

	2025	2024
	£000s	£000s
Within one year	655	605
Between one and five years	379	727
Total	1,034	1,332

In respect of the premises and accommodation services, the Company paid base rent of approximately £19.9m in 2025 to DSIT (2024: £18.7m).

21. Creditors: amounts falling due after one year

Other Loans	2025 £000s	2024 £000s
Within one year	4,061	3,502
Between one and two years	4,205	3,812
Between two and five years	13,535	12,267
In over five years	25,964	23,960
Less amounts due within one year	(4,061)	(3,502)
Total	43,704	40,039

The loan facility is provided by DSIT to finance the purchase of capital equipment and the creation of associated infrastructure for the laboratories and testing facilities that support the National Measurement System (NMS).

Loans are repayable by instalments over a 10-year term. The amount of the installments will vary depending on the level of drawdown. The rate of interest is fixed at 3.5%.

22. Controlling party

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

23. Related parties

▶ During the year, Thermology Health Limited, an associate company of NPL Management Ltd, made drawdowns totalling £250,000 under two convertible loan agreements. These convertible loan agreements were made between Thermology Health Limited and NPL Management Ltd.

24. Capital commitments

▶ The Company had capital commitments relating to scientific equipment of £9.77m at 31 December 2025 (2024: £11.79m).

Notes

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NPL annual report and financial statements for the year
ended 31 December 2025
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