

**THE PRESS STANDARDS BOARD OF FINANCE
LIMITED**

COMPANY LIMITED BY GUARANTEE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2005

COMPANY REGISTRATION NUMBER 2554323



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**NELSON GILMOUR SMITH & CO.
CHARTERED ACCOUNTANTS
GLASGOW**

**THE PRESS STANDARDS BOARD OF FINANCE LIMITED
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

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**THE PRESS STANDARDS BOARD OF FINANCE LIMITED
COMPANY LIMITED BY GUARANTEE**

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Philip Graf CBE - Chairman Paul Dacre Leslie Hinton Clive Milner Stephen A.J. Oram Tim Bowdler Robin Burgess David Newell Nicholas Coleridge Ian R. Locks James Raeburn
Company secretary	James Raeburn
Registered office	Bloomsbury House Bloomsbury Square 74-77 Great Russell Street London WC1B 3DA
Auditors	Nelson Gilmour Smith & Co. Chartered Accountants & Registered Auditors Mercantile Chambers 53 Bothwell Street Glasgow G2 6TB
Bankers	Bank of Scotland Gordon Street Glasgow G1 3RS

THE PRESS STANDARDS BOARD OF FINANCE LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2005.

Principal activities and business review

PRESSBOF is an independent body set up by the main organisations representing newspaper and magazine publishers. The organisations represented on the Board of Directors are:

The Newspapers Publishers Association

The Newspaper Society

Periodical Publishers' Association

The Scottish Daily Newspaper Society

Scottish Newspaper Publishers Association

The principal activity of PRESSBOF is to collect funds for the purpose of financing the self-regulatory arrangements for newspapers and magazines in the U.K. centred on the Press Complaints Commission.

Review of activities and future developments

Registration fees collected so far for the calendar year 2004 amounted to 96% of the target set by the Directors. Efforts continue to extend the number of contributing publishers.

The rate of registration fees for 2005 has been increased by 5% of the 2004 scale.

Results

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

PRESSBOF is precluded by its Memorandum from making and distribution to its members.

Directors

The directors who served the company during the year were as follows:

Philip Graf CBE

Paul Dacre

Leslie Hinton

Clive Milner

Stephen A.J. Oram

Tim Bowdler

Robin Burgess

David Newell

Ian R. Locks

James Raeburn

Nicholas Coleridge

Sir Robin Miller

(Appointed 10 January 2005)

(Resigned 9 December 2004)

Nicholas Coleridge falls to retire at the Annual General Meeting under Article 59 of the Company's Articles of Association and Philip Graf, Ian R. Locks and Clive Milner fall to retire by rotation at the Annual General Meeting. All are recommended for re-election.

**THE PRESS STANDARDS BOARD OF FINANCE LIMITED
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2005

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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

The Auditors, Nelson Gilmour Smith & Co., have signified their willingness to continue in office and a resolution re-appointing them as Auditors and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

48 Palmerston Place
Edinburgh
EH12 5DE

Signed by order of the directors


James Raeburn
Company Secretary

Approved by the directors on

22/6/05

**THE PRESS STANDARDS BOARD OF FINANCE LIMITED
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE
PRESS STANDARDS BOARD OF FINANCE LIMITED**

YEAR ENDED 31 MARCH 2005

We have audited the financial statements of The Press Standards Board of Finance Limited for the year ended 31 March 2005 on pages 6 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

**THE PRESS STANDARDS BOARD OF FINANCE LIMITED
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE
PRESS STANDARDS BOARD OF FINANCE LIMITED *(continued)***

YEAR ENDED 31 MARCH 2005

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Mercantile Chambers
53 Bothwell Street
Glasgow
G2 6TB

15/2005

Nelson Gilmour Smith & Co.

NELSON GILMOUR SMITH & CO.
Chartered Accountants
& Registered Auditors

**THE PRESS STANDARDS BOARD OF FINANCE LIMITED
COMPANY LIMITED BY GUARANTEE**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2005

	Note	2005 £	2004 £
Turnover	2	1,736,029	1,712,552
Charges		1,627,000	1,595,301
Gross profit		109,029	117,251
Administrative expenses		121,127	120,224
Operating loss	4	(12,098)	(2,973)
Interest receivable		13,252	6,837
Profit on ordinary activities before taxation		1,154	3,864
Tax on profit on ordinary activities		—	—
Retained profit for the financial year		1,154	3,864
Balance brought forward		17,594	13,730
Balance carried forward		<u>18,748</u>	<u>17,594</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 10 form part of these financial statements.

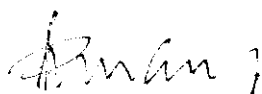
**THE PRESS STANDARDS BOARD OF FINANCE LIMITED
COMPANY LIMITED BY GUARANTEE**

BALANCE SHEET

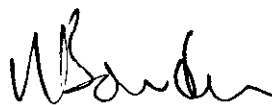
31 MARCH 2005

	Note	2005 £	£	2004 £	£
Current assets					
Stocks	6	500		—	
Cash at bank		21,197		22,992	
		<u>21,697</u>		<u>22,992</u>	
Creditors: Amounts falling due within one year	7	<u>2,949</u>		<u>5,398</u>	
Net current assets			18,748		17,594
Total assets less current liabilities			18,748		17,594
Reserves	9				
Profit and loss account			18,748		17,594
Members' funds			18,748		17,594

These financial statements were approved by the directors on the 22/6/05 and are signed on their behalf by:



Philip Graf CBE
Chairman



Tim Bowdler
Director

The notes on pages 9 to 10 form part of these financial statements.

**THE PRESS STANDARDS BOARD OF FINANCE LIMITED
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2005

	2005		2004
	£	£	£
Net cash outflow from operating activities		(15,047)	(5,434)
Returns on investments and servicing of finance			
Interest received	<u>13,252</u>		<u>6,837</u>
Net cash inflow from returns on investments and servicing of finance		13,252	6,837
(Decrease)/increase in cash		<u>(1,795)</u>	<u>1,403</u>
Reconciliation of operating loss to net cash outflow from operating activities			
	2005		2004
	£		£
Operating loss	(12,098)		(2,973)
Increase in stocks	(500)		—
Decrease in creditors	<u>(2,449)</u>		<u>(2,461)</u>
Net cash outflow from operating activities	<u>(15,047)</u>		<u>(5,434)</u>
Reconciliation of net cash flow to movement in net funds			
	2005		2004
	£		£
(Decrease)/Increase in cash in the period	<u>(1,795)</u>		<u>1,403</u>
Movement in net funds in the period	<u>(1,795)</u>		<u>1,403</u>
Net funds at 1 April 2004	22,992		21,588
Net funds at 31 March 2005	<u>21,197</u>		<u>22,992</u>
Analysis of changes in net funds			
	At		At
	1 Apr 2004	Cash flows	31 Mar 2005
	£	£	£
Net cash:			
Cash in hand and at bank	<u>22,992</u>	<u>(1,795)</u>	<u>21,197</u>
Net funds	<u>22,992</u>	<u>(1,795)</u>	<u>21,197</u>

The notes on pages 9 to 10 form part of these financial statements.

**THE PRESS STANDARDS BOARD OF FINANCE LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

Registration fee income is credited to the Profit and Loss Account in the period in which it is received.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

2. Turnover

Turnover is attributable to one continuing activity within the United Kingdom and represents the registration fees collected from newspaper and magazine publishers during the year.

3. Charges

Charges represent payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom.

4. Operating loss

Operating loss is stated after charging:

	2005 £	2004 £
Auditors' remuneration		
- as auditors	<u>1,750</u>	<u>1,700</u>

5. Directors' emoluments

The average number of persons employed by the company during the financial year, including the directors, amounted to 1 (2004 - 1).

The aggregate payroll costs of the above were:

	2005 £	2004 £
Directors' emoluments	25,000	23,125
Social security costs	<u>2,150</u>	<u>2,362</u>
	<u>27,150</u>	<u>25,487</u>

No other directors received any emoluments (2004 - Nil).

6. Stocks

	2005 £	2004 £
Editors' Codebook	<u>500</u>	<u>-</u>

**THE PRESS STANDARDS BOARD OF FINANCE LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

7. Creditors: Amounts falling due within one year

	2005	2004
	£	£
Other creditors including taxation and social security:		
Other taxation and social security	—	3,698
Accruals and deferred income	2,949	1,700
	<u>2,949</u>	<u>5,398</u>

8. Related party transactions

Since 1 October 2003, Secretarial and accounting services, with the exception of secretarial services relating to the Code Committee, are provided by James Raeburn, a Director of PRESSBOF. Fees amounting to £56,182 plus Vat (2004 £27,500 plus Vat) were paid to the Scottish Print Employers Federation of which James Raeburn is the Director.

9. Company limited by guarantee

The company is limited by guarantee and does not have a share capital. In the event of a winding up the liability of each member is limited to £1. At 31 March 2005 there were 11 members (2004 - 11).

10. Control

The Company is controlled by the Members/Directors who, apart from Philip Graf and Leslie Hinton represent the trade associations listed in the Directors' Report.

**THE PRESS STANDARDS BOARD OF FINANCE LIMITED
COMPANY LIMITED BY GUARANTEE**

MANAGEMENT INFORMATION

YEAR ENDED 31 MARCH 2005

**The following page does not form part of the statutory financial statements
which are the subject of the independent auditors' report on pages 4 to 5.**

THE PRESS STANDARDS BOARD OF FINANCE LIMITED
COMPANY LIMITED BY GUARANTEE

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2005

	2005		2004	
	£	£	£	£
Turnover				
Registration fees		1,736,029		1,712,552
Press Complaints Commission		1,627,000		1,595,301
Gross profit		<u>109,029</u>		<u>117,251</u>
Overheads				
Directors emoluments	25,000		23,125	
Directors national insurance contributions	2,150		2,362	
Travel	2,564		5,841	
Telephone and postage	1,386		1,439	
Printing and stationery	1,538		1,985	
Editors' Codebook	2,699		—	
General expenses	1,171		3,018	
Secretarial and accounting services	82,869		77,555	
Consultancy fees	—		3,199	
Auditors remuneration	1,750		1,700	
		<u>121,127</u>		<u>120,224</u>
Operating loss		<u>(12,098)</u>		<u>(2,973)</u>
Bank interest receivable		13,252		6,837
Profit on ordinary activities		<u>1,154</u>		<u>3,864</u>