

**REGISTRAR OF
COMPANIES**

**Press Complaints Commission
(Limited by guarantee)**

Report and Financial Statements

Year Ended

31 December 1996



BDO Stoy Hayward
Chartered Accountants



PRESS COMPLAINTS COMMISSION (Limited by guarantee)

Annual report and financial statements for the year ended 31 December 1996

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Directors

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PRESS COMPLAINTS COMMISSION (Limited by guarantee)

Board of directors and members

Board of directors and members

| | |
|---------------------------------------|---------------------------|
| Arzina Bhanji | (appointed March 1996) |
| Jenny Brown | |
| Lady Browne-Wilkinson | |
| Iris Burton | |
| Jim Cassidy | (appointed January 1997) |
| Thomas Clarke | |
| Graham Collyer | (appointed February 1997) |
| Sir Brian Cubbon | |
| Baroness Dean of Thornton-le-Fylde | |
| Geoffrey Elliott | (resigned February 1997) |
| Sir David English | |
| John Griffiths | (appointed February 1997) |
| Prof Robert Pinker Bsc(Soc) Msc(Econ) | |
| Baroness Smith of Gilmorehill | |
| The Lord Tordoff | |
| Derek Tucker | (resigned January 1997) |
| The Rt. Hon. Lord Wakeham | |
| David Williams | (resigned February 1997) |
| John Witherow | |

Secretary

Guy Black

Business address and registered office

1 Salisbury Square, London, EC4Y 8AE.

Company number

02538908

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1M 1DA.

PRESS COMPLAINTS COMMISSION (Limited by guarantee)

Report of the directors for the year ended 31 December 1996

The directors present their report together with the audited financial statements for the year ended 31 December 1996.

Results

The Commission incurred an excess of expenditure over income of £60,450 (1995 - £29,459) for the year.

The results do not include the value of free advertising space donated to the Commission by the newspaper industry.

Principal activities of the Commission

The Press Complaints Commission is an independent organisation which deals with complaints from members of the public about possible breaches by newspapers or magazines of their own Code of Practice.

The Commission was set up in 1991, following the closure of the Press Council. Lord Wakeham became Chairman of the PCC in January 1996.

Trading review

In 1996, over 3,000 complaints were made to the PCC - higher than in any previous year. Of those raising a possible breach of the Code, more than eight in ten were resolved directly between the editor and the complainant as a result of the Commission's intervention.

As in previous years, every critical adjudication of the Commission was published in full and with due prominence by the publication concerned.

As well as acting impartially to resolve and adjudicate on complaints about possible breaches of the Code, the Commission continued in 1996 to give general advice to editors on ethical issues related to the Code.

The PCC continues to be funded generously by the newspaper and magazine publishing industry. This commitment to effective self regulation allows the PCC to operate without cost either to taxpayer or to those complaining. At the same time, a clear majority of lay members on the Commission ensures the independence of the PCC from those who fund it.

Future activities

In the coming year the commission will continue to further its objects with funds provided to it by the Press Standards Board of Finance Limited.

PRESS COMPLAINTS COMMISSION (Limited by guarantee)

Report of the directors for the year ended 31 December 1996 (*Continued*)

Directors' interests

The directors who have served during the year, are also the Commission members, as shown on page 1. They have all undertaken to contribute such amounts as may be required, not exceeding £1, to the Commission's assets if it should be wound up.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

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

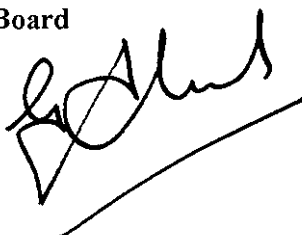
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

G V Black



Secretary

Date

16 July 1997

PRESS COMPLAINTS COMMISSION (Limited by guarantee)

Report of the auditors

To the shareholders of Press Complaints Commission (Limited by guarantee)

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 December 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
London

16 July 1997

PRESS COMPLAINTS COMMISSION (Limited by guarantee)

Income and expenditure account for the year ended 31 December 1996

| | Note | 1996 £ | 1995 £ |
|--|------|-------------|-------------|
| Income | 2 | 1,255,000 | 1,057,500 |
| Administrative expenses | | 1,318,162 | 1,091,961 |
| | | <hr/> | <hr/> |
| Operating loss | 3 | (63,162) | (34,461) |
| Interest receivable | | 2,712 | 5,002 |
| | | <hr/> | <hr/> |
| Loss on ordinary activities before and after taxation | | (60,450) | (29,459) |
| Retained deficit brought forward | | (117,511) | (88,052) |
| | | <hr/> | <hr/> |
| Retained loss carried forward | | (177,961) | (117,511) |
| | | <hr/> <hr/> | <hr/> <hr/> |

All amounts relate to continuing activities.

All recognised gains and losses are included in the income and expenditure account.

The notes on pages 7 to 10 form part of these financial statements

PRESS COMPLAINTS COMMISSION (Limited by guarantee)

Balance sheet at 31 December 1996

| | Note | 1996 | 1995 |
|---|------|------------------|------------------|
| | | £ | £ |
| Fixed assets | | | |
| Tangible assets | 7 | 26,950 | 14,968 |
| Current assets | | | |
| Cash at bank | | 22 | 4,210 |
| Debtors | 8 | 12,603 | 11,607 |
| | | <u>12,625</u> | <u>15,817</u> |
| Creditors: amounts falling due within one year | 9 | <u>217,536</u> | <u>148,296</u> |
| Net current liabilities | | (204,911) | (132,479) |
| Total net liabilities | | <u>(177,961)</u> | <u>(117,511)</u> |
| Capital and reserves | | | |
| Accumulated profit/(loss) | | <u>(177,961)</u> | <u>(117,511)</u> |

The financial statements were approved by the Board on

16th JULY 1997

The Rt Hon Lord Wakeham)
) **Directors**
 Sir Brian Cubbon)

Waken
B. Cubbon

The notes on pages 7 to 10 form part of these financial statements

PRESS COMPLAINTS COMMISSION (Limited by guarantee)

Notes forming part of the financial statements for the year ended 31 December 1996

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Income

The income of the Commission represents contributions received from the Press Standards Board of Finance Limited.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except freehold land, over their expected useful lives. It is calculated at the following rates:

| | |
|-------------------------|-----------------|
| Furniture and equipment | - 20% per annum |
| Computer equipment | - 33% per annum |

Leased assets

Annual rentals under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

2 Income

| | 1996 £ | 1995 £ |
|---|-----------|-----------|
| Press Standards Board of Finance Limited contribution | 1,255,000 | 1,057,500 |

3 Operating profit

This is stated after charging:

| | | |
|---|--------|--------|
| Depreciation of own assets | 16,575 | 27,133 |
| Hire of assets under operating leases: | | |
| Land and buildings | 45,000 | 45,000 |
| Other | 20,498 | 16,898 |
| Auditors' remuneration for audit services | 10,575 | 10,575 |

PRESS COMPLAINTS COMMISSION (Limited by guarantee)

Notes forming part of the financial statements for the year ended 31 December 1996 (*Continued*)

4 Employees

| | 1996 Number | 1995 Number |
|--|------------------------|------------------------|
| The average weekly number of employees during the year was as follows: | | |
| Office staff | 15 | 15 |
| | <u> </u> | <u> </u> |
| Staff costs (including directors) consist of: | | |
| | £ | £ |
| Wages and salaries | 606,271 | 499,611 |
| Redundancy costs | 19,500 | 16,000 |
| Social security costs | 39,991 | 39,074 |
| Other pension costs | 39,516 | 23,473 |
| | <u> </u> | <u> </u> |
| | 705,278 | 578,158 |
| | <u> </u> | <u> </u> |

5 Directors' remuneration

| | | |
|----------------------------------|-------------------|-------------------|
| Commissioners' stipends | 81,500 | 58,013 |
| Chairman's remuneration - salary | 91,650 | 88,125 |
| | <u> </u> | <u> </u> |
| | 173,150 | 146,138 |
| | <u> </u> | <u> </u> |

6 Taxation

As a result of tax losses incurred, no provision for corporation tax has been made in respect of the results for the year (1995 - £Nil). Tax losses of approximately £50,000 are available to set off against future profits, subject to Inland Revenue agreement.

PRESS COMPLAINTS COMMISSION (Limited by guarantee)

Notes forming part of the financial statements for the year ended 31 December 1996 (*Continued*)

7 Tangible assets

| | Computer equipment £ | Office furniture and equipment £ | Total £ |
|-----------------------|----------------------------|---|------------|
| <i>Cost</i> | | | |
| At beginning of year | 38,171 | 101,745 | 139,916 |
| Additions | 21,582 | 6,975 | 28,557 |
| | <hr/> | <hr/> | <hr/> |
| At end of year | 59,753 | 108,720 | 168,473 |
| | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | |
| At beginning of year | 32,271 | 92,677 | 124,948 |
| Provided for the year | 10,144 | 6,431 | 16,575 |
| | <hr/> | <hr/> | <hr/> |
| At end of year | 42,415 | 99,108 | 141,523 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 31 December 1996 | 17,338 | 9,612 | 26,950 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 1995 | 5,900 | 9,068 | 14,968 |
| | <hr/> | <hr/> | <hr/> |

8 Debtors

| | 1996 £ | 1995 £ |
|--------------------------------|-----------|-----------|
| Other debtors | 4,399 | 3,258 |
| Prepayments and accrued income | 8,204 | 8,349 |
| | <hr/> | <hr/> |
| | 12,603 | 11,607 |
| | <hr/> | <hr/> |

All amounts shown under debtors fall due within one year.

PRESS COMPLAINTS COMMISSION (Limited by guarantee)

Notes forming part of the financial statements for the year ended 31 December 1996 (*Continued*)

9 Creditors: amounts falling due within one year

| | 1996 £ | 1995 £ |
|------------------------------|-----------|-----------|
| Bank loans and overdrafts | 77,194 | 14,049 |
| Taxation and social security | 46,536 | 38,693 |
| Accruals and deferred income | 93,806 | 95,554 |
| | <hr/> | <hr/> |
| | 217,536 | 148,296 |
| | <hr/> | <hr/> |

10 Obligations under operating leases

The following amounts fall due within one year under leases which expire:

| | Land and buildings £ | Other £ | Total £ |
|----------------|----------------------------|------------|------------|
| In 2 - 5 years | - | 16,423 | 16,423 |
| After 5 years | 30,000 | - | 30,000 |
| | <hr/> | <hr/> | <hr/> |
| | 30,000 | 16,423 | 46,423 |
| | <hr/> | <hr/> | <hr/> |