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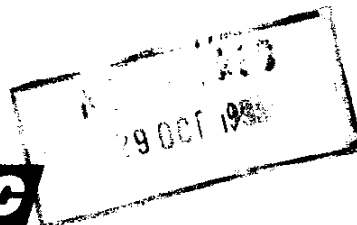
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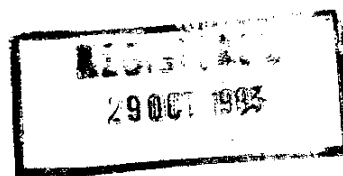
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nnual review

"The BBC needs to keep closely in touch with its audience, and to develop clear objectives that reflect the audience's needs and interests. Once these objectives are set, the BBC needs to be able to assess and report on how it is doing against them. The Governors will report annually to the licence payers and Parliament on the BBC's performance."



1992/93

Report and Accounts

Assessment by the Board of Governors

Review of Performance by the Director-General

The BBC's sole purpose is to serve the public. It has a contract with the licence-payer to make programmes of quality and excellence, but also to offer value for money and proper accountability.

The contract must be honoured and be seen to be honoured. For this reason, the BBC promised some months ago to provide a more open and self-critical Annual Report.

The Report reflects the distinct roles of the Board of Governors and Board of Management. The Governors are the licence-payers' representatives, trustees of the public interest within the BBC. Their assessment offers a detailed overview of the BBC's progress. The Board of Management, headed by the Director-General, is responsible for the day-to-day running of the BBC. The Director-General's Review describes the BBC's performance in all areas of its operation, setting out objectives for the year ahead. Both sections aim at candour. Supporting them is a final section of financial statements, audited by Coopers & Lybrand.

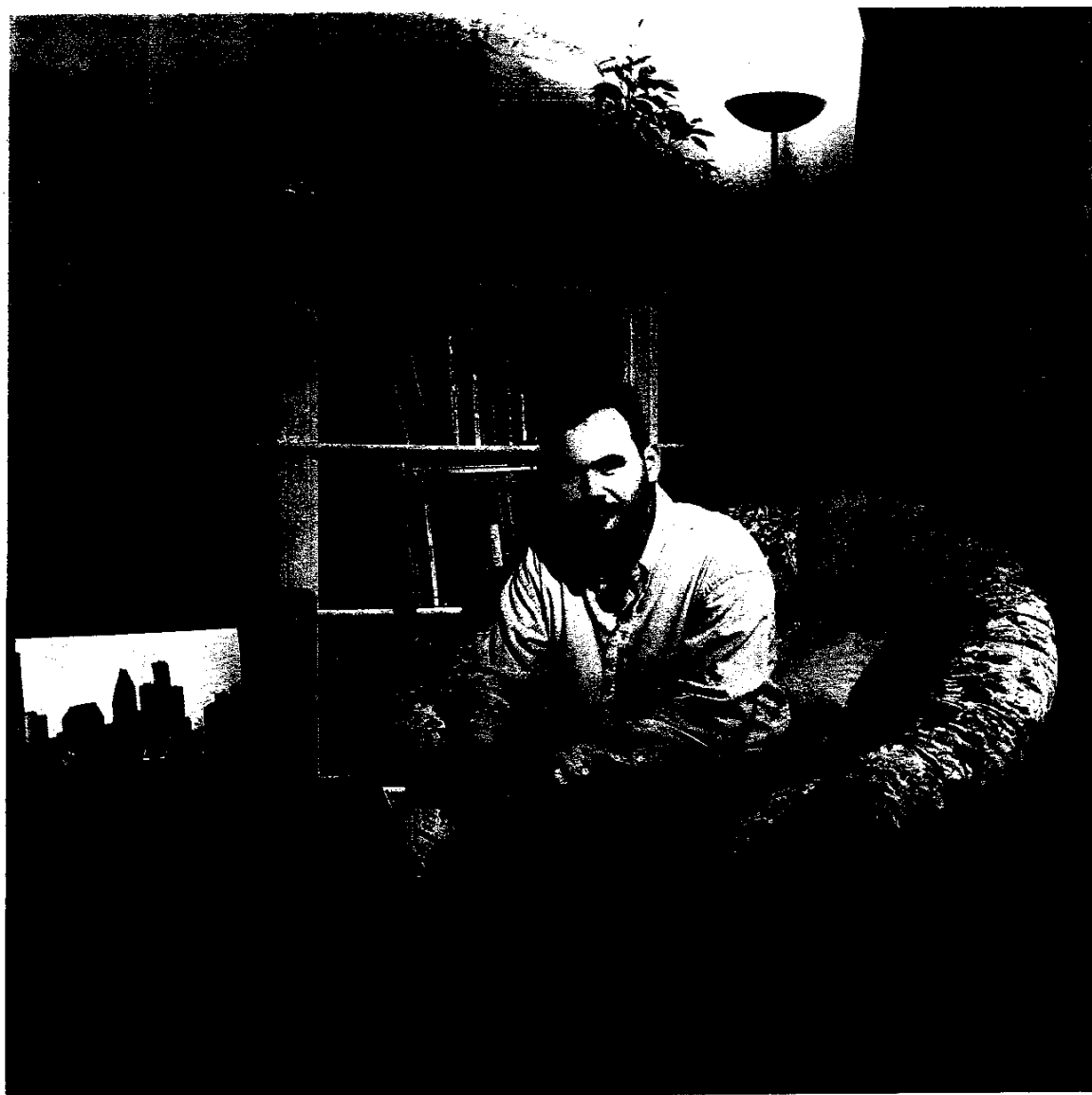


"The BBC has always been important to me, but even more so recently since I moved house. When you get to my age the TV and radio are important, they keep me company. If I listen to the BBC, I'd like to think that they will also listen to me and give me more of the programmes I want."

.....
Margaret Sadler,
Chepstow

Throughout this report we have used statements by licence-payers who have commented to the BBC over the last year on different aspects of the BBC's performance. We are grateful to them for permission to use their words.

We also thank them for allowing us to photograph them in their own homes.



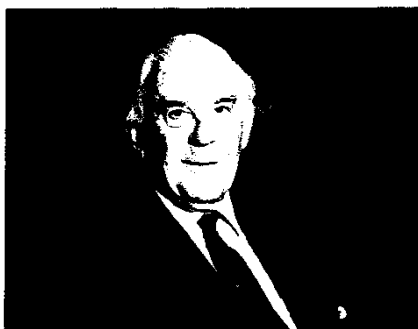
"The BBC should strive to maintain its worldwide position. The challenge is to ensure that commercial demands don't compromise the need for quality"

.....
Russell Bowman,
Lymington,
Hampshire

Part 1

The Board of Governors

Chairman's Foreword



This has been a year of milestones. The creation of a Department of National Heritage with responsibility for broadcasting; the publication of a Green Paper on the future of the BBC; the launch of *Extending Choice*, the BBC's own vision for its future; and the arrival of a new Director-General.

Increasingly over my six years as Chairman, I have seen the forces for change outside the BBC being met by a willingness to change within the BBC. It was Michael Checkland who saw that managerial reforms would strengthen the Corporation's traditions, not weaken them. His message went home. The six years he gave us as Director-General laid firm foundations for the new BBC being built by his successor, John Birt.

Two years of careful preparation have led to the devolution of budgets to programme-makers, now free to choose between in-house and external providers for the resources they need to make their programmes. The Governors insist that public money should be prudently used.

The BBC has set out to attract the best new ideas from independent programme-makers, by ensuring they can compete on equal terms; and to develop commercial policies which exploit the licence-payers' investment, but are fair to our competitors. The BBC is turning outwards.

The Governors now see a BBC increasingly confident in its relationships, both as partner and competitor, with the private sector. This confidence goes hand in hand with a clearer understanding of our public purposes.

We are looking for programmes which break new ground, which address the most intractable public problems. We insist on standards – in the use of language, in the choice and emphasis of news items, in issues of taste and decency. But we also have a responsibility to serve all licence-payers with programmes that are popular as well as distinctive. We must win and hold audiences, in the face of increasing competition. It is by our programmes that we will be judged.

The debate about the future of the BBC has thrown one issue higher than the rest – accountability. We have rightly been asked where responsibility lies for ensuring that the public interest is entrenched within the BBC. The answer, unequivocally, is that it lies with the Governors.

Twice in the last year the Governors have intervened decisively as trustees of the public interest. First, we halted plans to establish a news network on Radio 4 long wave, pending enquiry into other options. Second, the Governors' Audit Committee examined the reasons for an over-allocation of budget in Network Television, published a report, and made sure that improved

budgetary control systems were introduced.

But we must be more than regulators. As trustees we must ensure that the strategic direction of the BBC reflects the classic values of public service broadcasting. Since I became Chairman in 1986, the direction of the BBC has changed significantly, but always in pursuit of a Reithian objective: that is, to create intelligent and entertaining programmes in a schedule that appeals to everyone.

This summer, four outstanding Governors come to the end of their terms. Lord Barnett, P.D. James, Keith Oates and Bill Jordan have each played significant roles in carrying the BBC forward. John Roberts, who retired as a Governor in March, may perhaps speak for all of them: "The past five years have seen a unique effort by the Board to animate radical and beneficial change."

The last three months of the financial year brought conflicting fortunes. In March the BBC was riven by public furore about the appointment of John Birt in 1987. This is the place to put the facts in perspective.

When Sir Michael Checkland was appointed Director-General, the Governors wanted someone outside the BBC to take over as Deputy, and Sir Paul Fox, then the Managing Director of Yorkshire Television, recommended John Birt. Normal BBC procedures were followed. The first person to interview John Birt was the Director-General. He was impressed and recommended him to the Vice-Chairman and me. Sir Michael said we should know that John Birt was self-employed and, bearing in mind the volatility of the industry, wished to remain so. The Personnel Director had therefore been instructed to make enquiries to clarify the legal and tax position; and had reported that there was no problem on either issue. Questioned by Lord Barnett and myself about the

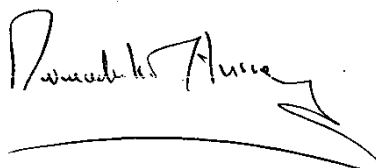
dangers of creating a precedent, the Director-General assured us that the practice already existed amongst the Board of Management and elsewhere in the Corporation. We then interviewed John Birt ourselves. We concluded he had just the vision, experience and courage that the BBC needed. Accordingly, we agreed the Director-General's recommendations, and accept responsibility for having done so.

It is a matter of regret that the contract issue was not cleared up more quickly when Mr Birt took over the position of Director-General three months earlier than expected, although the procedures to do so had already been put in train by the remuneration committee.

The publicity these events attracted masked other major developments, in particular the strengthening of the Board of Management with several distinguished broadcasters and executives.

We now have a first-class Board of Management, ably led and united in a common purpose to make the BBC the best-run operation in the public sector, maintaining and enhancing the unique creative skills and values that have brought it worldwide acclaim.

Next year will see the publication of a White Paper on the BBC shaped by six months of public debate. I firmly believe the BBC is in a better position now than for many years to play the great part in affairs for which John Reith prepared it in the first half of our century, to ensure that the BBC continues its proud tradition of service both to the United Kingdom and the world.



Marmaduke Hussey Chairman

BBC Board of Governors

Marmaduke Hussey

Marmaduke Hussey became Chairman of the BBC in November 1986. He was Chief Executive and Managing Director of Times Newspapers from 1972 to 1980, and a director from 1982 to 1986.

The Rt Hon Lord Barnett

Lord Barnett was appointed Vice-Chairman of the BBC in August 1986. From 1964 to 1983, he was MP for Heywood and Royton, and Chief Secretary to the Treasury between 1974 and 1979.

Sir Graham Hills

Sir Graham Hills was appointed National Governor for Scotland in August 1989. He was Principal and Vice-Chancellor of the University of Strathclyde from 1980 until 1991.

Sir Kenneth Bloomfield KCB

Sir Kenneth Bloomfield was appointed National Governor for Northern Ireland in July 1991. He was Head of the Northern Ireland Civil Service from 1984 until 1991.

Dr Gwyn Jones

Dr Gwyn Jones was appointed National Governor for Wales in January 1992. He was chairman of the Welsh Development Agency between 1988 and 1993.

Dr John Roberts

Dr John Roberts is Warden of Merton College, Oxford. His books include *The Triumph of the West*. He became a BBC Governor in April 1988 and retired in March 1993. (Not pictured)

Baroness James of Holland Park OBE

Baroness James of Holland Park became a BBC Governor in August 1988. As P. D. James she is one of the country's leading fiction writers, and many of her books have been adapted for television.

Bill Jordan CBE

Bill Jordan became a BBC Governor in August 1988. Since 1986 he has been President of the Amalgamated Engineering Union (AEEU 1992).

Keith Oates

Keith Oates was appointed a BBC Governor in August 1988. In 1984 he became Finance Director of Marks and Spencer. He is now Managing Director.

Dr Jane Glover

Dr Jane Glover became a BBC Governor in May 1990. She is an internationally renowned conductor, working both on the concert platform and in opera.

Shahwar Sadeque

Mrs Shahwar Sadeque became a BBC Governor in May 1990. She was a member of the Commission for Racial Equality between 1989 and 1993 and is a member of the VAT Tribunal.

Lord Nicholas Gordon Lennox KCMG KCVO

Lord Nicholas Gordon Lennox was appointed a BBC Governor in August 1990. After a career in the Foreign and Commonwealth Office, he served as Ambassador to Spain between 1984 and 1990.



Standing left to right: Sir Kenneth Bloomfield, Sir Graham Hills,
Dr Jane Glover, Lord Nicholas Gordon Lennox, Keith Oates, Baroness James
Seated left to right: Mrs Shahwar Sadeque, Marmaduke Hussey (Chairman),
Dr Gwyn Jones, Lord Barnett (Vice-Chairman)
(Bill Jordan was unavailable)

The role of the Governors

All publicly funded bodies in the 1990s are, or should be, directly and visibly accountable for delivering the highest standards of performance to the public they serve, against clearly defined objectives. The Governors believe that the BBC should not merely conform to contemporary practice in this respect; it should be a leader in the field.

Over the last 12 months we have looked carefully at the Citizens' Charter and the report of the Cadbury Committee on the financial aspects of corporate governance. We have also studied the techniques used by the independent regulators of public services and utilities. The approach we have now introduced borrows something from all these strands of thought, but is tailored to the particular task of the BBC Governors.

That task is a broad one: it is to ensure that the BBC, in all its aspects, performs a public service. We are responsible, not simply for meeting minimum standards, but for ensuring the best possible range of programme services; and we are there to protect not the interests of a particular group of shareholders but those of the public as a whole.

We have a fundamental duty to defend the independence of the BBC from all outside pressures, commercial and political. The Royal Charter and the Licence Fee establish the conditions for independence, but only the vigilance of a strong Board can secure and maintain it.

We also have a duty, as trustees for the public, to ensure that the BBC's programme services maintain standards of excellence, offer value for money and reflect the needs of the audience. To discharge this task as effectively as possible, we have re-examined our role as trustees and identified five distinct responsibilities.

1 Keep closely in touch with public opinion

Over the years, the BBC has developed a sophisticated system for assessing reaction to individual programmes. But we also need a range of views on BBC schedules, policies and strategic goals. We will therefore:

- establish the country's largest survey of viewers and listeners to keep the BBC in closer touch with audiences
- invite the National Broadcasting Councils in Scotland, Wales, Northern Ireland and ten new regional councils in England to conduct an annual review of the quality of BBC services in each country
- develop a programme of seminars providing focused advice on issues of special concern.

2 Ensure that the BBC's overall strategy reflects the public's needs and interests

To ensure that the public's views are appropriately reflected in the BBC's annual objectives, the Governors have established a clearer plan of business for reviewing the BBC's plans:

- Period 1 review performance
- Period 2 formulate long-term strategy and establish the budget
- Period 3 review editorial and commercial policies and the competitive environment.

3 Monitor and assess management performance against the agreed objectives

The Governors established, following the report of the Cadbury Committee, an Audit Committee of four Governors, charged with reviewing the annual accounts and the auditors' report; ensuring the effectiveness of the BBC's internal controls; and ensuring that management's response to internal control issues is appropriate. The role of the Governors in monitoring wider management performance is being strengthened by introducing a rigorous system of performance indicators to track audience satisfaction, value for money and efficiency.

4 Ensure compliance with external regulations and BBC guidelines

Within the framework of the new annual business plan, the Governors will continue to monitor compliance with broadcasting regulations (such as the requirement to commission 25% of qualifying television programmes from independent programme-makers) and with BBC guidelines on editorial and commercial policy. The Governors will strengthen the BBC's response to serious programme complaints by ensuring proper investigation and rapid response with on-air redress where appropriate and the right of

appeal to a Complaints Committee of the Board. This policy will be introduced and publicised in the autumn.

5 Guarantee regular reporting to licence-payers

The Governors will ensure an improved flow of information to the public about BBC performance

- by publishing a regular programme complaints bulletin
- by ensuring that the Annual Report and Accounts provides a full and open account of the BBC's year.

It is the Governors' responsibility to appoint the Director-General and, with him, key senior executives. We are committed to ensuring that the BBC attracts, selects and retains the highest calibre executives with the leadership and managerial skills to deliver BBC objectives.

A Governors' Remuneration Committee advises the Governors on the remuneration of all members of the Board of Management, including base salary, benefits and performance-related payments.

The purpose of the Committee is to see that the BBC has a remuneration policy that enables it to attract executives to key positions; to ensure that the members of the BBC Board of Management are fairly rewarded for their individual contributions to the achievement of the BBC's objectives; and to demonstrate to Governors, licence-payers and employees that the remuneration of the Board of Management is set by a committee of Governors who have no personal interest in the outcome of their decisions and who will give due regard to the BBC's Charter, purpose and objectives.

Assessment by the Board of Governors of BBC performance

In June this year, at their annual conference, the Board of Governors considered the BBC's performance over the preceding year. The Director-General, John Birt, presented the conclusions of his own review of performance, conducted in May, and members of the Board of Management described the challenges ahead. The Governors, having considered these presentations, offer the following assessment.

We see a BBC in transition, as it pursues with urgency a range of far-reaching reforms. Some are in the early stages of implementation, some are still being designed. None is sufficiently established to allow us to assess performance or make meaningful comparisons over a significant period.

This year, the first in which the BBC has conducted a review of this sort, we have confined ourselves to considering the progress of the reforms; endorsing the objectives set for the BBC by the Director-General; and setting out some additional objectives for the coming year.

The progress of the reforms

The programme of change set out in *Extending Choice*, the BBC's contribution to the public debate about its future, promises distinctive, high-quality programmes on television and radio, delivered by an efficient and accountable BBC. In January, John Birt launched a number of initiatives to make this promise good. He also said that the BBC should be effective as well as efficient.

The Governors believe these are the right goals for a modern public service broadcaster, and welcome the series of reforms undertaken by the new Board of Management. For our part, we have stressed that the whole of the BBC staff should

understand and be involved in the corporate aims; and that the necessary process of managerial reform should not distract the BBC from its principal responsibility – making good programmes.

Distinctive, high-quality programmes

The BBC has embarked on a comprehensive review of programme strategy, applying its ambition to hold the broadcasting high ground across wide areas of programme-making. We are pleased to hear that the leaders of the review, Liz Forgan, the new Managing Director of Network Radio, and Alan Yentob, the new Controller of BBC1, are involving many of the BBC's most creative programme-makers in this review. We note that the wish to provide original and challenging programmes is being properly balanced with the need to attract and hold audiences. We suggest that particular attention be paid to developing a bi-media approach across more of the BBC's output.

An efficient BBC

It is now two years since the Governors approved proposals for the introduction of Producer Choice, requiring BBC resource providers to tender for programme contracts in competition with the independent sector. To prepare for implementation

in April 1993, the BBC completed comprehensive reviews of the use made of in-house resources and the levels of overhead expenses. In addition, new systems for financial reporting and control were introduced. The scale of the change is enormous. Over the coming year we will require assurance that the control systems are robust; that managers are using the newly provided financial information to achieve further efficiency gains; and that no new bureaucracy is emerging to replace the one so recently dismantled.

We welcome further initiatives to increase efficiency, such as market testing and the application of best practice across the BBC. Over the last three years, more of the BBC's expenditure has been devoted to programmes, and less to overheads. This diversion of resources from bureaucracy and overheads to creative programme-making must continue. It is at the heart of the reforms.

An effective BBC

We believe there has been rapid progress in developing new structures and policies to ensure the BBC's purposes are achieved effectively.

The last few months have seen the creation of a bi-media Education Directorate, designed to meet a wider range of learning needs, and the Resources Directorate, to enable a more strategic approach to the management of Producer Choice. We think these new structures will bring a necessary focus to key aspects of the BBC's activity.

We have detected in the past a tendency to assign too many disparate functions to Directorates and Departments. Confusion and inefficiency sometimes resulted. We therefore

welcome the initiative to slim the Corporate Centre, which we have long believed to be overweight. We also welcome the reorganisation of the Finance Directorate and the improvement of budgetary controls throughout the BBC. The separation of commissioning and scheduling from production in output directorates should also bring greater clarity.

Projects to develop a clear commercial policy and to bring together World Service Radio and World Service Television are at an early stage. They are particularly important and will be monitored carefully.

Above all, we welcome the range of initiatives to involve the entire BBC staff in carrying forward the programme of reform. The BBC has not always been known for good management, nor for properly involving its staff. The Board of Management's plans to engage the wider BBC through a series of one-day seminars, for all staff, and the subsequent invitation to identify and solve practical problems through a BBC-wide process of consultation and involvement, are of vital importance.

An accountable BBC

We have already set out under "The role of the Governors" the steps we are taking as Governors to clarify and improve the BBC's accountability to the public.

One of our responsibilities is to ensure that the BBC complies with external regulations. As part of our assessment of performance, we have satisfied ourselves that:

the BBC has observed its undertakings to the Secretary of State for Trade and Industry in regard to cross-media promotion.

- the BBC has made good progress towards meeting its statutory obligation to commission from independent producers 25% of all qualifying programmes over the period January 1993 to March 1994. During 1992/93, 19% of qualifying programmes were commissioned from independents; although we have not yet resolved with the Office of Fair Trading whether programme inserts and certain news-related programming count towards the quota.

Throughout the last year, we have taken a keen interest in an initiative to develop performance indicators for all managers appropriate to the goals of the BBC. We asked for indicators which would help assess audience satisfaction, value for money and efficiency. Rapid completion of this task is essential. The setting of these indicators will enable the Governors, for the first time, to assess progress against agreed objectives, and make a full report to the public.

In addition, the BBC will ensure the advice it takes on its programmes, and on all aspects of its activity, is comprehensive and appropriate. We are looking for rapid and accelerated progress in developing the process of performance review, and welcome the target starting date of January 1994.

During the period of the Green Paper debate, the BBC held a series of public meetings around the United Kingdom at which Governors were present. We have valued the face-to-face discussions with viewers and listeners and have drawn great strength from the support expressed on all sides for the BBC as the cornerstone of British broadcasting.

Challenges for the year ahead

John Birt and his colleagues on the Board of Management have identified the achievements of last year and the outstanding challenges. Both are clearly set out in the next section. We agree with their analysis, and regard the challenges as BBC objectives for the coming year.

We have added six further objectives, to which the Board of Management have agreed:

- To ensure that the regions make an effective contribution to the networks
- To develop sharper programming and news coverage in the field of science and technology
- To ensure that BBC interviewers maintain standards of proper courtesy while rigorously testing the position of interviewees
- To develop a BBC ethics policy with comprehensive guidelines on proper conduct
- To develop a BBC strategy for digital technology
- To ensure that the press and public develop a clearer understanding of the BBC's purposes, policies and achievements.

These are early days. The BBC has set itself a task as big as any undertaken in recent years by a public institution or a private company. It will be some time before we can judge the outcome.

We are much encouraged by the collegiate spirit in which the Board of Management has addressed a very demanding programme. We would like to pay tribute to their rigour in identifying failings and their candour in laying them before us. They have our fullest confidence.

Part 2

Director-General's Review

Preface



I am conscious that this report describes an ambitious enterprise scarcely begun. The BBC has an international reputation for programmes of quality and excellence. But for too long its methods of administration were those of the mid-century.

Like my predecessor, Sir Michael Checkland, I have judged that the BBC must change to survive - change in order to sustain its best traditions. A set of radical ideas are now running through the BBC. They promise to put the interest of our audiences at the heart of everything we do.

Ideas alone will not modernise the BBC. That will need the creative talents of the staff. Over the last six months the process has begun, unleashing new and imaginative thinking about programmes, and a drive to release the funding to make them.

This is a period of enormous challenge. We expect setbacks, of course, but we do not expect to fail. We have set out to refound the BBC as a modern public service, enriching the lives of our audiences here and around the world.

A handwritten signature in dark ink, reading "John Birt". The signature is written in a cursive, flowing style. There is a horizontal line drawn below the signature.

John Birt Director-General

BBC Board of Management

John Birt

John Birt became Director-General of the BBC in December 1992, succeeding Sir Michael Checkland. He began his broadcasting career in 1966 with Granada, and joined the Corporation five years ago from London Weekend Television where he was Director of Programmes.

Bob Phillis

Bob Phillis was appointed Deputy Director-General in January 1993, joining the BBC in April from ITN where he had been Chief Executive. He is also Managing Director, World Service. His job as Deputy Director-General includes co-ordinating the BBC's international, commercial and resource activities.

David Hatch

David Hatch was appointed Adviser to the Director-General in January 1993. He had been Managing Director, Network Radio since 1987, and first worked for the BBC as an actor and writer.

Ronald Neil

Ronald Neil became Managing Director, BBC Regional Broadcasting in April 1989. He also has responsibility for the Annual Performance Review which the Director-General established in January 1993. Previously he was Director of News and Current Affairs.

Will Wyatt

Will Wyatt took up the post of Managing Director, Network Television in April 1991, in succession to Sir Paul Fox. He was previously Assistant Managing Director, a job he had held since December 1988.

Liz Forgan

Liz Forgan was appointed Managing Director, Network Radio in January 1993 joining the BBC from Channel 4 where she had been Director of Programmes. She also heads the Corporation's Programme Strategy Review.

Tony Hall

Tony Hall is Managing Director, News and Current Affairs. He joined the BBC in 1973 as a journalist trainee, and has worked as journalist, producer and editor of BBC news programmes, including the *Nine O'Clock News*.

James Arnold-Baker

James Arnold-Baker became Chief Executive of BBC Enterprises Ltd in October 1986. He was appointed to the BBC's Board of Management in January 1991.

Margaret Salmon

Margaret Salmon became BBC Director of Personnel in 1991. She has special responsibility for training and staff communication and involvement. She joined the BBC from the Burton Group, where she was Group Personnel Director.

Pamela Taylor

Pamela Taylor joined the BBC as Director of Corporate Affairs in November 1992, having been Head of Public Affairs with the BMA since 1985. She is currently President of the Institute of Public Relations.

Patricia Hodgson

Director of Policy and Planning, Patricia Hodgson was a programme-maker for 12 years before becoming the Secretary of the BBC in the mid-80s. In 1987 she established the Policy and Planning Unit which formed the basis of the current directorate.

Rodney Baker-Bates

Rodney Baker-Bates took up his post as Director of Finance and Information Technology in March 1993. He was formerly Group Financial Control Director with the Midland Bank.

Bill Denny

Bill Denny retired from the post of Acting Managing Director, Resources, in May 1993. He joined the BBC in 1956 and was appointed Director of Engineering in 1987.

During the year 1992/93 the following members of Board of Management left the BBC:

Sir Michael Checkland, Director-General from 1987;

John Tusa, Managing Director, World Service from 1986;

Howell James, Director of Corporate Affairs from 1987;

Ian Phillips, Director of Finance from 1988.



BBC Board of Management

From top to bottom, left to right

John Birt, Bob Phillis, Liz Forgan

Ronald Neil, Will Wyatt, David Hatch

Tony Hall, James Arnold-Baker, Margaret Salmon

Pamela Taylor, Rodney Baker-Bates, Patricia Hodgson

Bill Dennay



Introduction

The Royal Charter by which the BBC is established expires in 1996, and we do not take its renewal for granted. Over the last two years we have made a detailed study of the direction of broadcasting and fully re-examined our role. We published our conclusions last November in *Extending Choice*.

The case is a simple one. In the face of increasing competition from commercial broadcasters the BBC should use its public funding to provide programmes that would be at risk in a purely commercial market: authoritative news and information; ambitious and original entertainment; and programmes to meet the complex learning needs of a modern society.

But the new economics of broadcasting, while clarifying the goal, make its attainment much more difficult. Though total broadcasting revenues will grow in the years ahead, the BBC's share of them will decline. The challenge is to fund a more expensive programme strategy in a situation of increasing competitive disadvantage. We have therefore launched far-reaching initiatives to strip additional funds out of overheads and to make the ways we work more effective.

The Review that follows is a snapshot of the BBC just a few months into the programme of

change; and it foreshadows a more formal process of annual review, to be introduced next year. But I hope it reflects both an ambition to achieve demonstrable progress and a spirit of candour in describing our strengths and weaknesses.

There is much to be proud of. We have a rich new vein of comedy, especially on BBC 2; we have made some extraordinary documentaries, illuminating subjects that had seemed mundane; and our news coverage, particularly of economic and international affairs, has reached new heights.

But much remains to be achieved. Two themes are recurrent. In addressing the most difficult subjects, the issues central to all our lives, BBC programmes must reach out to every part of the audience: our output must not be remote, as if made for some approving minority. Second, we must ensure that BBC networks reflect the United Kingdom as a whole.

The BBC provides a public service, and its programmes and policies should be responsive to the public's needs. This new Annual Report will enable the public to assess how far their needs have actually been met. It pledges a more accountable BBC.

John Birt Director-General



Quality in programmes

*"I don't know what I want until I have got it.
I bet nobody wrote to the BBC asking for a series about
a middle-aged bachelor rag-and-bone man and his elderly
father or a racist West Ham supporter, his Scouse
son-in-law and their wives."*

.....
Ian Witham,
Enfield,
Middlesex

Culture and entertainment in television

Comedy and light entertainment

In comedy and light entertainment we have promised to carve out a unique role as the principal innovator and pioneer. We are fortunate to be making this undertaking during a period which is, in many ways, a golden age in terms of

comedy talent. During 1992/93 our schedules were enriched by a generation of women in comedy that included Dawn French, Jennifer Saunders, Ruby Wax and Victoria Wood. Rik Mayall, Ade Edmondson, Lenny Henry, Angus Deayton and Harry Enfield also enjoyed high profiles on our



Absolutely
Fabulous

screens. This generation of comedians produced programmes such as BBC2's *Absolutely Fabulous*, which drew audiences of seven million and was a sparkling example of comedy that breaks boundaries, is intelligent, distinctive and most importantly, exceptionally funny. *Chef* on BBC1 and the third year of *Have I Got News For You* on BBC2 were also at the forefront of new BBC comedy.

During the year, the established situation comedies, supported by new successes, provided the backbone of BBC1 schedules, giving us the strength that popular drama sometimes failed to deliver. *One Foot in the Grave*, *Waiting for God*, *Last of the Summer Wine*, *Birds of a Feather* and *Keeping Up Appearances* served audiences well, particularly in older age groups. For BBC Television comedy programmes overall, 65% of viewers who are regularly surveyed by BARB said they felt the programmes they watched were

"extremely" or "very" enjoyable/interesting. In an average week, BBC comedy drew 29 million viewers.

In variety and light entertainment *Noel's House Party* continued to excel. But, otherwise, performance was fitful. This, alongside other weaknesses in the schedule, contributed to an impression that the early evenings on BBC1 do not match our *Extending Choice* promises. Too much of our output is formulaic and tired. The task for BBC1 is to introduce freshness and surprise into this part of the schedule.

There are other gaps to fill. We need to go further in reflecting the diversity of cultures that contribute to British life. Last year we launched *The Real McCoy*, a showcase for black humour. But we wish to achieve more.

Drama

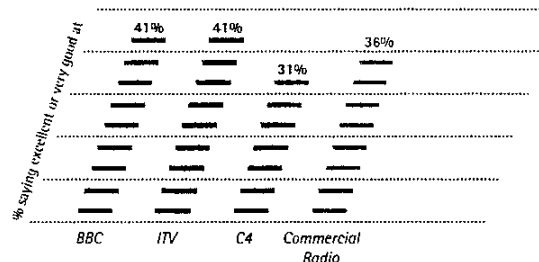
We promised to invest in the commissioning of original drama — and in 1992/93 this produced ambitious drama serials such as *The Mushroom Picker*, *Downtown Lagos* and *Mr Wroe's Virgins*. We also had successes with *Civvies*, *Gallowglass*



The Full Wax

Entertainment

Percentage respondents saying broadcasters are excellent or very good at: providing fresh and original programmes which you will find entertaining and enjoyable



Source: RSL

and *Natural Lies*. Many of these programmes were innovative, as well as demanding and testing of audiences.

In the *Screen One* and *Screen Two* drama series, *Truly Madly Deeply* continued to win awards and *Enchanted April* won Golden Globe awards for Miranda Richardson and Joan Plowright, and was nominated for three Oscars. Outstanding new productions included *Screen Two's The Clothes in the Wardrobe* with Jeanne Moreau and Julie Walters and *The Snapper*, written by Roddy Doyle and directed by Stephen Frears. *Screen One* had, perhaps, its best year and included Simon Gray's *Running Late* with Peter Bowles.

The *Performance* series, which brought celebrated theatrical works, such as *The Doll's House* and *Roots*, to the screen, was a showcase for the best of acting talent – and it had an excellent year.

In *Extending Choice* we promised to restore the BBC's place as the primary focus of broadcast drama. In the field of popular drama series this would mean programmes that reflect and chronicle British society in a way that is realistic, topical, thought-provoking and entertaining. In 1992/93 series such as *EastEnders* and *Casualty* demonstrated ways in which those aims can be met. *EastEnders* drew audiences of 18 million, confirming our belief that a programme of intelligence and quality can also be hugely entertaining and popular. *Casualty* consistently offered imaginative, first-class drama that was relevant to viewers,

and drew large audiences. It also raised editorial problems that need to be addressed. We need to be sure that distressing scenes are never gratuitous, always serve a serious dramatic purpose, do not come as a surprise to viewers, and do not cause widespread offence. The popular, hard-hitting, contemporary police series *Between*



EastEnders





Culture and entertainment in television

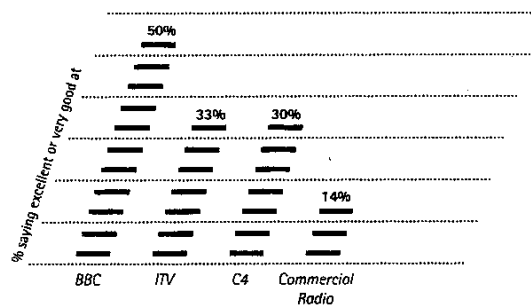
hall politics. *Timewatch* doubled its audience and won critical acclaim. It was a good year for oral history programmes, and *Labour of Love*, about bringing up children, was a particular success.

Video Diaries has pioneered a new type of television, giving equipment, training and support to ordinary people to make television programmes about their own lives. *War, Lives and Video Tape*, shot in Kabul, won the Prix Italia. BAFTA-winning *The Man Who Loves Gary Lineker* traced the life of an Albanian rural doctor. A recent development from *Video Diaries* has been a new series by young people called *Teenage Diaries*. *Forty Minutes* has been revived and has a new vitality, *Inside Story* has had a strong run and particular success with its documentary *Bag Lady*. Michael Palin's warmly appreciated *Pole to Pole* brought popular documentary to large audiences.

The challenges in factual programmes are to keep long-running programmes new and fresh and to take on big subjects in ambitious ways. We recognise that we need to do more to serve audiences for programmes in the fields of science and technology – and to bring new audiences to subjects such as these, by exploring them in exciting and skilful ways. In *Natural History* we have identified the potential for more programming that explores the wildlife of the United Kingdom.

Culture

Percentage respondents saying broadcasters are excellent or very good at: providing programmes that accurately reflect all about us as a nation – our traditions, our arts and the full range of everyday life in Britain today.



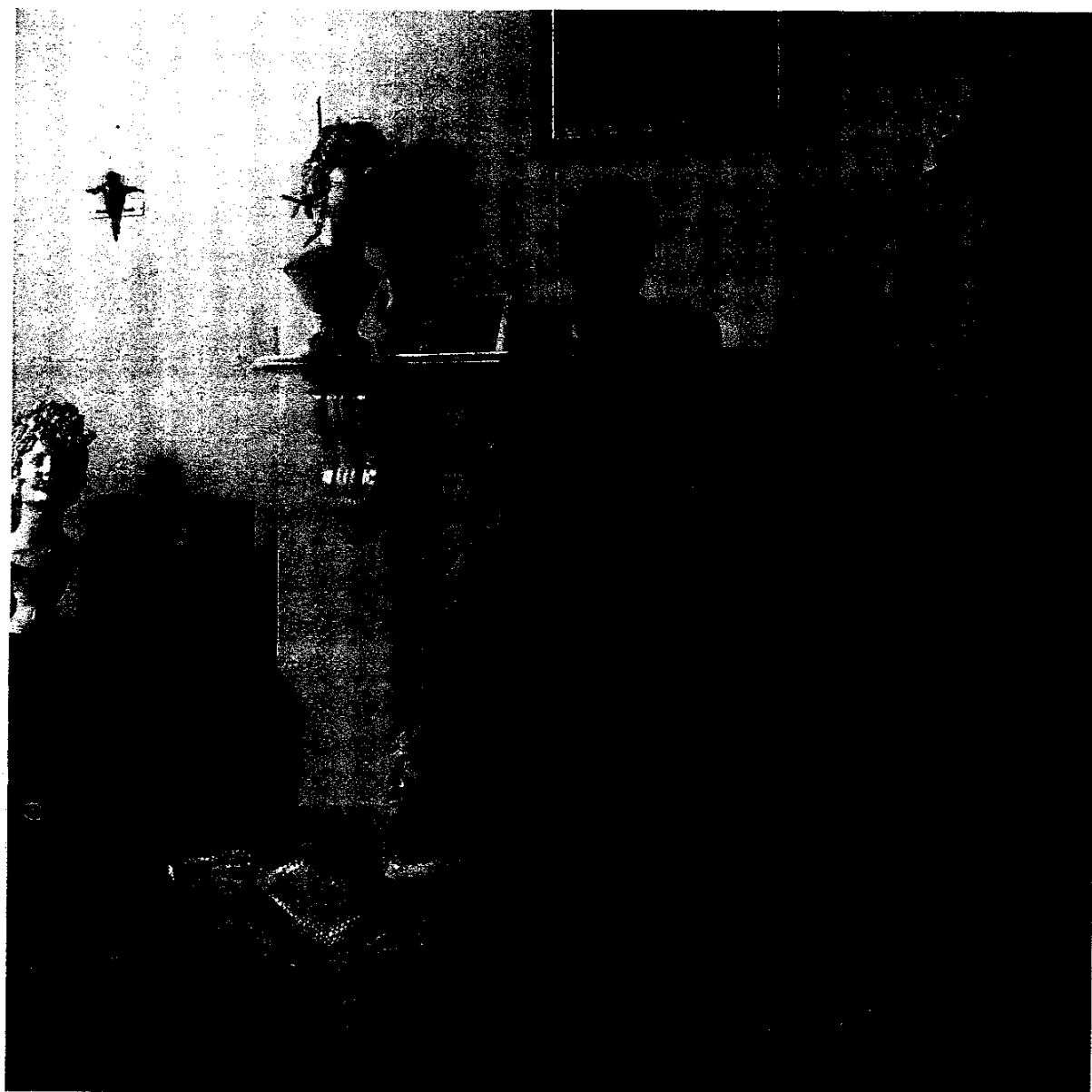
Source: RSL

Music and arts

On BBC 2 we cleared the schedules to broadcast two live operas, Puccini's *Tosca* and Verdi's *Stiffelio*, which both drew critical acclaim. The "soap-opera opera", *The Vampyre*, was a bold departure from conventional formats.

BBC
scenic artists





"I'm interested in the arts but the really good programmes don't start until after 10 o'clock. Why do programme controllers assume you're brain dead if you're at home in the daytime?"

.....
Eilis O'Baoill,
Belfast

In the past year, television's achievements included new ways to engage audiences for visual arts programmes. It developed its imaginative series of *Talking Pictures*, which filled 90-second slots with Magritte or Sickert paintings, or Swagger portraits, with commentaries from people

with an interesting and pertinent view – Beryl Reid on a Sickert painting of a music-hall performer or three Wimbledon bridge-players on Millais's "Hearts are Trumps". Other visual art successes included Sister Wendy Beckett's ten-minute commentaries on painting, and

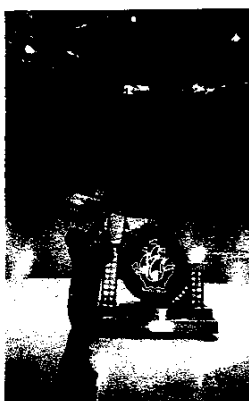
television lectures from Neil MacGregor of the National Gallery.

Omnibus celebrated its 25th anniversary with some strong programmes, including BAFTA Award-winning *Curious Room*, a tribute to Angela Carter, with her last interview before her death. There was also a celebration of the 500th anniversary of the death of Piero della Francesca, *The Piero Trail*, two films about director John Ford and a review of the work of Canadian stage director Robert Lepage.

However, we recognise that more can be achieved in television music programming across the range from rock to classical. We also intend to direct more attention to our coverage of the theatre and of poetry.



Blue Peter
studio
during
rehearsals



BBC
special effects



Children's programmes

The adaptation of Mary Norton's *The Borrowers*, starring Ian Holm and Penelope Wilton, about little people who live under floorboards, was a highlight of the year. It demonstrated a high level of technical expertise using special effects to reduce the size of the principal actors and went on to win BAFTA and RTS awards for best children's drama programmes. We were also able to bring three innovative animation series to the screen in *Shakespeare: the Animated Tales*, *Animals of Farthing Wood* and *Beatrix Potter*. Other successes included *What's That Noise!*, *Return of the Psammead* and a *Newsround Special* on Somalia. *Going Live*, presented by Philip Schofield and Sarah Greene, ended its six-year-long run.

A challenge for children's programming is to retain strong audiences in the face of testing competition some of which comes from an abundance of American, Japanese and Taiwanese animation.

Sport

The Barcelona Olympics presented BBC sports commentary and production teams with an immense broadcasting challenge. In the event, the BBC's coverage marked the very best of our sports journalism, was truly spectacular and drew large

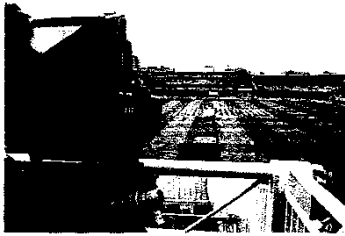
triumph in motor racing and a continuing commitment to minority sports – such as the world gymnastics championships that we covered in April this year. James Hunt was a motor racing commentator of insight and originality, and his death this year was a sad loss to the BBC.

In general, there is a wide appreciation of our sports coverage among audiences for sports programmes – 67% of those who are regularly surveyed by BARB on the subject said they felt the programmes they have watched were “extremely” or “very enjoyable/interesting”. In an average week 21 million people watch BBC sport.

Our main concern in an increasingly competitive and commercial broadcasting environment is to continue to serve our audiences well in our sports coverage generally, and particularly in our coverage of major sporting events. The success of *Match of the Day* demonstrates that we can still offer a valued service to the licence-payer even when live coverage transfers to subscription services on satellite.

and appreciative audiences. The coverage was splendid and won the BBC a range of international awards including the Golden Ring of Lausanne from the International Olympics Committee. The Olympics also provided us with a showcase for technical expertise at the cutting edge.

Match of the Day returned with a welcome depth of match analysis, particularly from the acute and penetrating Alan Hansen. Other highlights of the year included coverage of Open Golf, Nigel Mansell's World Championship



Cricket
at Lord's



Tennis
coverage

BBC Television awards

1 BAFTA Awards

Best Comedy Award:

Absolutely Fabulous

Best Light Entertainment:

Noel's House Party

Best Single Drama:

An Ungentlemanly Act Screen Two

A Union Pictures production for BBC2

Best Factual Series:

Pandora's Box

Most Original Series:

Pandora's Box

Best Children's Fictional programme:

The Borrowers

A Working Title production for BBC1

Huw Wheldon Award for Best Arts Programme:

Angela Carter's Curious Room Omnibus

Flaherty Documentary Award:

Video Diaries: The Man Who Loves Gary Lineker

Best Foreign Language Programme:

Tosca

2 1993 Royal Television Society

Best Situation Comedy:

One Foot in the Grave

Best Drama Serial:

Goodbye Cruel World

Best Documentary Series:

Pandora's Box

Best Arts Programme:

Bookmark: Miss Pym's Day Out

Best Drama Series:

Between the Lines

A BBC production in association with

Island World Productions

Best Children's Drama:

The Borrowers

A Working Title Production for BBC1

Best Children's Factual Programme:

What's That Noise!

Best Entertainment Programme:

Victoria Wood's All Day Breakfast Show

Best Children's Factual Programme:

Newsround Special: SOS - The Suffering of Somalia

Best Regional Programme:

The Snow Show

A Gallus Besom Productions for BBC Scotland

Technology Award for Operational Systems:

BBC Weather System

Best Outside Broadcast Programme:

Last Night of the Proms

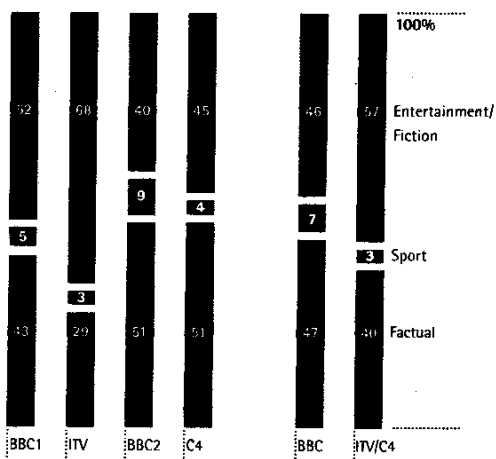
Details of other awards for News and Current Affairs and Radio are included in the text.

Television output

In 1992/93, the BBC showed a strong commitment to new home-grown programming at peak time. About eight out of every ten programmes shown on BBC1 between 6pm and 10.30pm were new UK productions. Overall, BBC Television had a higher proportion of new domestic programming than Independent Television (ITV/Channel 4).

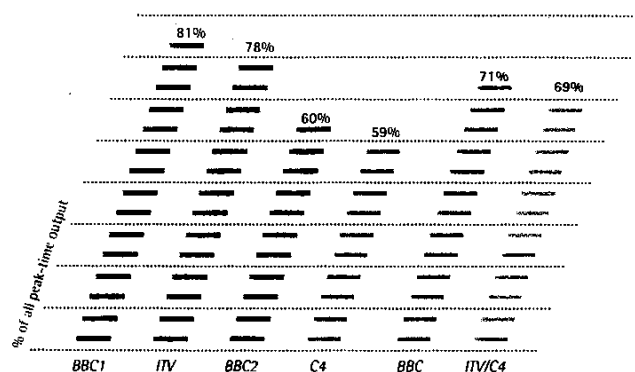
BBC peak-time schedules demonstrated range and distinctiveness in 1992/93. In the average week the BBC transmitted 21 different types of UK-made programming (as classified by BARB), compared with 16 on Independent Television. Factual programming (news, current affairs, documentaries and features) made up a significant proportion of all output, accounting for more than four out of every ten peak-time programme hours on BBC1, or around two hours per evening.

Commitment to more factual output at peak time (6.00pm to 10.30pm*)



Source: BARB
*For average region

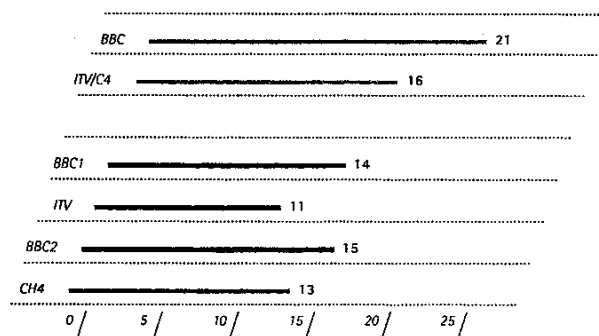
Commitment to UK production in 1992/93: New UK-made output in peak time (6.00pm to 10.30pm*) percentage commitment



Source: BARB
*For average region

Range and diversity of peak-time UK-made programming

number of programme types at peak time per week – 1992/93*



Source: BARB
*For average region



Radio – a strategy for the networks

“Family life is important to us. So is the BBC. We look for programmes we can all listen to together as a family – programmes of quality and taste that take account of our different needs.”

.....
Jan Green and
her family in
Landrake,
Cornwall

In 1992/93 we made changes to each of the national radio stations. We also assessed the need to define a strategy across the radio networks to ensure that we reach and serve the full range of audiences.

During the year, radio provided us with a high level of quality and achievement across the networks.

Radio 1 broadened its range of music, moving the emphasis away from Top 40 records and giving more air-time to new bands and album tracks. It carried more live concerts, including Michael Jackson in Bucharest and Elton John in Barcelona.

It strengthened its work in the community with the Sound City live music project in Norwich. This

Radio - a strategy for the networks



Radio 1
Roadshow

was a week of on- and off-air activity that centred on the young musical life of the city and included 22 hours of live music broadcasts. The network also launched a range of social action campaigns including a project in Europe on work and redundancy. Radio 1's 25th birthday activities included a "party in the park" which included four live bands and 8.5 hours of the 1 FM Roadshow and attracted more than 130,000 young adults.

These, and other achievements of Radio 1 over the past years, have owed much to the vision and guidance of Johnny Beerling who retires as Controller in the autumn. In the early 1970s he created the *Radio 1 Roadshow*, one of the station's greatest successes. Since becoming Controller eight years ago he has introduced comedy, strengthened news and social action programming, broadened the range of music and made Radio 1 a 24-hour FM station.

Radio 2 increased the breadth of its activity. Its music policy was enlivened with more folk, gospel, rhythm and blues and ethnic music, as well as special seasons for dance music. The Concert Orchestra went on a 40th Birthday tour, and the network carried a series of high-profile concerts

including Luciano Pavarotti and José Carreras. Radio 2 covered its first National Music Day, which included 15 hours of output reflecting music-making throughout the country.

The network increased its public affairs output and audiences reacted favourably to the introduction of a phone-in programme with Brian Hayes that went weekly from January 1993. At the same time Brian Hayes began a series of popular current affairs programmes on Saturday and Sunday mornings. The first Radio 2 Lecture was broadcast. Given by Richard Stilgoe and entitled *Popular Culture - The Endangered Oxymoron*, it drew large audiences and much praise.

Under the direction of its new Controller, Nicholas Kenyon, Radio 3 undertook its biggest strategic change in many years. It took steps to increase the accessibility of the network, while retaining its commitment to a demanding classical repertoire and a scholarly approach to its subjects. It introduced new "entry points" for listeners, which included a more accessible Sunday morning

Kathleen Turner,
Radio 4, Deadlock



Radio – a strategy for the networks

schedule, new breakfast and drive-time sequence programmes, as well as the *Night Waves* strand of late-night reviewing and discussion. Presentation was reorganised, introducing new guest presenters to the air, and drama output reduced.

Highlights of the Radio 3 year included festivals of Elgar and Janacek, a season devoted to the conductor Sir George Solti, and a series of operas reflecting the siege of Troy, including Berlioz's *Les Troyens*, live from Brussels. In a co-production with the Renaissance Theatre Company, the network broadcast *Hamlet*, using the complete text and starring Kenneth Branagh, Derek Jacobi, Judi Dench and John Gielgud.

Radio 4 addressed a weakness in its mid-morning schedule with a stronger mix for its entertainment strand – which now includes quizzes, travel, features, drama and series based on the archive. It also experimented with more entertainment-based programming in late evening programming, and has attracted more listeners to this slot. In an attempt to attract younger listeners, the network updated its tone and style with new voices and presenters, including Dawn French and

Radio 3, *Hamlet*
John Gielgud and
Kenneth Branagh



Andy Kershaw. It also broadcast a repertoire of adventurous editorial material that included *Les Liaisons Dangereuses* and *The Locker Room*. The network won a range of Sony awards, including the Best Social Action Gold Award for *In Touch* – a programme for blind and partially sighted listeners.

Radio 5 has distinguished itself with solid sports programming, and won the Sony Gold Award for Outstanding Sports Broadcast of the year for its coverage of the Barcelona Olympics. The cricket correspondent, Jonathan Agnew, won the Sony Gold Award for best sports reporter. The channel produced real innovation in drama and programmes for young people and provided an entertaining and intelligent start to the day with Danny Baker.

The challenge for the BBC's radio networks is to develop a programme strategy with sensitivity to social change and new audience needs.



Radio 4 drama
sound effects

Programmes should reflect and serve the breadth of society and the diversity of cultures within it. We have to respond fast and with flexibility if we are to flourish in an increasingly competitive and vibrant radio marketplace.

For Radio 1, there is a need to meet fierce commercial competition by offering a broad-based, attractive and challenging music service that will serve many distinct groups. We need, in particular, to improve our coverage of, and involvement with, young black music. The network's speech output must be lively and intelligent and we intend to build upon our new regularised slots for comedy and light entertainment programmes. It is important that Radio 1 offers greater distinctiveness across its programming, which allows us to keep in touch with young audiences in an era in which youth culture is less often driven by pop music.

Radio 2 has always had a deep understanding of and regard for its audiences. However, we believe that in recent times we have been mistaken in trying to serve too wide an age group. We need to concentrate in a more focused way on the traditional, older, Radio 2 audience. As a specific and immediate measure, we intend to make better use on Radio 2 of the richness of our radio archive.

Radio 3 needs to attract larger audiences, to shake off a perception of dullness and focus on more lively presentation. However, we recognise that this should not mean a change of direction in music content to match the new Classic FM station. It has become clear that the audiences for the two networks are different. Radio 3's strength

Radio 3
choir



is its role as a showcase for a comprehensive, demanding range of classical music. We recognise that any dilution of programme content would threaten the distinctiveness of the network. We remain dedicated to providing a high-quality, distinguished service, and will intensify our commitment to live music and cultural patronage.

For Radio 4 the challenge is to renew and refresh the network gently without alienating our audiences. We need to ensure that Radio 4 is attractive to a range of audiences that is not narrowly defined by social group or geography. In the immediate future, we aim to introduce more live programming, to improve our mid-afternoon programming and to enrich further the late-night slots that people switch into after they turn off their television.

Radio 5 continues to work in a difficult situation. Its division into several groups –

education, sport and programmes for children and young people – means that it is hard for a programme to inherit an audience. Within these constraints, the network needs to continue to strive for the innovation and flair that has distinguished it in the past.

Extending Choice announced the creation of a Radio News Network to start in April 1994. The experience of the 24-hour Gulf War radio news, backed by further research indicates that such a network would be welcomed, particularly by 25-44-year olds.

The BBC's news and current affairs operation is capable of serving wider audiences than existing networks allow. The challenge of providing first-class journalism to new young listeners whenever

they want it, day or night, is a worthwhile and exciting one. A detailed investigation of frequency use has been undertaken to honour the Governors' pledge that the news service will increase listeners' choice and not reduce it.

Radio 5
Football
commentators





News and information

"We need to trust the news and know that we're getting a real picture of the world. The local news is factual and precise, but it gives you the broader picture. I always watch it at 6.30 and then the weather. In my husband's shop everyone knows the Indian girl on the telly that reads the weather."

Su Panchal,
Coventry

In *Extending Choice* the BBC reaffirmed its commitment to excellence and distinctiveness in news, current affairs and information programming. In 1992/93 these values were clearly at the core of the work of the BBC news teams who covered the war in former Yugoslavia. We were the only broadcasting organisation to cover the conflict on a continuous basis for the

past 18 months. Our constant presence has enabled us to gain a first-hand insight into the war and has often provided the only on-the-spot reporting of events.

Reporters, producers, camera and technical crews have worked in difficult and dangerous conditions. More than 30 journalists from around the world have died covering the war including



Radio 4
James Naughtie

Tihomir Tunukovic, a freelance cameraman who was working for the BBC. Martin Bell's work almost cost him his life. Whilst covering fighting near the Marshal Tito barracks in Sarajevo, he was hit in the groin by shrapnel. Shrapnel bounced off Kate Adie's helmet during a mortar attack and a shell hit her armoured vehicle.

The BBC recognises that safety is paramount in a war zone. We were the first broadcasting organisation to introduce fully armoured vehicles for our staff and ban the use of ordinary cars. During the year we issued new flak jackets and helmets and we remain vigilant about the safety needs of our brave production teams in the field.

During the year Malcolm Brabant was named news reporter of the year in the Sony Radio Awards for his reporting from Bosnia, and Martin Bell won the Royal Television Society's journalist of the year award for the second time. He was also awarded an OBE for services to television.

In recent years we have introduced greater flexibility into the working arrangements for correspondents, and this has allowed Martin Bell – who would usually concentrate his efforts fully on news reporting – to return to *Panorama* for the first time in 18 years to make "Forcing the Peace", a penetrating insight into the tragedy of Bosnia.

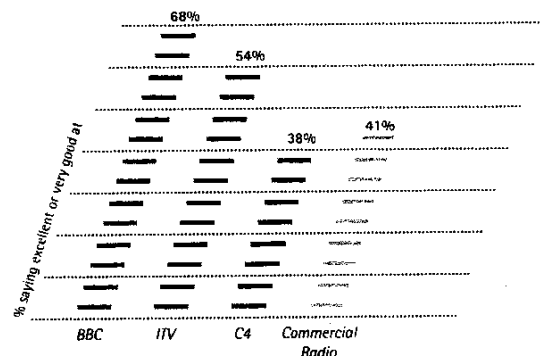
The BBC's reporting of Bosnia raised difficult editorial issues. How much violence should be shown on the screens? We had to steer a difficult

course between editing out so much violence as to sanitise the output and distort the news, and causing unnecessary offence and distress to viewers by showing more bloodshed than was absolutely necessary. We constantly scrutinised our coverage to ensure that the balance was correct. We strove to convey the truth of a situation without excessive use of graphics and distressing images. We were forced to question the amount of air-time we gave to Bosnia in relation to that devoted to other conflicts around the world. We recognise that we must take care that Bosnia does not divert our attention from coverage of other important conflicts.

BBC foreign reporting was also distinguished in other parts of the globe. George Alagiah was one of the first television journalists to report from Somalia on the "famine of quiet suffering and unknown deaths". His reports for the *Nine O'Clock News* alerted the world to the scale of the tragedy

Information

Percentage respondents saying broadcasters are excellent or very good at: providing a responsible, trustworthy and balanced coverage of news and current affairs



Source: RSL

and won him the Monte Carlo Golden Nymph. They also created an environment for further reporting of Africa and other parts of the Third World. Fergal Keane in South Africa delivered incisive reports during a momentous year, and John Simpson's special reports on the drug trade in Peru for *Newsnight* were acclaimed.

Other successes included James Naughtie's Radio 4 series *The Thin Blue Line*, on the role of the United Nations as it attempts to cope with crises around the world, and Misha Glenny's *Loss of Innocence*, a personalised account of his relationship with Eastern Europe – a programme which contributed to his Sony special award. An *Assignment* three-part series on Europe helped us towards meeting our pledge to cover more European issues, as did Radio 4's *Europhile*, which collected a Sony Silver award for its revelations about the Italian mafia.

During 1992/93 we strengthened our reporting of the world at a time when many other media organisations were withdrawing. We opened new bureaux in Rio, Kiev and Cairo and strengthened those in Jerusalem and Brussels. We also formed an alliance with the American ABC News network. This brought together two of the world's most prominent newsgathering operations. We envisage that joint planning of foreign coverage will reap benefits in terms of BBC costs and output. It will lead to greater efficiencies in the field and give the BBC access to an even wider range of news from across the globe.



Newsnight
with
Jeremy Paxman



Robin Oakley at
Westminster

1992/93 was marked by certain outstanding individual achievements in domestic news and current affairs.

In September the Nine O'Clock News team reported and analysed the turbulent events of Black Wednesday when Britain left the Exchange Rate Mechanism. Peter Jay's mastery of the subject and his sharp analysis were outstanding.

Current affairs television successes included *Panorama*'s "Unsafe Convictions", which won the RTS current affairs home award. On radio, *File on Four* had a successful run of major investigations, and its edition on the Feltham Remand Centre won the Sony Gold award for best news and current affairs programme. *News 92* won the Sony Silver for the best news and current affairs sequence, particularly for its London pub bombing coverage.

John Cole retired as the BBC's Political Editor at the end of November 1992. His unique contribution to postwar political journalism in regional and national newspapers and for the past ten years in broadcasting was recognised on his retirement by personal messages from party

leaders, present and past. His individual style was irreplaceable. John Cole continues as a political commentator in the BBC's live television coverage of Parliament and in the weekly political programme *On the Record*. Robin Oakley, the BBC's new Political Editor, has quickly established his own authority as a measured and astute political observer.

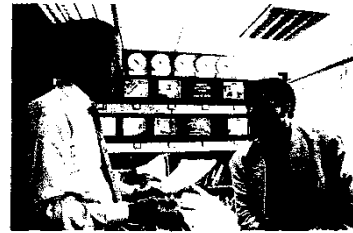
Building a strategy to improve the coverage

During 1992/93 we determined that the BBC should resist current trends towards emphasising entertainment values in news reporting and current affairs. Instead we should emphasise our seriousness of purpose and the distinctiveness of our news programmes. This aim informed our relaunch of the *One O'Clock News*, with John Tusa and former ITN diplomatic editor Edward Stourton presenting the programme on a shared basis.

During the year we took steps to improve our weekend television news coverage, merging the Weekend News team with the *Nine O'Clock News* team.

We continued to strengthen our reporting and analysis of business news, which has been extended during weekday mornings. On radio, we have brought a long-term aim to fruition by introducing tailor-made news summaries for transmission during the night on Radio 1. We have also had a change of editor on all the main daily news programmes on radio.

A new television strand was developed based on



9 O'Clock News
Newsroom

the memoirs of prominent British politicians. David Dimbleby interviewed Nigel Lawson, Norman Tebbit and Neil Kinnock. Roy Hattersley presented a three-programme personal view of the Labour Party.

During the year we built up our efforts in multi-skilling and bi-media operation. It is intended that, eventually, all radio and television correspondents will be able to operate in both media. We increased the number of one-person crews – 60% of all assignments are now handled by one-person crews and we hope to increase this to 80% during the coming year.

Programmes have benefited directly from the reinvestment of cash generated by efficiency gains. During the year, more than £2.3 million in savings funded new news and current affairs programming – examples include a reporting assignment in the United States for John Humphrys, items from St Petersburg by Jeremy Vines and various *Newsnight* reports from the former Soviet Union.

In addition we have reaffirmed our commitment to cover difficult, if less popular, subjects alongside those which draw large audiences, and to maintain current affairs programmes at the heart of the peak-time schedule on both television and radio, even if other broadcasters place them at the margins.

We recognise that we must ensure that our strategic initiatives, in practice, serve our audiences well. We need to deliver a fuller, more



Radio 4
John Humphrys

thoughtful, more wide-ranging agenda for news and current affairs, particularly for domestic issues.

Our news and current affairs coverage is characterised by a high calibre of expertise and professionalism in its staff and its programmes. But there are two important issues that sometimes affect the quality of analysis in our programmes, which we will be addressing in the coming year:

First, we should be better at identifying the main issues of the moment and exploring them in more comprehensive and ambitious ways. We might, for example, focus more tightly on subjects

such as the management of the budget deficit, or the level of violence that is affecting our society.

Second, we need to be sure that in politically fevered times, we do not ourselves become feverish. When politicians and commentators become over-excited by a news story, we must be careful not simply to hand over the air-waves to the main protagonists and to stage a public skirmish. Whatever the charge, we must maintain due scepticism, a sense of enquiry, and a true journalistic determination to arrive at the truth of the issue under contention.

Enhancement of regional journalism

In the last few years the BBC has recognised the need to improve the quality of its regional journalism, which has in the past been variable. We launched a major drive to encourage in-depth reporting, higher production values, more incisive interviewing and greater innovation.

In most cases it was implemented with vigour and commitment, and in much of our local and regional broadcasting the result has been a transformation in the seriousness and ambition of the news and current affairs output. This has occurred at a time when our competitors in television have become more feature-led and entertainment-driven, and many commercial radio stations have been disinvesting in journalism. We have, for example, given in-depth coverage to local elections while several of our competitors in radio and television have been "election-free".

1992/93 was our first full year of operation for new teams of regional specialist correspondents

who are developing expertise in areas such as industry/business, environment, local government and community affairs. These correspondents work for both radio and television – they have produced thousands of radio and television reports on their subjects, and are having a keen impact on the enrichment of the regional news agenda. The best of the reports included the North East's industry correspondent, Jacqui Hodgson, on Swan Hunter going into receivership, and Nik Wood in Leeds on cheap coal imports from Venezuela, and the domestic pit closure plans.

Another part of our regional strategy was to introduce greater flexibility into our news programming. This allowed us, for example, to react quickly when the Swan Hunter shipbuilding crisis hit Tyneside. Within two hours, *Look North* devoted a programme to the issue. *Close Up North*, its sister weekly current affairs programme, abandoned its schedule and mounted its own special

programme and debate; Radio Newcastle produced extended output with special news bulletins.

In television, regional current affairs programming was relaunched three years ago, and has shown continuing improvement. Eleven of the daily regional news programmes have also been relaunched during the year. Most have new editors in place, and quality of coverage has improved dramatically.

Distinguished reportage during the year included coverage of the recession by *Newsroom South East*; *Spotlight* in Plymouth on the Lyme Bay canoe tragedy; *South Today* in Southampton on the impact of proposed defence cuts in the region; *Look North* in Leeds on pit closures and *Inside Ulster* on the peace talks.

We will continue to improve our service. In a few regions the news magazines programmes still need to make significant improvement. They need excitement and ambition as they take on a new style of high-quality, in-depth reporting and new standards in their production values.

In local radio, we continued to build a high-quality, speech-based, journalism-led service. For instance, Radio Leeds has increased its speech

content from 50% to 90% over three years. During the same time it has increased its audiences by 40%.

Local radio successes included Radio Leicester's coverage of the attack on a religious site at Ayodhya in India. A live programme included reports and interviews direct from the sub-continent, and won the Sony Gold Award for best response to a news event. Radio Nottingham won a Sony Gold Award for outstanding service to the community.

It is important that we achieve consistency in quality of output across all our local radio stations. We need to persuade every local manager of the worth of our strategy for regional and local journalism, and we recognise that we need to monitor our performance across the country – to ensure that audiences everywhere are receiving the high quality of service that the BBC should provide.

We recognise that each television and radio centre should, in the coming year, examine its programme strategy, and assess how well it is meeting our commitment to distinctiveness and quality in our output. It is important that we narrow the gap between the standard-setters in our regional journalism, and those who continue to lag behind.

Centres of Excellence

The BBC has said that if it is to inform the national debate, express British culture and entertainment, and educate its audience, it must strengthen its programme-making and broadcasting presence across the regions of the UK. The BBC is committed to increasing the proportion of programmes commissioned outside London and the South East from its present level of just over a fifth. In the coming year we will work to identify a reasonable target for the quantity of programme-making in the regions.

To support the policy of a steady increase in network programme-making outside London the BBC last year established "Centres of Excellence" in the principal network production centres of Birmingham, Bristol and Manchester. The Centres each have specialities in terms of programme-making genres. To build up these hubs of expertise,

programmes have been moved from London and between the English regions.

During the year Manchester became the new bi-media centre for religion and a specialist centre for youth programming. Both departments were moved from London. Bristol is being established as a bi-media base for documentary and features production in radio and television. It is also the bi-media centre for natural history. Birmingham maintained its position as a leading drama centre in both television and radio, and as the focus for specialist popular music on Radio 2.

In the coming year, it will be the task of the new Centres of Excellence to live up to their name, which should be reflected in the quality of every aspect of their programme-making.

National Regions

In *Extending Choice* the BBC recognised the need to continue to invest in a high level of information, cultural and entertainment programme provision in the three National Regions. In the past year the Controllers in Scotland, Wales and Northern Ireland have taken on the task of assessing programme strategy, and focusing and improving these BBC services. Their task, in the coming year, is to ensure that the reality lives up to our *Extending Choice* promises.

In Scotland there has been a drive for improved quality in the output. *Reporting Scotland* has been relaunched. Environmental and rural affairs programmes from Aberdeen are being strengthened; and programming for Scottish children is being developed. A new Gaelic social affairs programme, *EORPA*, has been launched.

In Radio Scotland there has been a fundamental change of emphasis away from local radio to building a stronger, sharper central service that serves the whole of the national region. The focus

is on improved news and current affairs, topicality and upgraded speech content.

In Wales radio is aiming to widen the geographical base of its coverage, and improve the editorial focus. In television *Wales Today* has been relaunched and a new arts and music department has been created.

Welsh drama performed well during the year. Following on the success of *The Old Devils* and *Friday on my Mind*, a major ten-part drama *Lifeboat* is now in preparation.

In Ulster, Radio Ulster performed exceptionally well – with its flagship news and current affairs programme *Good Morning Ulster* continuing to provide a first-class service and winning a Sony Gold Award. The journalism in the Province was, as is usual, highly professional and incisive.

On television we established new strands to explain and articulate the experiences and attitudes of local youth and started Irish language programmes for adults and children.



Education

"The good teacher makes TV and radio interactive. We want the BBC to think ahead about our needs and about the way teachers can use the media. For example, we're starting to make our own programmes – it's vital for children to develop skills in 'media literacy' so that they can better judge what they see and hear."

Una Gillespie,
Sciennes Primary
School
Edinburgh

BBC Education, now a BBC directorate, continued to make television and radio programmes that were widely acclaimed by schools, colleges, students and general audiences. Highlights of the year included the *Second Chance* series of comedy sketches encouraging adults to return to education

and training. The series prompted 57,000 telephone calls to a helpline, and research showed that six months later 42% of callers were either on courses or about to start education or training courses.

Seven out of the top ten television series in

Education

secondary schools came from the BBC, the most popular being *History File*, which used graphic virtual reality techniques to bring the past alive. For adults, we had success with the *Winning* series, aimed at people running or starting small businesses. BBC Education won a wide range of awards (see box) including six out of eight Royal Television Society Education Awards.

During the year we developed our work on building a coherent supply of programmes for all core subjects required by the National Curriculum and the curricula guidelines in Scotland. We met our *Extending Choice* promise to switch funds from Secondary Schools Radio into Primary Schools Radio, which has a stronger relationship



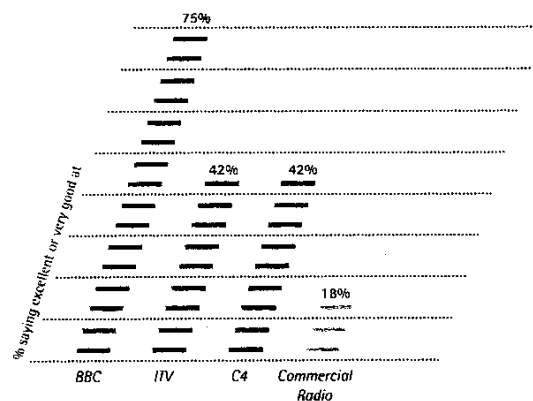
Radio in primary schools

with audiences. The former now concentrates heavily on languages and English, and the latter is building its repertoire in music, movement, dance and drama.

We created a multi-media languages unit, which co-ordinates language publishing, programming and interactive video technology.

Education

Percentage respondents saying broadcasters are excellent or very good at; providing informative programmes that help you learn more about the world around you



Source: RSL

Its aim is to be the most comprehensive, successful language provider anywhere.

The most important task for BBC Education in the coming year is to develop a new strategic vision for educational programming. This should be based on a commitment to support the improvement in standards of the nation's formal education, to improve our vocational skill base and particularly our language skills, to utilise modern media technology and to maintain the prominence of educative programming at the heart of our schedules. Within that framework we recognise that we must seek a greater distinctiveness and creativity in programmes.

We need to examine further *how* people learn, so that we can shape and target our programmes in the best ways possible. We recognise the need to develop a diagnostic



David Bellamy

framework that will inform us how well we are meeting the demands of a wide range of audiences – from those that require basic numeracy and literacy skills to those requiring programmes that are intellectually testing – and reflect the latest intellectual and academic debates

on weighty and difficult subjects. Most important, BBC audiences should feel that our educational programme-makers recognise that air-time is precious, and that they use it with distinction and style.

BBC Education awards

1 1992 Royal Television Society

Best Adult Education and Training Programme:
Winning
Advice for successful operation of small businesses

Best Social Action Programme:
Second Chance

Comedy sketches persuading adults to return to education and training

Best Secondary School Arts Programme:
English File
Sexist use of language

Best Junior School Programme:
Zig Zag
Dramatic history of an Anglo-Saxon village

Best Pre-school/Infants Programme:
Watch
About round shapes

Most Innovative Education Programme or Series:
History File
Innovative edition of virtual reality in Roman times

2 1992 British Medical Association

Silver Award:
It Doesn't Have to Hurt
Keeping fit in a sensible way without strenuous exercise

3 1992 New York Film Festival

Gold Award:
The Last Exodus
Story of the end of 1,000 years of Jewish history in Eastern Europe

Finalist Certificate:
Disabled Lives
Disability from an international perspective

4 1992 European Broadcasting Union

City of Basle Prize Commendation:
Second Chance
As above

5 1992 Ekofilm

Ecological Upbringing and Education Prize:
Bellamy Rides Again
Basic biochemistry



World Service

"The World Service is watched and listened to by all nations. It's a lifeline for so many. We love the BBC because we believe it and there's not much in the world you can believe in these days. But I am very worried about the future, about quality, and I am worried about keeping that belief."

.....
Elsa Bulmer,
Petersfield
Hampshire

Throughout 1992/93 the BBC offered a World Service that, for the first time, spanned most of the globe with both radio and television broadcasting. World Service Television, launched in November 1991, now reaches substantial audiences across several continents (see box). Both services are charged with the *Extending Choice*

aim of building a coherent range of programme services based on impartiality, accuracy and quality.

During the year, the World Service again found itself reflecting and interacting with historic international events. The efforts of the former Soviet Union to build political and economic



Hausa Service
Bilikisu Labaran

structures in the post-communist era, for example, inspired the Marshall Plan of the Mind initiative. This is a collection of series which was broadcast locally within Russia and included programmes about the free market economy and business management, as well as a soap opera. The initiative will continue through 1993/94.

Civil wars in Somalia and Bosnia prompted World Service radio to increase its coverage. Somali reporting was supported by extra transmissions that put refugees from the war in touch with their relatives. For former Yugoslavia, Serbian and Croatian transmissions increased by almost 50% and were enhanced by comprehensive and often exclusive reports from the BBC's Monitoring Service at Caversham.

In South Asia, millions of radio listeners heard the BBC coverage of the storming of the mosque at Ayodhya by Hindu militants. World Service Television audiences in India rose dramatically: viewing in Bombay on 7 December was 20 times greater than normal and some eight million urban Indians may have been reached. In February, World Service broadcast its first bi-media phone-in, with Indian Prime Minister Narasimha Rao.

Questions and answers took place in English, while the Hindi, Urdu and Bengali services ran translations.

During the democracy demonstrations in Thailand in May 1992 the BBC had four correspondents in Bangkok. Their reportage had an immediate impact. Videotapes of the BBC coverage were being sold on the streets of Bangkok within



World Service
transmission suite

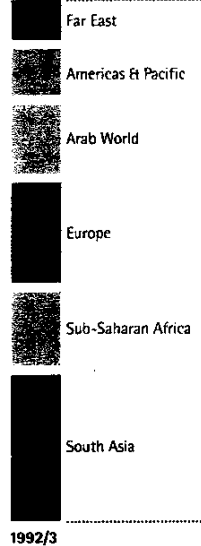
hours of being broadcast – at the same time the Thai Royal Family was requesting copies of the World Service Television coverage. Listening to an extended Thai Service increased to 70%: 635,000 urban adults.

These were the World Services's programming achievements. However, if we are to serve our audiences well we must be able to identify both successes and weakness across the range of the output. We recognise that we should be sensitive to the size and geographical distribution of audiences and to their many diverse needs. The audiences are large (see chart) and their requirements are varied. We need to know that we are serving them with programmes they perceive

The weekly reach of World Service radio

Millions of Listeners

124m



Source: IBAR

NB: Not including People's Republic of China, Myanmar and Vietnam

1992/3

surveying the activities of World Service across the range of its television, radio and monitoring activities (see page 60). We must ensure that our performance for international audiences is measured as effectively as possible.



Audience researcher in the field

as authoritative and with a programme mix they find satisfying. We should be certain that we have the right balance in input from people on the ground and from London-based staff.

The World Service is currently addressing these issues by adopting a regional approach to its programme purpose, dividing the world into a number of main regions, based on geography, politics, economics, ethnicity and main languages. Within this framework we are examining everything, from the way in which we are serving particular communities and nations, to the performance of services for people who speak a particular language.

We intend to conduct rigorous analysis of such issues through the World Service Review that is

World Service Television

World Service Television, launched in November 1991, is making further progress towards its objective of spanning the world. Research in January 1993 showed that the BBC News and Information Channel broadcast on Asiasat as part of the StarTV Network based in Hong Kong was reaching more than 11 million homes in the Far East. Four million of these were in China. The Service's Europe Channel of news and entertainment reaches 1.5 million households, and some news programmes are rebroadcast to 25 million viewers across Eastern Europe. The Service already reaches North America, distributed through Canadian Broadcasting Corporation's 24-hour cable channel, and plans are in hand to extend its coverage to other parts of the world.

Using these mechanisms we aim to bring our unit costs down by 6% in the coming year. We are undergoing difficult and testing times as we aim to deliver greater efficiency. For programme-makers and licence-payers, the benefits derived from these efforts will be felt through the release of more funds to go directly into programme-making. This process has already begun – during the past three years the BBC has reduced its overhead costs by a net 5.2% a year. Rationalisation in the Resources areas have reduced costs by a net 2.5% a year during the same period. In total these measures have, over the three years, released an extra £65 million for investment in programme-making.

BBC Enterprises and Commercial Policy

We have a duty to the licence-payer to ensure that the intellectual property of the BBC – its programme rights – is exploited to generate revenue for investment in new programmes. We need to be sure that we are doing this in the best way possible, and that the commercial arm of the BBC, BBC Enterprises, is operating in the most effective, efficient way in the sale of programmes, the marketing of products associated with BBC programmes, the negotiation of co-productions and the identification and development of new programme services.

BBC Enterprises had a record year – its total turnover rose by 14% to £204 million (£233 million including co-production deals), and the total benefit to the BBC increased to £60 million

from £53 million last year. Profit before interest and tax rose from £5.6 million in 1991/92 to £11.8 million.

Achievements during the year included programme sales of *Pole to Pole*, featuring the travels of Michael Palin, which was bought by 18 countries. More than half a million copies of the associated hardback book were sold, and the video topped the charts throughout the year. *The House of Eliott* and *Realms of the Russian Bear* were also successful internationally. 200,000 copies of the *Noddy* videos were sold and, in the magazines division, *Radio Times* maintained its leadership in the listings market, and *BBC Music Magazine* was launched, gaining instant market leadership. The BBC's American subsidiary, Lionheart, had an exceptional year, increasing its sales by 64%. In November 1992 UK Gold was launched, a first step in establishing a secondary market in the UK for British-made programming. The satellite channel is jointly owned by BBC Enterprises, Thames Television, Cox Enterprises and TCI. It broadcasts to more than three million homes in Britain and includes some of the best programmes from BBC archives.

During the coming year, Enterprises will examine where it can improve performance further and make efficiency gains. We will make clear comparisons, where possible, between our sales performance, profits and costs and those of our competitors to be sure that we are, and remain, competitive.

Value for money

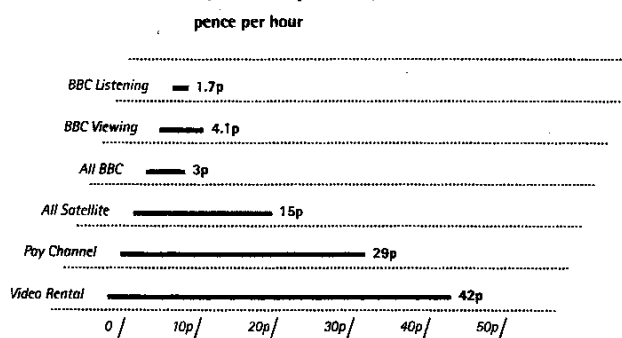
The BBC has made a commitment to pursue the highest standards of efficiency and cost-effectiveness. This is vital if we are to meet our promise of delivering value for money to licence-payers, investing as much as possible of the licence fee directly into programmes, and minimising the amounts we spend on administration and bureaucracy. About two-thirds of respondents to a BBC survey conducted in January said they thought BBC services in 1992/93 offered "very" or "fairly" good value for money. Our initiatives will, we hope, help build an even wider consensus that the licence fee is well worth paying for the services the BBC provides.

In 1992/93 the BBC set up Producer Choice – the driving force for producing an efficient BBC. Producer Choice is a new way of working that makes transparent every significant aspect of BBC expenditure. The system will mean that, for the first time, we can identify all the costs of programme-making, direct and indirect; it makes us able to test the competitiveness of programme-making and resource provision against the outside market; and, most importantly, Producer Choice allows us to identify efficiency savings and thereby release more funds for programme-making.

The system "went live" on 1 April 1993, and works in the following stages:

- those who commission programmes draw up strategies which reflect the BBC's public service commitment. They are allocated funds on the basis of these strategies;

The price per hour of BBC services consumed (with comparisons)



Source: BBC Policy and Planning

NB: Not including the cost of equipment

- programmes are then commissioned either from BBC departments or from independent producers;
- BBC producers are free to choose whether to buy their resources from in-house resource departments or from the external market.

Producer Choice enables us to track and analyse the way in which producers are allocating money. We can identify the costs of discrete activities within programme production and can identify patterns of demand for support services.

For example, in 1992/93 there was a reasonable performance in demand for Network Television studios used on average for 72% of available days (seven days a week, 52 weeks a year), and our videotape edit suites used on average for nearly eight hours a day for 365 days a year. When we have this type of information for 1993/94, on a case-by-case basis across resource services, we

will be able to identify trends, make improvements where possible and take the decisions required to meet our promise to retain only those resources for which there is a demand from programme-makers.

Under the system, resource departments are funded solely by the trade they conduct with production departments. They are subject to a new competitive framework as they now need to attract business in competition with the outside facilities markets. In many areas we are in good shape to compete. In other areas, we will need to bring our costs and prices down.

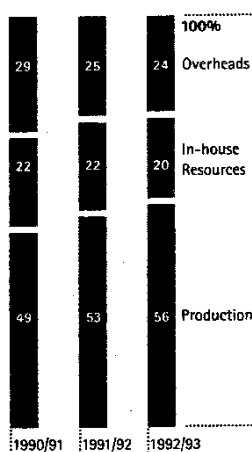
The early days of Producer Choice will be a demanding time for the BBC and for the Resources Directorate in particular. Resource departments

need to establish, very quickly, sophisticated and flexible pricing policies in order to prevent unnecessarily large volumes of business leaving the BBC and going to the outside market. This would cause a "double spend" to occur while the BBC financed both the external business and internal resource costs. In practice, we have budgeted for around 10-15% of business leaving the BBC, and our first results show that this is accurate and that double spend is not occurring. However, results for the whole of next year will depend largely on Resources' marketing and pricing performance.

Producer Choice is operating alongside other initiatives that are aimed at delivering efficiency and value for money. These include an Overheads Review, set up to reduce overheads in both central and output directorates to the minimum levels required to serve our needs. The Review reported this year, and set targets for net savings worth more than £35 million by 1996/97 (in 1992 prices). While the Review is complete, we continue to scrutinise our overheads across the Corporation – in all output areas and in the Resources Directorate – and will ensure that wherever they are needlessly high, the problem will be addressed. We will, in particular, be studying the BBC's use and ownership of property, to see where rationalisation is appropriate.

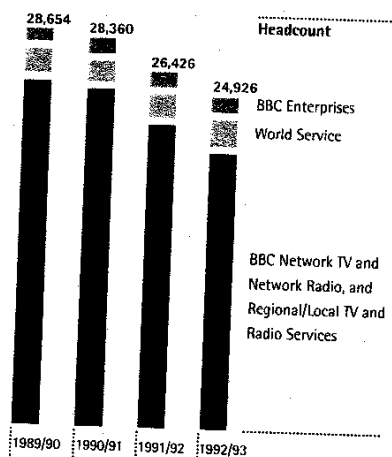
We have also accelerated our market testing activities. These have been in place for several years for basic services such as cleaning and catering, but will now be extended so that, wherever possible, our support service functions are tested in the marketplace.

Division of Expenditure
(excluding redundancy costs)
percentage of Total Expenditure



A smaller organisation

Headcount, year end 31 March
(not including staff on short-term
contracts of 6 months or less)



In the coming year, the operations of BBC Enterprises will be affected by a close examination of the BBC's commercial activities that was begun in 1992/93. In the context of the public debate on the renewal of the BBC's Charter we scrutinised the ways in which our commercial operations are consistent with our duty to licence-payers and our public purposes. We drew up a commercial policy framework that covers the criteria that determine when it is appropriate for the BBC to participate in commercial ventures, the nature of that participation, compliance with fair trading rules and the maximisation of commercial revenues within these constraints.

We said that any product, service, event or activity bearing the BBC's brand which is available on a commercial basis will need to meet six criteria. It must:

- be linked to and consistent with the programme purposes of the BBC as a public service institution at home and overseas
- reflect the same values of editorial integrity
- plainly arise from and support BBC programmes
- add to viewer and listener choice
- comply with legal and regulatory requirements, particularly as they relate to fair trading
- offer the prospect of generating significant funds for reinvestment in original BBC programmes; or
- ensure that any deficit financing is transparent, limited and justifiable on public service grounds.

In 1993/94 we will ensure that all the commercial activities of BBC Enterprises conform with this commercial policy.

An effective BBC

The BBC has a long tradition of high creativity, programme excellence and craft excellence - but this has not been matched by distinction in our management systems and skills. We recognise that the BBC needs to be organised and managed appropriately if we are to meet the goals outlined in *Extending Choice*.

Focused, effective directorates: Redesigning the Corporate Centre

During the year, we conducted a study of the functions of the BBC's Corporate Centre and made a commitment to a smaller, streamlined operation. We said that the Centre should concentrate tightly on strategy, policy and monitoring of performance - giving policy guidelines and acting as a stimulus for change across the BBC.

We recognised that the Centre should not be concerned with administrative functions, which are to be devolved to other directorates. Our aim is to reduce bureaucracy. This will mean a reduction in staff at the Corporate Centre - the headcount currently stands at more than 1,000 but should be around one-fifth of that figure by the end of 1994. During the coming year we need to make significant progress down this path. We need also to check that bureaucracy, once devolved, does not expand unnecessarily in other directorates.

Our aim for increased professionalism in matters of management and strategy means a substantial increase in core work for Policy and Planning, which became a new BBC directorate in January.

Like other Central directorates, Policy and Planning is losing administrative staff, but will intensify its work in areas such as corporate planning, corporate strategy and commercial policy. The task for this small, tightly focused directorate in the coming year will be to support the BBC with a clear strategic and policy framework for its activities.

During the year work continued on updating the role of the Personnel Directorate to create a department which helps the BBC strengthen its management team and upgrade its management skills. It should help us to ensure that staff members have objectives that complement the goals of the organisation itself and should be at the heart of our commitment to involve our staff and improve our internal communication (see box on page 62).

Corporate Affairs will support this process, and help us ensure that throughout the BBC, in every directorate and every region, our staff understand our goals and are persuaded of their merit.

A new Resources Directorate

Our policy is to ensure that all our directorates have clear, sharply-defined functions. On 1 April we established a new Resources Directorate. This separated all resources and services functions from programme-making departments. The Resources Directorate has been set up to operate fully as a trading unit - its only source of finance coming from the services it supplies to production areas. As such, it is an essential part of the Producer Choice system.

The new directorate embraces all Production Resources, Engineering (including Transmission), Property, Training and support service activities. During its first year of operation it needs to build sound trading relationships and to improve the efficiency and effectiveness of its services. We acknowledge that Resources business units should be able to match the efficiency of outside providers, and need to ensure wherever possible that they are operating at break-even levels by the 1994/95 financial year.

The BBC's resource base is a valuable and highly regarded asset of the Corporation and it is essential to the maintenance of our programme-making standards. While the skill and craft base of the BBC will be safeguarded, renewed and enhanced we will work to ensure that Resources is an effective and efficient provider of high-quality services to the entire organisation. However, there currently remains some duplication of functions and there will need to be some adjustments to the scale of operations and a reduction in the number of business units as we seek to maximise resource utilisation.

A new Education Directorate

In October 1992 the BBC established a new Education Directorate that brought together all the education functions of BBC radio and television and related publishing. The new directorate reflects our requirement that our organisational structure should serve our strategic aims.

The purpose of the reorganisation is to break down barriers that existed between various educational departments and focus more tightly

on how, across radio and television, we can assess all the educational needs of our audiences. The multi-media environment of the Education Directorate reflects our commitment to new, more flexible ways of working.

Commissioning programmes and dealing with independents

In output areas, we have recognised that we need to change our commissioning procedures to ensure they are as streamlined as possible. We should be offering a level playing-field to all those producers who submit programme proposals, whether they are inside the BBC or independent producers. If we fail to do this, we may find that we forfeit, on licence-payers' behalf, good quality, imaginative programmes.

Since January we have set in place a number of measures designed to improve our procedures. These include:

- restructuring radio and television directorates so that commissioning and scheduling functions are clearly the job of network controllers and are separated from programme production. In addition, television is appointing commissioning executives to deal only with independent productions. They will have access to the network controllers on an equal footing with in-house programme-makers
- streamlining the commissioning cycle, ensuring that programme proposals receive prompt attention and that proposals from independents are acknowledged within ten working days, and responded to within a further four weeks

The Effectiveness Project

The effectiveness of the BBC depends on the commitment of individual staff to the *Extending Choice* goals; on their having the skills to achieve those goals; and on the way we all work together in a large organisation with its own distinctive culture and traditions. In 1992/93 we launched an Effectiveness Project to address these issues through an intensive programme of communications, training and involvement.

Everyone in the BBC will be invited to attend one of a series of day-long *Extending Choice* Workshops. These are designed to help people understand the goals of *Extending Choice* and determine what we can do to achieve them. The participants will be able to put their views and concerns to two or three members of the Board of Management.

New management training programmes have been set in place to ensure BBC managers can develop the skills they will need. In particular, a Masters degree programme specifically tailored to the BBC will start in the autumn.

An involvement initiative is being set up to help create a work environment which encourages people to seize opportunities and to take the decisions needed to achieve their objectives, rather than waiting for decisions from above. It will use a team-based, problem-solving approach to tackle a closely defined and specific task which a particular team has set itself, and to carry out that task within the agreed timescale. If the method works well, it should be applicable to a wide range of issues and could eventually become part of the BBC way of doing things.

The first ever formalised survey of BBC staff opinion was carried out earlier this year. By highlighting the issues people feel most strongly about, the survey will help prioritise the improvements the BBC needs to make to sustain and reinforce the commitment of its staff. Importantly, it will provide a baseline against which future progress can be measured.

- publishing a Charter for Independents to reinforce to independent producers the BBC's commitment to deal with them fairly and effectively through clear procedures.

In the coming year, once the new system is operating, we will commission a survey to establish if programme-makers are satisfied with it.

An integrated World Service

In the past year we have recognised that, if the BBC is to provide services in the international marketplace in the most effective way, it makes sense to take a co-ordinated approach to all of its international activities. Our aim is to provide the most effective mix of radio, television and multi-media services to each region of the world.

Research in India suggests that a co-ordinated approach might also lead to a significant expansion in total World Service audiences, with World Service Television attracting viewers that did not previously listen to BBC news on the radio.

It seems clear that the way forward should include the integration of the mature, authoritative World Service Radio, with the young and highly successful World Service Television. As part of a wide-ranging World Service Review, led by Bob Phillis, who is both Deputy Director-General and Managing Director of the World Service, the BBC is studying ways to bring together the two organisations in a single, unified directorate.

Since World Service Radio is financed by Grant-in-Aid and World Service Television was set up as a self-financing operation, it will be vital to ensure that the costings of the two services are

transparent. Application of the principles of Producer Choice, existing both in World Service and the domestic BBC, will permit clear identification of costs.

Finance

During the summer of 1992 a large "television operating overspend" against budget for both the financial years 1991/92 and 1992/93 was discovered. This was finally assessed at a net £38 million for 1991/92 and a net £16 million for 1992/93. We profoundly regret that such a serious budgetary miscalculation occurred. When it was revealed, we instigated an in-depth analysis of the situation. This showed that the overspend was substantially allocated to the making of programmes and a major effect over the two years was an increase in programme stock and work in progress. It suggested that the overspend was a symptom of a range of budgetary and management information weaknesses. In particular:

- the existing budgetary control system was not sufficiently adaptable to meet the challenge of both a changing production and transmission cycle, and the increasing level of external programme commissioning
- the quality of management information was compromised; managers were not aware of the financial issues and had not understood the costs of various activities
- organisational changes were needed to improve responsibility and clarify the role of finance staff.

In reaction to the overspend, and the budgetary control problems within television, certain immediate actions were taken. In October a new management team was put in place for the finance functions within Network Television and stronger budgetary control systems were introduced. Senior managers were made more accountable and responsible for the prudent financial management of their activities. These actions substantially reduced the projected "overspend".

In March 1993, a new Director of Finance and Information Technology, Rodney Baker-Bates, was appointed from outside the BBC. He is responsible for the implementation of both a new financial and IT strategy which will place the finance function at the centre of the BBC's management process.

Financial and budgetary discipline within the Corporation is already improving. These new disciplines, alongside the cost principles introduced with Producer Choice, are designed to ensure that the BBC's expenditure will, in future, be transparent at every level, and will deliver increasing value for money. In particular:

- from June this year directorates will submit an analysis of their financial position for the preparation of monthly consolidated statements and forecasts – this was previously done quarterly
- a more rigorous capital expenditure appraisal system is being introduced, with emphasis on value for money investment in all the BBC's expenditure

- an improved programme has been developed for both the recruitment and training of finance staff at all levels. All staff are charged with improving the clarity of financial information, particularly that relating to the cost of each activity.

A revised financing strategy has been approved by the Board of Management under which the BBC will reduce its level of borrowing to a level that solely funds licence-fee budgetary payment schemes. Financial targets that encourage managers to fund future programme developments through efficiency savings have been introduced in 1994/95 budget guidelines.

Accountability

In *Extending Choice* the BBC recognised the need for its relationship with the public to be underpinned by a modern and effective system of accountability to the licence-payer and to Parliament.

The Governors have already taken steps to ensure regular reporting of the BBC's progress against clearly defined objectives. The Board of Management has in turn set objectives for managers throughout the BBC. We are introducing new measures of performance at every level.

An important element of modern accountability is the provision of an effective complaints procedure.

During the year, the BBC continued to respond to audiences' views and enquiries through Viewer and Listener Relations which replied to more than 100,000 letters. In addition, our telephone logging system handled 400,000 calls.

However, we recognised that our system of redress for complainants to the BBC could be improved and we promised to establish a fair and robust Complaints and Redress Policy.

In future, serious grievances may be put to a named Head of Programme Complaints who will ensure swift and impartial investigation. This will normally involve programme-makers in providing a response. Letters should be answered within ten working days and when this is not possible the Head of Programme Complaints will send a prompt acknowledgement explaining why, and will give a full reply at the earliest opportunity. When appropriate, on-air redress will be offered or a correction will be made promptly.

In certain cases, where the complainant remains dissatisfied with the response, and the complaint is considered serious, an appeal to the Board of Governors will be possible. There will be a helpline available to answer any questions.

Annual Performance Review

We also promised an Annual Performance Review and set up an investigation into how it might work. We looked at ways to measure how well we are performing throughout the BBC.

It was decided that the system should work on a pyramid structure. At the base, business units and departments will establish performance measures and indicators for the year. Some of these will be of value as gauges of activity only at the local level; others will be vital to the process of review at the next tier up - at which directorate performance will be measured. The final, top tier will reflect the overall BBC picture.

We recognise that, until now, many licence-payers have perceived the BBC as secretive and remote, and we hope that the Annual Performance Review will help change this. The success, or otherwise, of the new system, which is now being introduced, will be recorded in the Director-General's Review next year.

Advisory Bodies

During the winter, Sir Kenneth Bloomfield reported on the future of the BBC's councils and committees. The Governors accepted his recommendations that from next year, as part of the Annual Performance Review, National Broadcasting Councils in Scotland, Wales and Northern Ireland and ten new regional councils in England should report on the appropriateness of regional services to the audiences they serve. In addition, programme-makers will consider how to improve the flow of advice and comment from their audiences, supplementing or replacing specialist advisory bodies.

and its policies more clearly to the public. These included major public meetings in Stirling, Dundee and Aberdeen, a public forum attended by the Director-General in Glasgow, and a forum for students and staff of the University of Glasgow.

Wales

In May 1992, the Broadcasting Council submitted a report to the Board of Governors as a contribution to the internal *Extending Choice* debate. The submission examined the challenges of the broadcasting market in Wales, the unique linguistic circumstances of Wales and pressed for sufficient air-time and resources to "provide a rounded reflection of the nation's life." This was followed in the autumn of 1992 by the publication of the Government's Green Paper, the BBC's own *Extending Choice* and the subsequent programme of Charter Renewal consultation meetings which dominated the agenda of the Broadcasting Council for Wales during the latter half of the year.

Against this background, members spent much time debating the role of the Council and its relationship with the corporate centre of the BBC. Their views were explained to the Director-General during his visit to Cardiff in March. The Broadcasting Council also submitted its own paper on public service broadcasting in Wales, which was published as part of the BBC response to the Green Paper. Sir Kenneth Bloomfield met the Council during the preparation of his report on the BBC's advisory systems. The Council believes that

During the year the Council met in Dumfries, Glasgow and Edinburgh and its annual residential seminar in February focused on the role of the Council and the response to the Green Paper.

"the role, status and accountability of BBC Wales as a Welsh national broadcaster should be entrenched in the new Charter", and that the Council itself should be allocated new responsibilities for programme service, resource and finance matters. Considerable support for this approach was evident at many public meetings conducted by the BBC in Wales.

The Council met on 11 occasions during 1992/93, including three meetings outside Cardiff, at Garden Festival Wales (the source of a major contribution of network programmes throughout the summer of 1992), in Bangor and near Swansea.

During the year the structure of the Council's agenda evolved into a more systematic format, and it has concentrated discussions effectively on programme genres rather than individual programmes. The Council also decided to arrange regular meetings with external organisations to discuss broadcasting issues in Wales, and public meetings will continue to play a part in the Council's developing programme of consultation.

BBC Wales' two Heads of Programmes, for English and Welsh language output, presented

National Broadcasting Council Reports

Scotland

Two main themes characterised the year for the Broadcasting Council for Scotland: new policies for BBC Scotland as a result of further management changes and consideration of the role of the Council itself.

The role of the Council

The publication of *Extending Choice* and the Green Paper on the Future of the BBC gave the Council the opportunity to reflect on its own role. The Green Paper recognised that the special needs and interests of Scotland, Wales and Northern Ireland would require to be reflected in any new organisational structure for the BBC. *Extending Choice* acknowledged the need to invest in a "high level of information, cultural and entertainment programme provision" for the three countries. While the Broadcasting Council welcomed these sentiments, it believed that its role should be more clearly defined.

Under the existing Charter, the Council's remit is defined as "control of the policy and content of programmes" in Scotland. The Council is of the view that in future it should be responsible for the BBC's policy in relation to the determination and implementation of the strategy for public service broadcasting in Scotland, thus ensuring the national and editorial integrity of BBC Scotland; that the Council's links with the Board of Governors should be strengthened; that, in particular, it should be involved with the Board of Governors in the allocation of resources to carry out that strategy and have powers in relation to financial priorities;

that it should be responsible for reviewing the performance of BBC Scotland against agreed management objectives; that its role in the appointment of senior BBC Scotland executives should be maintained; and that it should play a part in the consultative process for the appointment of the National Governor for Scotland. The Council's views were submitted to the BBC's Board of Governors through its Advisory Bodies Working Party and appended to the BBC's response to the Green Paper on the Future of the BBC.

Programme strategy issues

One of the major issues faced by the Council this year was the implementation of a coherent programme strategy for Radio Scotland. The first stage of this involved the loss of some general programming in the mainland community stations, provoking an adverse response from people living in those areas affected. While understanding their view, the Council believed that it was necessary to concentrate the resources available to Radio Scotland so as to strengthen the national service, thereby making it truly representative of the whole country, in particular through increased programme contributions from outside the Central Belt. The Council members took account of the views of Members of Parliament, representatives of local authorities, community groups and individuals, but in the end endorsed the strategy for Radio Scotland. The first signs of the restructured schedules are encouraging, with both fresh talent and proven broadcasters deployed

in programmes that are an imaginative and coherent blend of the old, the adapted and the newly developed.

The Council gave continued support to the strategy for BBC Scotland's television output for its home audience with renewed emphasis on news, sport and current affairs, including the development of new programmes such as *Axiom* and *Upfront* and an increase in the amount of music and arts programmes. It was also pleased to see a regular edition of *The Late Show* from Scotland on BBC2 and further contributions from the well-established comedy and drama departments for network audiences.

On television, the Council welcomed the final agreement between BBC Scotland and the Gaelic Television Committee. In the coming year this will mean an increase in the number of Gaelic television programmes made by BBC Scotland. The Council believes that this will enhance the Corporation's role as a public service broadcaster through distinctive programming in the Gaelic language on television. However, the Council is aware of the need to schedule such programmes with imagination and to provide wider access to them through a coherent subtitling policy.

Other issues

During the year, the Council devoted much time to discussing a number of broader issues; these included the future of the BBC Scottish Symphony Orchestra, the creation of a new Resources Directorate within the BBC and the development of an equal opportunities strategy for BBC Scotland.

The debate about the future of the BBC

Scottish Symphony Orchestra is not a new one. However, the Council took the view that the proposed merger with the orchestra of Scottish Opera, to create a major new symphony orchestra, provided the best prospect of long-term security for the BBC SSO and was an imaginative development for both orchestras and the cultural life of Scotland as a whole. The proposal will be considered by the members of an independent review committee established to consider options for the futures of both orchestras.

The creation of a new directorate to manage the BBC's resources throughout the UK was announced by the Director-General in January. While the Council recognised the arguments for the new directorate, it believes that this will have wide-ranging and not necessarily beneficial implications for BBC Scotland, and hopes to continue to pursue this issue.

The Council welcomed BBC Scotland's renewed commitment to the development of a coherent equal opportunities strategy for its staff, underlined during the year in the establishment of an equal opportunities committee and the preparation of a strategy document. The Council endorsed the development of a charter for staff and the inclusion of equal opportunities targets within BBC Scotland's human resources strategy.

Charter Renewal and accountability

Members of the Council took part in a number of events during the year at which members of the public and representatives of specific groups were invited to air their views as part of the Corporation's continuing efforts to present itself

strategies for their radio and television services. The Council welcomed the targeted increase in the hours of English language output on BBC Wales television, and the new range of output planned for S4C. To allow for the new S4C developments, the long established series of *Ar y Tir* and *Dechrau Canu* came to an end.

During a General Election year, political and current affairs coverage featured prominently in the Council's discussions on programme output. The balance of election coverage in both languages was regarded as having been fair throughout the campaign, but there was some disquiet that it had been decided not to opt out of the network programme on BBC Wales television.

Wales Today encountered difficulties early in the year, but, with improved production values and specialist journalistic input, viewing figures improved in early 1993 under the guidance of a new editorial team. Plans were prepared for a relaunch of the programme in April 1993, and the Council welcomed management's commitment to securing the future of this important flagship.

Radio and television drama contributions to the networks were enthusiastically supported by the Council, and BBC Wales played an important part in the development in collaboration with S4C of the highly praised *Shakespeare: the Animated Tales*. BBC Wales' experiment with television comedy over the New Year period was disappointing, but the innovations of St David's Day week and the *Noble Guide* series received the full approval of the Council.

The new RAJAR research of radio listening reflected the strong positions of both Radio Wales

and Radio Cymru in the face of ever increasing competition from new national and regional broadcasters. Comprehensive strategies for the continued development of both radio services were submitted to the Council. Funding permitting, plans envisage the expansion of radio broadcasting into the evening, and the further broadening of the appeal of programmes to a wider cross-section of the Welsh population.

The creation of the new Resources Directorate and the resultant change in lines of management responsibility between BBC Wales and the Centre was greeted with disquiet. Members also asked to be kept informed about the implications of the introduction of Producer Choice and the outcome of the Overheads Review.

The Council is confident that BBC Wales can demonstrate high levels of efficiency and believes management and staff have made a substantial contribution to funding the strategies agreed by the Council. It nevertheless remains concerned that insufficient funds are available to provide the scale of English language television service that the Council believes is appropriate for Wales.

The sudden death of Alun Williams, one of Wales' greatest broadcasters, was a source of deep sadness to the Broadcasting Council and BBC Wales staff. Alun had been an indispensable part of the BBC in Wales over four decades, and had made an unparalleled contribution to broadcasting. Tributes were also paid to two young members of staff, Jeff Lyons and Rhian Evans, who died during the year.

Throughout the year BBC Wales continued to attract awards and recognition for the quality of

its productions, once again claiming the majority of the BAFTA Cymru Awards; the network drama production *Friday on my Mind* won an award at the San Francisco Film and Television Festival; Radio Wales' *Landmark* won a Sony Award; and *All Things Considered*, produced by Rev Roy

Jenkins, achieved a Sandford St Martin Radio Award for Religious Programmes.

The Annual BBC Wales Radio Lecture for 1992 was presented by the distinguished journalist Trevor Fishlock who spoke to an invited audience in Broadcasting House, Llandaff.

Northern Ireland

This was the first full year for BBC Northern Ireland's new bi-media programme management structure. The Council was pleased to note it brought shared editorial leadership, reduced administration costs and more effective staff deployment. It also highlighted a number of important successes: Radio Ulster won three Sony Gold Awards and television current affairs won the Circom Europe Award for investigative journalism.

Television

The Council welcomed a new commissioning strategy by which independent programme-makers might offer programmes annually, and the target of 20 hours per year from independent companies was achieved. Production staff costs were reduced through the employment of researchers on short-term contracts and use of temporary staff to meet production peaks. Co-production deals with RTE helped extend local output and a redesigned scheduling policy established a consistent presence for regional programmes, Monday to Friday.

A number of objectives were met:

- the establishment of a weekly sports magazine on television to include coverage of minority and women's sports which are neglected by other broadcasters
- the production of schools drama for local and network audiences
- the production of a landmark continuing education series on the history of Northern Ireland
- the setting up of co-production deals for major arts documentaries with RTE and the Northern and Southern Irish Arts Councils
- the creation of an accessible radio series reflecting local arts activities, *Good Arts Guide*
- the setting up of a new documentary series on radio and television
- the production of a live Friday-night television entertainment show from the Blackstaff studio.

News and current affairs

The Council appreciates that the firm journalistic base of this department has been developed in large measure by the professional growth of specialist correspondents, with emphasis on production and the interviewing skills of a restructured presentation team. It welcomes the growth of bi-media working which allows quality journalism to flourish across both radio and television. The Council endorses the department's declared intention to maintain and strengthen the authority of news and current affairs output and its determination that the journalism must consistently reach high professional standards.

Radio Ulster and BBC Foyle

The FM frequency became Radio Ulster's primary frequency, with all educational broadcasting and parliamentary coverage moved to MW. Radio Foyle's schedule was re-launched in autumn 1992 and a drive begun to reduce cost per hour.

A television crew was also introduced at Foyle to enhance coverage of the west of the Province. The Council is acutely aware of the considerable appetite for up-to-date, accurate information, and believes that hourly news bulletins on Radio Ulster throughout the day and into the evening continues to be an essential bedrock service. It particularly welcomes the recent inclusion of hourly traffic information, which has brought a favourable audience response.

Audience share

A recent Broadcasting Research report showed that the BBC's nightly television news programme,

Inside Ulster, had maintained its audience share against the introduction of the longer UTV programme. The Council is also pleased to note that more than a third of the adult population in Northern Ireland now listens to Radio Ulster during the week. Recent Radio Joint Audience Research figures demonstrated that the station's share of the radio audience had increased from 19.6% to 21% and that between 8 and 8.30am each day, the morning radio news and current affairs programme, *Good Morning Ulster*, enjoyed the highest audience of any radio programme heard in Northern Ireland.

Resources

The Council recognised that the creation of the Resources Directorate is the logical conclusion of *Extending Choice* and supports this as an essential part of the development of Producer Choice. The concept of multi-skilling continued to develop in the training of staff to operate picture, sound and editing equipment both in Belfast and in Londonderry.

The Council congratulated BBC Northern Ireland management on its active equal opportunity and fair employment policies and on the provision of a pilot emergency creche. It also wishes to pay tribute to all the staff for their courage and commitment to ensuring the continuation of a professional and impartial broadcasting service in the Province.

The seminars in Broadcasting House, and the public meetings which took place in every county in the early part of 1993 as part of the Charter Renewal process, were welcomed by the Council as reflecting the BBC's commitment to accountability.

General Advisory Council

Under its new chairman, Sir Terry Heiser, the General Advisory Council has taken a long and hard look at its role and procedures. This reflected concern among members that the GAC was not as effective as it should be. Following considerable work by the Steering Committee, and a full debate at its meeting in February, the GAC put forward recommendations to the BBC for its reorganisation. These were welcomed and accepted in principle, subject to final decisions on the future of the Advisory Structure at the conclusion of the Charter Review process.

Full GAC meetings were held in November, February, March and June. The November meeting discussed the BBC's plans for a radio news network; the progress of Charter Review; coverage of music and arts; and the development of World Service Television. In February, in addition to consideration of its own role, the Council reviewed reaction to the Government's Green Paper and the BBC's *Extending Choice*. The March meeting discussed issues raised by the Director-General's contractual arrangements. In June, the main topic was the Report of the Advisory Bodies Working Party.

The Rural and Agricultural Affairs Advisory Committee

The Committee maintained a close scrutiny of relevant programme output. It noted the continuing excellence of the principal rural programmes on radio, and welcomed the new series, *Down to Earth*. On television, the high quality of *Country File* attracted frequent comment, as did many of the rival programmes produced in the national regions. The Committee questioned the selection of the advisers used by non-specialist programmes on matters of factual accuracy. Other important discussions concerned the portrayal of the use of ammonium nitrate as an explosive; an edition of *Public Eye* on the eating of beef; the offence caused by some

episodes of *The Animals of Farthing Wood*; and an investigative programme on the Royal Society for the Protection of Birds, which received the Committee's full backing.

Several seminars were held with programme-makers and invited guests. The importance of public service broadcasting for those living in rural areas was emphasised at one of these meetings; another referred to the importance of sustaining and increasing economic activity in rural areas. The Committee also discussed the renewal of the BBC's Royal Charter and the review of the structure and working of the Advisory Bodies.

Science Consultative Group

The Science Consultative Group met three times during the year. As discussions progressed on the renewal of the BBC Charter, the Group considered their implications for science programming. The Group noted that the BBC was the world leader in science broadcasting; though science programmes were expensive, they were a clear example of public service broadcasting and many of them were popular. The role of the Group itself was also considered, in the light of Sir Kenneth Bloomfield's report on Advisory Bodies.

Though much of the BBC's science output was praised, strong concern was expressed about a small number of programmes which had put forward controversial views out of step with general scientific opinion. Many members felt that the Group should be invited to express opinions on future programme plans, and that – as individuals – they could often provide constructive criticism of programmes at final-draft stage, prior to transmission.

Central Religious Advisory Committee

At the end of 1992, Rt Rev David Sheppard retired as Chairman. His place was taken by the Rt Rev Roy Williamson, Bishop of Southwark.

The main discussion at the September 1992 meeting concerned the BBC's decision to move the radio Religious Programmes department to Manchester to join up with colleagues from television in a single bi-media department. It was feared that this would increase programme costs, remove the department from regular contact with the many religious organisations with headquarters in London, and that disruption caused to staff would affect programme quality. The Director-General and Managing Director of BBC Network Radio explained that the decision

had been taken as part of the wider policy of moving programme production away from its over-concentration in the South East. They were confident the move would not damage the work of the department.

CRAC welcomed the new religious programmes on Radio 1, *A Damn Good Lie* and *The Big Holy One*. They also praised two editions of *Everyman*; *Living for Jason* and *How to Get to Heaven in Montana*; the edition of *Songs of Praise* which had commemorated the Dambusters raid; and a variety of programmes produced by World Service Religious Programmes, including *The Evangelicals* and an edition of *In Praise of God* that, for the first time, had featured a Buddhist meditation.

Educational Broadcasting Council

The Educational Broadcasting Council meets quarterly. In May 1992 the meeting took the form of a two-day residential to enable members to examine in depth the future of School and Continuing Education Broadcasting; Educational Publishing; and education and its relationships with the general output. This strategic appraisal was useful.

Other issues considered during the year included: responding to the Government's Green Paper on Broadcasting, and to Sir Kenneth Bloomfield's working party on the future of the BBC's Advisory System; identifying research priorities; the needs of target audiences; and effective broadcasting strategies to ensure focused programming and appropriate scheduling.

The Educational Broadcasting Council gathers information from equivalent bodies in Scotland, Wales and Northern Ireland and from three programme sub-groups, the Primary, Secondary and Continuing Education Committees.

In autumn 1992 the Primary and Secondary meetings considered radio and television programme proposals for 1993/94. In spring 1993 these committees gave advice about priorities for the school output in 1994/95.

The Primary Committee also considered two reports on primary education from the National Curriculum Council and the Office for Standards in Education; and a specially commissioned report on the "Use of Broadcasts in Small Primary Schools" from Ted Wragg, Professor of Education at Exeter University.

The Continuing Education Programme Committee at its autumn meeting made recommendations about the policy and priorities underpinning the Continuing Education and Training output in 1994/95. It received a report of a highly successful conference "Public Broadcasting for a Multi-cultural Europe" held in Amsterdam, initiated jointly by a Continuing Education Committee member, Rakesh Bhanot, and a BBC Education Officer, Europe Singh. The Conference proved to be a launch pad for a number of multi-media initiatives in Europe.

Part 3

Financial Statements

Statement of responsibility

Statement of Governors and Board of Management responsibility for preparing the financial statements

The Governors and Board of Management are required by the BBC's Charter to prepare Statements of Accounts for each financial year.

The financial statements are prepared to give a true and fair view of the state of affairs of the Corporation as at the end of the financial year and of its income and expenditure, total recognised gains and losses and cash flows for the year then ended and to comply with applicable accounting standards.

The Governors and Board of Management confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements.

In addition, the Governors and Board of Management are responsible for maintaining adequate accounting records, and sufficient internal controls to safeguard the assets of the Corporation, and to prevent and detect fraud and other irregularities.

Auditors' report

To the Members of the British Broadcasting Corporation

We have audited the financial statements on pages 76 to 100 which comprise the consolidated Home Services Group and the World Service and are prepared on the basis set out in the statements of accounting policies on pages 76 to 78 and pages 93 to 94.

Respective responsibilities of the Governors and Board of Management and Auditors

As described above the Governors and the Board of Management 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 Governors and the Board of

Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Corporation'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 presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Corporation as at 31 March 1993 and of its income and expenditure, total recognised gains and losses and cash flows for the year then ended.

18 June 1993

Coopers & Lybrand
London
Chartered Accountants and
Registered Auditors

Structure of the financial statements

The British Broadcasting Corporation is a body corporate set up by Royal Charter and operating under licence from the Department of National Heritage.

The object is to provide a public service of broadcasting for general reception at home and overseas. In order to fulfil this object the Corporation receives income from the Department of National Heritage derived from television broadcast receiving licences to finance the Home Services, from the Foreign and Commonwealth Office, Grants-in-Aid for the World Service and from the Open University a grant to provide audio visual material associated with its courses.

The Home Services Group financial statements (on pages 76 to 92) are presented in the form of consolidated financial statements including the BBC's commercial and broadcasting subsidiaries and the Open University Production Centre.

The World Service receives specific Grant-in-Aid funding which is not available to fund other BBC activities and separate financial statements including a statement of accounting policies are therefore prepared for this service (on pages 93 to 100).

Home Services Group

Statement of accounting policies

The principal accounting policies of the Home Services Group are set out below.

Form of accounts

The annual financial statements have been prepared in accordance with applicable accounting standards and, in so far as they are appropriate to the Home Services' activities, the accounting provisions of the Companies Act 1985. They are presented under the historical cost convention except for plant and machinery which was revalued at 31 March 1993.

The Home Services Group Financial Statements (on pages 76 to 92) are presented in the form of consolidated financial statements comprising the Home Services and its commercial and broadcasting subsidiaries and the Open University Production Centre.

A separate income and expenditure account for the Home Services is not presented.

Changes in presentation of the financial statements

Following the introduction by the Accounting Standards Board of FRS3 "Reporting Financial Performance" and FRS2 "Accounting for Subsidiary Undertakings" the following changes in the presentation of the financial statements have been made to comply with the requirements of the new standards:

(a) the Income and Expenditure Statement now includes the results of the Corporation's commercial and broadcasting subsidiaries and the Open University Production Centre on a line by line consolidated basis and the prior year has been similarly reclassified

(b) a statement of Total Recognised Gains and Losses has been presented.

Income

Income is derived from television broadcast receiving licences and represents the value of licences issued in the year. The amount which can be paid to the Home Services for any year cannot exceed the total amount voted by Parliament for that year, and variations between income collected and the vote are allowed for in the following year.

Income received by commercial subsidiaries mainly consists of income earned by the BBC Enterprises Group, representing licence fees from the distribution of joint productions, agency fees from the distribution of programmes on behalf of the BBC and from other producers' titles and from the publication of magazines, books, videos, records, tapes and other programme related products.

Income received by broadcasting subsidiaries mainly consists of subscription income from news and information television satellite broadcasting by BBC World Service Television Limited and income from the sale of transmission time during the night in the UK by BBC Subscription Television Limited.

The Open University Production Centre receives an annual grant from the Open University and generates additional income from organisations in the educational field.

Exchange differences

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at 31 March. Surpluses and deficits arising from the translation at these rates of exchange of assets and liabilities, together with exchange differences arising from trading activities, are included in the statement of income and expenditure.

The profit and loss accounts of overseas subsidiaries are

translated into sterling at month-end rates. Exchange differences arising on consolidation are taken directly to operating reserve.

Taxation

The Home Services Group is only liable to taxation on profits derived from those activities carried on with a view to profit and on rent, royalties and interest receivable.

The Corporation provides for deferred taxation under the liability method calculated to take account of timing differences between the treatment of certain items in the financial statements and their treatment for taxation purposes except to the extent that the Corporation considers it reasonable to assume that such timing differences will continue in the future.

BBC Subsidiaries

Goodwill, being the excess of the cost of shares in subsidiaries over the value attributable to their net tangible assets on acquisition, is deducted from the operating reserve in the year of acquisition.

Pensions

In accordance with UK Statement of Standard Accounting Practice No 24, the charge to the income and expenditure account for pensions comprises the regular pension cost of the Corporation's defined benefit scheme reduced by the amortisation of the scheme surplus over the average remaining service life of employees in the scheme.

Research and development

Research and development expenditure is written off as incurred.

Fixed assets

Home Services expenditure on fixed assets above £1000 and internal costs incurred on capital projects are capitalised.

Depreciation is calculated so as to write off the cost or valuation of fixed assets on a straight line basis over their expected useful lives. For larger value schemes depreciation commences from the date the asset is brought into service. Other assets are depreciated from the date the expenditure is incurred. Land is not depreciated.

The depreciation rates used for the principal categories of assets were as follows:

Freehold and long leasehold buildings	50 years
Freehold and long leasehold buildings improvements	15 years
Short leasehold land and buildings	unexpired term of the lease
Transmitters and power plant	20 years
Broadcasting plant	7 years
Computers (including software)	5 years
Fixtures, fittings and musical instruments	5 years
Vehicles	4 years

Producer Choice was introduced on 1 April 1993 as part of the Corporation's drive for greater efficiency, exposing internal resource providers to competitive market forces and giving programme makers responsibility for all programme costs.

In order to create equitable trading conditions plant and machinery was revalued to Modern Equivalent Asset Value as at 31 March 1993, thereby ensuring that resource providers bear an appropriate depreciation charge for the assets that they employ. The Modern Equivalent Asset Value comprises the estimated current replacement costs of the assets, adjusted for service potential less accumulated depreciation.

At the same time a review of the Home Services plant and machinery expected useful lives was undertaken with the

result that from 1 April 1993 Home Services plant and machinery will be depreciated at the following rates:

Transmitters and power plant	25 years
Broadcasting plant	4-10 years
Computers (including software)	5 years
Vehicles	7-10 years

The new depreciation rates have been used to calculate the accumulated depreciation adjustment on the revalued plant and machinery.

Expenditure on subsidiaries' fixed assets is depreciated over lives of between 3 and 5 years except buildings, which are depreciated over their estimated useful lives. They have not been revalued.

Leased assets

Assets held under finance leases are capitalised at the total amount of rentals payable under the leasing agreement, excluding finance charges, and depreciated in accordance with the asset lives set out above. Finance charges are written off over the period of the lease on a reducing balance basis.

Operating lease rental payments are charged directly to the statement of income and expenditure on an accruals basis.

Investment in programmes for future sale

In the BBC Enterprises Group, investment in programmes for future sale is stated at cost, after writing off the costs of programmes that are considered irrecoverable, less accumulated amortisation. Certain 'topical' programme genres are recognised as having a one to two year life and are amortised accordingly. Amortisation on all other programming is charged against income over the average marketable life which is estimated to be five years. The cost and accumulated amortisation of 'Investment in Programmes for Future Sale' are reduced by the value of programmes over five years old.

Programme stocks

The external cost of programmes for transmission in future years is stated after deducting contributions from other organisations and is carried forward and charged to operating expenditure on first transmission of the programme.

Staff costs and all other programme costs are charged to expenditure in the year in which they are incurred.

Consumable stocks

Consumable stocks are stated at the lower of cost or net realisable value.

Litigation

At any time, the Corporation is involved in a number of instances of litigation, for some of which the outcome is uncertain. The Corporation makes specific provision against any damages and costs which may be awarded.

Capital reserve

Each year an equivalent amount to the costs expended by the Home Services on capital assets over depreciation, adjusted for disposals, is transferred to capital reserve so that, at the year end, the amount of the capital reserve is equivalent to the historic cost net book value of fixed assets.

Home Services Group

Statement of Income and Expenditure

for the year ended 31 March

Notes		1992/93	1991/92
		£m	(reclassified) £m
	Income		
	Licence fee	1,597.6	1,486.1
2	Commercial subsidiaries	204.3	180.1
2	Broadcasting subsidiaries	15.1	6.8
	Open University Production Centre	11.8	13.4
		<u>1,828.8</u>	<u>1,686.4</u>
	Operating expenditure		
1	Television	1,089.2	1,026.9
1	Radio	353.9	338.2
	Collection costs of licence fee	92.5	92.5
2	Commercial subsidiaries	193.6	174.8
2	Broadcasting subsidiaries	28.4	13.8
	Open University Production Centre	11.8	13.4
3	Other income	(17.4)	(11.7)
		<u>1,752.0</u>	<u>1,647.9</u>
	Operating surplus before restructuring costs	76.8	38.5
4	Restructuring costs	100.6	70.5
	Operating deficit	(23.8)	(32.0)
5	Net interest	1.7	10.8
6	Deficit before taxation	(22.1)	(21.2)
7	Taxation	(4.4)	(3.9)
	Deficit after taxation	(26.5)	(25.1)
	Minority interests	(0.3)	0.3
17	Deficit for the financial year	(26.8)	(24.8)
17	Net transfer to reserves	(7.4)	(43.3)
	Deficit for the year transferred to operating reserve	(34.2)	(68.1)

Statement of Total Recognised Gains and Losses

for the year ended 31 March

	1992/93	1991/92
	£m	£m
Deficit for the financial year	(26.8)	(24.8)
Unrealised surplus on revaluation of plant and machinery	80.5	-
Currency translation differences on foreign currency net investments	1.3	-
Total recognised gains and losses relating to the year	<u>55.0</u>	<u>(24.8)</u>

A separate statement disclosing historic cost profits and losses is not shown as this information is the same as the Group Statement of Income and Expenditure.

A separate statement reconciling the movement in net assets is not shown as this information is the same as the reserves note on page 91.

Home Services Group

Balance Sheets

at 31 March

Notes	Group 1993	Group 1992 (reclassified)	Home Services 1993	Home Services 1992 (reclassified)
	£m	£m	£m	£m
Fixed assets				
9 Tangible assets	883.9	792.7	866.0	778.0
10 Investment in programmes for future sale	45.1	37.2	-	-
11 Investment in subsidiaries	-	-	6.3	6.3
11 Other investments	0.9	0.3	-	0.1
	<u>929.9</u>	<u>830.2</u>	<u>872.3</u>	<u>784.4</u>
Current assets				
12 Stocks	173.8	183.5	164.6	175.9
13 Current debtors	223.5	206.5	174.8	165.8
13 Long term debtors	80.0	79.6	77.1	76.8
14 Short term bank deposits and cash	53.6	28.5	38.9	20.5
	<u>530.9</u>	<u>498.1</u>	<u>455.4</u>	<u>439.0</u>
15 Creditors – amounts falling due within one year	510.2	425.6	436.9	370.9
Net current assets	<u>20.7</u>	<u>72.5</u>	<u>18.5</u>	<u>68.1</u>
Total assets less current liabilities	950.6	902.7	890.8	852.5
15 Creditors – amounts falling due after more than one year	43.0	46.3	18.9	22.3
16 Provisions for liabilities and charges	74.9	79.0	73.1	76.3
	<u>832.7</u>	<u>777.4</u>	<u>798.8</u>	<u>753.9</u>
Represented by				
17 Revaluation reserve	80.5	-	80.5	-
17 Capital reserve	791.8	784.4	791.8	784.4
17 Operating reserve	(40.0)	(7.1)	(73.5)	(30.5)
Minority interests	0.4	0.1	-	-
	<u>832.7</u>	<u>777.4</u>	<u>798.8</u>	<u>753.9</u>

Approved by the Governors and Board of Management on 18 June 1993

Marmaduke Hussey Chairman of the Board of Governors

John Birt Director-General

Rodney Baker-Bates Director of Finance and Information Technology

Cashflow Statement

for the year ended 31 March

	1992/93	1991/92
	£m	£m
Net cash inflow from operating activities	127.1	150.6
Return on investments and servicing of finance		
Interest received	4.2	17.3
Interest paid	(2.5)	(6.5)
Dividends received from associates	0.4	-
Net cash inflow from return on investments and servicing of finance	2.1	10.8
Taxation		
UK Corporation tax	0.5	(4.4)
Overseas tax	(1.9)	(1.0)
Tax paid	(1.4)	(5.4)
Investing activities		
Capital expenditure	(91.4)	(144.6)
Investment in programmes for future sale	(30.0)	(19.5)
Cash received from sale of assets	4.4	1.4
Purchase of shares	(0.6)	(0.1)
Sale of investments	0.5	-
Net cash outflow from investing activities	(117.1)	(162.8)
Net cash inflow/(outflow) before financing	10.7	(6.8)
Financing		
Long term loan	-	(24.0)
Increase in cash and cash equivalents	10.7	17.2
	10.7	(6.8)
Analysis of cash inflow:		
Deficit before taxation	(22.1)	(21.2)
Plus: interest payable	2.5	6.5
Less: interest receivable	(4.2)	(17.3)
Less: income from associates	(1.1)	-
Plus: (surplus)/loss from the disposal/restructuring of assets	(0.4)	11.5
Less: gain on sale of investments	(0.5)	-
Depreciation and amortisation	105.8	86.4
Decrease/(increase) in stocks	9.7	(33.9)
Increase in debtors	(17.4)	(73.6)
Increase in creditors	56.1	167.5
(Decrease)/increase in provisions	(3.2)	24.4
Exchange gain on translation	1.9	0.3
Net cash inflow from operating activities	127.1	150.6

Included within the deficit before taxation is an exceptional charge of £100.6m (1991/92 £70.5m) for restructuring costs. This comprises a net increase in provisions of £15.9m (1991/92 £21.4m), a cash outflow of £74.3m (1991/92 £49.1m) and a year end creditor of £10.4m (1991/92 nil).

Notes to the financial statements

for the year ended 31 March

1 Television and Radio operating expenditure

Operating expenditure on the Television and Radio services is analysed as follows:

	1992/93	1991/92		1992/93	1991/92
	£m	£m		£m	£m
Television			Comprising:		
BBC 1	645.3	593.7	Staff costs (see note 8(a))	610.1	590.6
BBC 2	312.9	306.2	Other direct programme costs including artists	545.4	477.7
Regional services	131.0	127.0	Depreciation	79.3	68.7
	1,089.2	1,026.9	Other expenditure	245.6	249.9
Radio			Own work capitalised	(20.8)	(21.8)
Radio 1	38.8	37.0	Release of provision	(16.5)	-
Radio 2	46.3	47.3		1,443.1	1,365.1
Radio 3	51.3	53.8			
Radio 4	72.6	67.8			
Radio 5	36.3	32.8			
Regional services	43.3	42.5			
Local radio	65.3	57.0			
	353.9	338.2			
	1,443.1	1,365.1			

2 Trading profits/(losses) of subsidiaries

	Commercial subsidiaries		Broadcasting subsidiaries	
	1992/93	1991/92	1992/93	1991/92
	£m	£m	£m	£m
Turnover				
Television programme sales	53.1	47.9	-	-
Magazine and book publishing	105.4	94.2	-	-
Videos, records and tapes	36.7	32.4	-	-
Satellite income	-	-	14.2	6.5
Other activities	9.1	5.6	0.9	0.3
	204.3	180.1	15.1	6.8
Expenditure				
Cost of sales	105.7	100.9	14.6	8.1
Distribution costs	43.0	41.2	1.0	0.6
Administrative and other costs	22.7	18.1	12.8	5.1
Amortisation of programme investment	22.2	14.6	-	-
	193.6	174.8	28.4	13.8
Trading profits/(losses) before interest and income from associate undertakings	10.7	5.3	(13.3)	(7.0)
Net assets	38.0	29.9	(12.1)	(0.9)

BBC Enterprises investment in programmes for future sale of £30.0m (1991/92 £19.5m) includes £27.4m (1991/92 £17.6m) co-production contribution to programmes made by the Home Services.

Home Services Group

2 Trading profits/(losses) of subsidiaries (continued)

	Commercial subsidiaries		Broadcasting subsidiaries	
	1992/93	1991/92	1992/93	1991/92
	£m	£m	£m	£m
Analysed by segment:				
Turnover by geographic market				
United Kingdom	148.6	134.0	0.9	-
Rest of the World	55.7	46.1	14.2	6.8
	<u>204.3</u>	<u>180.1</u>	<u>15.1</u>	<u>6.8</u>

All turnover originates from within the United Kingdom.

	1992/93	1991/92
	£m	£m
Trading profits/(losses) by business:		
Commercial subsidiaries		
BBC Enterprises Group	10.7	5.3
Broadcasting subsidiaries		
BBC Subscription Television Limited	(10.8)	(3.2)
BBC Investments Limited	(0.5)	-
BBC World Service Television Limited	(2.0)	(3.8)
	<u>(13.3)</u>	<u>(7.0)</u>

The 1992/93 result for BBC Subscription Television Limited includes £8.0m exceptional write downs and provisions.

3 Other income

	Group 1992/93	Group 1991/92
	£m	£m
Associates	1.1	-
Rents receivable	3.9	2.8
Other income	12.4	8.9
	<u>17.4</u>	<u>11.7</u>

Services. Included within this are amounts provided in the year of £50.3m (1991/92 £37.0m) for future costs related to decisions taken by the balance sheet date but not yet effected.

In addition there is £5.8m (1991/92 £10.5m) in respect of a programme of property rationalisation.

The restructuring programme continues beyond the balance sheet date and further restructuring costs will be incurred and provided for in the next financial year.

Restructuring costs – exceptional item

The Corporation is undertaking a fundamental restructuring of its operations designed to reduce the cost base of the Home Services, as part of a fundamental change in the method of running its activities – Producer Choice. In addition the Corporation has continued with restructuring programmes from the previous year.

Certain costs associated with this restructuring have been incurred and provided for as an exceptional item in the Statement of Income and Expenditure. These amount to £100.6m (1991/92 £70.5m) of which £94.8m (1991/92 £60.0m) relates to redundancy and other restructuring costs designed to reduce the cost base of the Home

5 Net interest

	Group 1992/93	Group 1991/92
	£m	£m
Interest receivable		
Home Services	3.5	15.9
Subsidiaries	0.7	1.4
Interest payable		
Home Services	(0.5)	(5.2)
Subsidiaries	(2.0)	(1.3)
	<u>1.7</u>	<u>10.8</u>

Home Services Group

6 Deficit before taxation

	Group 1992/93	Group 1991/92
	£m	£m
This is stated after charging:		
Payments under operating leases		
plant and machinery	6.6	4.2
other	14.5	16.2
Research expenditure written off	5.1	5.2

Auditors' remuneration amounts to £410,300 (1991/92 £301,200).

The current year's audit fee includes additional fees arising from the audit of the revaluation of plant and machinery and the changes in presentation of the financial statements.

Non-audit fees paid to the auditors totalled £4,186,430 in the year. This comprises consultancy fees relating to the restructuring of the Corporation as a result of the introduction of Producer Choice of £2,709,336, taxation compliance and advisory fees of £444,097, systems reviews of £573,084 and other consultancy and advisory fees of £459,913.

7 Taxation

The Home Services Group is only liable to taxation on profits derived from those activities carried on with a view to profit and on rent, royalties and interest receivable. The charge for the year, based on a rate of Corporation tax of 33% (1991/92 33%), comprised:

	Group 1992/93	Group 1991/92
	£m	£m
Current year		
Corporation tax	4.0	4.6
Deferred taxation	(1.4)	(0.8)
Double taxation relief	(0.5)	(0.4)
	2.1	3.4
Overseas taxation	1.9	1.0
	4.0	4.4
Prior year		
Corporation tax	(0.1)	(1.9)
Deferred taxation	0.5	1.4
	0.4	(0.5)
	4.4	3.9

Of the total taxation charge £1.3m (1991/92 £0.5m) relates to subsidiaries.

8 Employees and remuneration

(a) Staff costs

	Group 1992/93	Group 1991/92
	£m	£m
Salaries and wages (excluding redundancy costs)	584.4	562.1
Social security costs	50.4	48.5
Other pension costs	11.7	12.4
	646.5	623.0
comprising:		
Home Services	610.1	590.6
Commercial subsidiaries	27.8	23.1
Broadcasting subsidiaries	1.9	1.5
Open University Production Centre	6.7	7.8
	646.5	623.0

(b) Pensions

Most employees are members of the BBC Pension Scheme, which provides salary related pension benefits on a defined benefit basis. The scheme is subject to independent valuation by a professionally qualified actuary at least every three years, on the basis of which the actuary certifies the rate of employer's contribution which, together with the specified contributions payable by employees and proceeds from the scheme's assets, are sufficient to fund the benefits payable under the scheme.

The latest actuarial valuation of the scheme was as at 1 April 1990, using the projected unit method. The main long-term assumptions are that the annual rate of return on investments would exceed increases in earnings by 1½% and exceed pension increases by 3½%. The scheme is to be revalued as at 1 April 1993 but the details of this new valuation will not be available until late in the year.

The market value of the scheme's assets at 1 April 1990 was £2,782m and the actuarial value of the assets represented 133% of the value of the benefits due to members, after allowing for expected future increases in earnings and the benefit improvement introduced shortly after the valuation. With the agreement of the actuary and trustees, the employer's standard contribution rate was reduced to 4¼% of pensionable salary from 1 April 1992, the employees' standard contribution rate remaining at 4½%, to maintain the scheme surplus within the parameters of the Inland Revenue guidelines.

After allowing for the cost of certain benefit improvements, the pension charge in the Home Services Group financial statements for 1992/93 was £11.7m (1991/92 £12.4m) after deducting a proportion of the scheme surplus amortised over the average remaining service of the contributing members.

Home Services Group

8 Employees and remuneration (continued)**(c) Governors**

Governors are appointed by the Queen in Council to serve for periods not exceeding five years. The emoluments of the Board of Governors are determined by the Secretary of State for National Heritage with the approval of the Minister for the Civil Service.

The aggregate fees and emoluments of the members of the Board of Governors was £198,176 (1991/92 £195,125). In addition an amount of £20,000 per annum is provided to meet the Corporation's pension obligation under the Charter to former Chairmen and their surviving spouses.

The number of Governors who received emoluments (excluding contributions paid to a pension scheme) in the following bands was:

	1992/93	1991/92
	Number	Number
£0 - £5,000	-	2
£5,001 - £10,000	4	5
£10,001 - £15,000	6	5
£15,001 - £20,000	1	1
£65,001 - £70,000	1	1

These amounts include £65,610 (1991/92 £65,434) in respect of the Chairman who was the highest paid Governor.

(d) Board of Management

Members of the Board of Management are appointed by the Governors. The aggregate remuneration of the members of the Board of Management was:

	1992/93	1991/92
	£	£
Emoluments	1,579,239	1,366,402
Pension contributions	150,181	136,962
Compensation for loss of offices (Including £22,391 in respect of pension benefits)	181,141	-
	<u>1,910,561</u>	<u>1,503,364</u>

The emoluments of members of the Board of Management appointed or leaving during the year are included in respect of their period of membership of the Board only. Emoluments comprise salaries, bonuses, fees, benefits and a payment to Channel 4 Television Company in respect of Liz Forgan.

At 31 March 1993 there were 13 (31 March 1992 11) members of the Board of Management. As a result of changes in the composition of the Board of Management there were 17 (1991/92 12) members, who served during the year and received emoluments in the following bands:

	1992/93	1991/92
	Number	Number
£0 - £5,000	1	-
£20,001 - £25,000	1	-
£25,001 - £30,000	2	1
£40,001 - £45,000	1	-
£60,001 - £65,000	1	-
£80,001 - £85,000	-	1
£90,001 - £95,000	-	2
£95,001 - £100,000	1	1
£100,001 - £105,000	1	3
£110,001 - £115,000	3	-
£115,001 - £120,000	1	1
£120,001 - £125,000	1	-
£125,001 - £130,000	1	1
£130,001 - £135,000	1	-
£135,001 - £140,000	-	1
£145,001 - £150,000	-	1
£175,001 - £180,000	1	-
£180,001 - £185,000	1	-

The emoluments shown above include £180,721 (1991/92 £149,148) in respect of the highest paid member of the Board of Management. Ian Phillips a former member of the Board of Management is acting as a consultant to the BBC's pension scheme trustees for a period of 2 years which commenced on 1 March 1993 at an annual fee of £30,000. As a result of temporary pay arrangements in connection with his change to staff status John Birt received net payments on account of salary which amounted to £14,667 at 31 March 1993, which have since been repaid in full.

The emoluments of David Witherow, Acting Managing Director of the World Service between 24 December 1992 and 31 March 1993 and representative of the World Service on the Board of Management for that period, are included in these figures.

Home Services Group

Short-term bank deposits and cash

Analysis of the balances of cash and cash equivalents as shown in the Group Balance Sheet.

	Cash at bank and in hand	Bank overdrafts	Unpresented cheques	Total
	£m	£m	£m	£m
At 31 March 1991	25.3	(20.8)	(35.0)	(30.5)
Change in the year	3.2	16.9	(2.9)	17.2
At 31 March 1992	28.5	(3.9)	(37.9)	(13.3)
Change in the year	25.1	(4.4)	(10.0)	10.7
At 31 March 1993	53.6	(8.3)	(47.9)	(2.6)

Creditors

at 31 March

	Group 1993	Group 1992	Home Services 1993	Home Services 1992
	£m	£m	£m	£m
Amounts falling due within one year				
Unpresented cheques	47.9	37.9	44.4	37.9
Overdrafts	8.3	3.9	7.9	2.8
	56.2	41.8	52.3	40.7
Trade creditors				
Programme creditors	67.4	64.2	67.2	63.9
Programme acquisitions	19.2	13.6	19.2	13.6
Salaries and wages	59.5	51.6	57.8	51.2
Residual copyright payments	10.4	7.7	-	-
Licence Fee collection creditors	0.5	2.9	0.5	2.9
Others	75.8	60.4	55.1	39.2
	232.8	200.4	199.8	170.8

	Group 1993	Group 1992	Home Services 1993	Home Services 1992
	£m	£m	£m	£m
Other creditors				
Capital	30.4	23.5	30.4	23.5
Taxation	6.9	3.0	6.9	3.0
	37.3	26.5	37.3	26.5
Accruals and deferred income	38.9	27.0	2.5	3.0
Licence saving stamps	145.0	129.9	145.0	129.9
	183.9	156.9	147.5	132.9
	510.2	425.6	436.9	370.9

Amounts falling due after more than one year

Programme acquisitions	19.0	22.3	18.9	22.3
Bank loan	24.0	24.0	-	-
	43.0	46.3	18.9	22.3

The long-term bank loan represents a five year syndicated facility placed by BBC Enterprises Limited in 1992. Interest payable in the year on this loan amounted to £1.9m (1991/92 £1.1m) and the loan is guaranteed by the BBC.

Home Services Group

8 Employees and remuneration (continued)**(e) Persons employed**

The number of persons employed in the year at their full-time equivalent was:

	1992/93		1991/92	
	Average for the year	31 March 1993	Average for the year	31 March 1992
	Number	Number	Number	Number
Television	15,092	14,136	16,754	16,006
Radio	6,309	6,093	6,611	6,440
Commercial subsidiaries	1,216	1,265	1,235	1,206
Broadcasting subsidiaries	184	225	89	160
Open University Production Centre	262	226	343	311
	<u>23,063</u>	<u>21,945</u>	<u>25,032</u>	<u>24,123</u>

This presentation has been changed to include staff employed on short-term contracts (of six months or less) which more fairly reflects the total number of staff employed by the Corporation at any point in time. The comparative figures have been restated to reflect this change in presentation. Within the averages above 923 (1991/92 1,070) part-time employees have been included at their full-time equivalent of 470 (1991/92 562).

9 Tangible fixed assets**(a) Group**

	Land and buildings	Plant and machinery	Furniture and fittings	Assets in the course of construction	Total
	£m	£m	£m	£m	£m
Cost or valuation					
At 1 April 1992	467.4	618.1	16.1	75.6	1,177.2
Additions	8.6	50.8	2.7	36.2	98.3
Brought into service	24.9	35.2	-	(60.1)	-
Disposals	(3.9)	(7.4)	-	-	(11.3)
Transfers	40.8	(40.8)	-	-	-
Revaluation	-	187.0	-	-	187.0
At 31 March 1993	<u>537.8</u>	<u>842.9</u>	<u>18.8</u>	<u>51.7</u>	<u>1,451.2</u>
Comprising:					
cost	537.8	16.9	18.8	51.7	625.2
valuation at 31 March 1993	-	826.0	-	-	826.0
	<u>537.8</u>	<u>842.9</u>	<u>18.8</u>	<u>51.7</u>	<u>1,451.2</u>
Depreciation					
At 1 April 1992	71.4	303.5	9.6	-	384.5
Charge for the year	14.0	66.6	3.0	-	83.6
Elimination in respect of disposals	(1.4)	(5.9)	-	-	(7.3)
Transfers	25.7	(25.7)	-	-	-
Revaluation adjustment	-	106.5	-	-	106.5
At 31 March 1993	<u>109.7</u>	<u>445.0</u>	<u>12.6</u>	<u>-</u>	<u>567.3</u>
Net book values					
At 31 March 1993	<u>428.1</u>	<u>397.9</u>	<u>6.2</u>	<u>51.7</u>	<u>883.9</u>
At 31 March 1992	<u>396.0</u>	<u>314.6</u>	<u>6.5</u>	<u>75.6</u>	<u>792.7</u>

Home Services Group

9 Tangible fixed assets (continued)**(a) Group (continued)**

As stated in the accounting policy note on page 77, Home Services plant and machinery was revalued at 31 March 1993. The revaluation was undertaken by the Corporation's engineers and approved by the Governors and Board of Management.

The transfers comprise infrastructure costs which were previously shown within plant and machinery and are now classified within land and buildings.

Historic Cost Basis

The net book amount of tangible assets included in the above table determined on an historic cost basis is as follows:

	Plant and machinery
	£m
Cost	655.9
Depreciation	338.5
Net book amount	<u>317.4</u>

(b) Home Services

	Land and buildings	Plant and machinery	Furniture and fittings	Assets in the course of construction	Total
	£m	£m	£m	£m	£m
Cost or valuation					
At 1 April 1992	457.7	605.1	10.4	75.5	1,148.7
Additions	7.6	46.5	0.5	36.1	90.7
Brought into service	24.9	35.0	-	(59.9)	-
Disposals	(3.9)	(6.8)	-	-	(10.7)
Transfers	40.8	(40.8)	-	-	-
Revaluation	-	187.0	-	-	187.0
At 31 March 1993	<u>527.1</u>	<u>826.0</u>	<u>10.9</u>	<u>51.7</u>	<u>1,415.7</u>
Comprising:					
cost	527.1	-	10.9	51.7	589.7
valuation at 31 March 1993	-	826.0	-	-	826.0
	<u>527.1</u>	<u>826.0</u>	<u>10.9</u>	<u>51.7</u>	<u>1,415.7</u>
Depreciation					
At 1 April 1992	69.8	295.4	5.5	-	370.7
Charge for the year	13.6	64.1	1.6	-	79.3
Elimination in respect of disposals	(1.4)	(5.4)	-	-	(6.8)
Transfers	25.7	(25.7)	-	-	-
Revaluation adjustment	-	106.5	-	-	106.5
At 31 March 1993	<u>107.7</u>	<u>434.9</u>	<u>7.1</u>	<u>-</u>	<u>549.7</u>
Net book values					
At 31 March 1993	<u>419.4</u>	<u>391.1</u>	<u>3.8</u>	<u>51.7</u>	<u>866.0</u>
At 31 March 1992	<u>387.9</u>	<u>309.7</u>	<u>4.9</u>	<u>75.5</u>	<u>778.0</u>

Home Services Group

9 Tangible fixed assets (continued)

(b) Home Services (continued)

Historic Cost Basis

The net book amount of tangible assets included in the above table determined on an historic cost basis is as follows:

	Plant and machinery
	£m
Cost	639.0
Depreciation	328.4
Net book amount	310.6

(c) Land and buildings at net book value comprise:

At 31 March

	Group 1993	Group 1992	Home Services 1993	Home Services 1992
	£m	£m	£m	£m
Freeholds	327.0	302.2	322.7	298.6
Long leaseholds	87.0	81.7	82.9	77.4
Short leaseholds	14.1	12.1	13.8	11.9
	428.1	396.0	419.4	387.9

The Governors and the Board of Management have reviewed the carrying values of freehold properties and are satisfied that there has been no permanent diminution in their carrying values.

10 Investment in programmes for future sale

	Group £m
Cost	
At 1 April 1992	67.5
Exchange Adjustment	1.3
Additions	30.0
Written off during the year	(8.5)
Cost of programmes fully amortised at 31 March 1993	(4.6)
At 31 March 1993	85.7
Amortisation	
At 1 April 1992	30.3
Exchange Adjustment	1.2
Charge for the year	22.2
Amortisation on programmes written off during the year	(8.5)
Accumulated amortisation on programmes fully amortised at 31 March 1993	(4.6)
At 31 March 1993	40.6
Net book values	
At 31 March 1993	45.1
At 31 March 1992	37.2

11 Investments

(a) The Home Services own 100% of the issued share capital of the following companies incorporated in England and Wales:

	Cost at 31 March 1993	Cost at 31 March 1992
	£m	£m
BBC Enterprises Limited	0.3	0.3
BBC World Service Television Limited	6.0	6.0
BBC Subscription Television Limited	-	-
BBC Investments Limited	-	-
	6.3	6.3

The following significant investments are also held in companies incorporated in England and Wales:

Company	Holding of issued ordinary shares %
Parliamentary Broadcasting Unit Limited	33

The financial statements of the above company are made up to 30 September and, accordingly, the Home Services Group accounts include management's estimate of the results of the company to 31 March 1993.

Broadcasters Audience Research Board Limited	50
RAJAR (Radio Joint Audience Research) Limited	50

(b) BBC Enterprises Limited holds the following significant interests in companies which, except where stated, are incorporated in England and Wales:

Company	Holding of issued ordinary shares %
Subsidiaries	
Lionheart Television International Inc. (incorporated in Delaware, USA)	100
Redwood Publishing Limited	77½
Associates	
BBC Frontline Limited	23
Investments	
UK Gold Television Limited	20

Home Services Group

11 Investments (continued)

(c) BBC Investments Limited holds the following interests in companies incorporated in England and Wales:

Associates	Holding of issued ordinary shares
	%
Accountancy Television Limited	24
Legal Network Television Limited	22
Management TV International Limited	20

12 Stocks

at 31 March

	Group 1993	Group 1992	Home Services 1993	Home Services 1992
	£m	£m	£m	£m
Raw materials	6.0	7.8	3.6	5.2
Work in progress				
Programmes	67.1	53.7	66.9	53.6
Payments on account	14.9	10.3	14.9	10.3
Other	3.2	2.4	0.3	0.7
Finished goods				
Programme				
acquisitions	42.4	56.8	42.4	56.8
Other programmes	48.5	59.4	48.5	59.4
Payments on account	—	2.0	—	2.0
Other goods				
for resale	3.7	3.2	—	—
	<u>185.8</u>	<u>195.6</u>	<u>176.6</u>	<u>188.0</u>
Co-production				
contributions	(12.0)	(12.1)	(12.0)	(12.1)
	<u>173.8</u>	<u>183.5</u>	<u>164.6</u>	<u>175.9</u>

13 Debtors

at 31 March

	Group 1993	Group 1992	Home Services 1993	Home Services 1992
	£m	£m	£m	£m
Receivable within one year				
Trade debtors	60.5	52.2	25.8	20.4
Amounts owed by associated companies	8.0	7.2	—	—
Department of National Heritage Licence				
Fee debtors	85.1	67.9	85.1	67.9
Licence saving stamps on deposit with the Post Office	6.0	29.9	6.0	29.9
VAT recoverable	15.9	12.5	15.2	12.4
Amounts owed by subsidiaries	—	—	9.7	10.8
Other debtors	7.9	7.7	5.5	5.8
Prepayments	40.1	29.1	27.5	18.6
	<u>223.5</u>	<u>206.5</u>	<u>174.8</u>	<u>165.8</u>
Receivable after more than one year				
Trade debtors	0.9	0.8	—	—
Other debtors	1.3	1.9	1.3	1.9
Prepayments	14.9	16.9	14.9	16.9
Prepaid pension contributions	62.9	60.0	60.9	58.0
	<u>80.0</u>	<u>79.6</u>	<u>77.1</u>	<u>76.8</u>

The prepaid pension contributions represent the excess of the pension amounts funded over the pension charge since 1 April 1989.

Home Services Group

14 Short-term bank deposits and cash

Analysis of the balances of cash and cash equivalents as shown in the Group Balance Sheet.

	Cash at bank and in hand	Bank overdrafts	Unpresented cheques	Total
	£m	£m	£m	£m
At 31 March 1991	25.3	(20.8)	(35.0)	(30.5)
Change in the year	3.2	16.9	(2.9)	17.2
At 31 March 1992	28.5	(3.9)	(37.9)	(13.3)
Change in the year	25.1	(4.4)	(10.0)	10.7
At 31 March 1993	53.6	(8.3)	(47.9)	(2.6)

15 Creditors

at 31 March

	Group 1993	Group 1992	Home Services 1993	Home Services 1992
	£m	£m	£m	£m
Amounts falling due within one year				
Unpresented cheques	47.9	37.9	44.4	37.9
Overdrafts	8.3	3.9	7.9	2.8
	56.2	41.8	52.3	40.7
Trade creditors				
Programme creditors	67.4	64.2	67.2	63.9
Programme acquisitions	19.2	13.6	19.2	13.6
Salaries and wages	59.5	51.6	57.8	51.2
Residual copyright payments	10.4	7.7	-	-
Licence Fee collection creditors	0.5	2.9	0.5	2.9
Others	75.8	60.4	55.1	39.2
	232.8	200.4	199.8	170.8

	Group 1993	Group 1992	Home Services 1993	Home Services 1992
	£m	£m	£m	£m
Other creditors				
Capital	30.4	23.5	30.4	23.5
Taxation	6.9	3.0	6.9	3.0
	37.3	26.5	37.3	26.5
Accruals and deferred income				
Licence saving stamps	38.9	27.0	2.5	3.0
	145.0	129.9	145.0	129.9
	183.9	156.9	147.5	132.9
	510.2	425.6	436.9	370.9

Amounts falling due after more than one year

Programme acquisitions	19.0	22.3	18.9	22.3
Bank loan	24.0	24.0	-	-
	43.0	46.3	18.9	22.3

The long-term bank loan represents a five year syndicated facility placed by BBC Enterprises Limited in 1992. Interest payable in the year on this loan amounted to £1.9m (1991/92 £1.1m) and the loan is guaranteed by the BBC.

Home Services Group

6 Provisions for liabilities and charges**(a) Group**

	Deferred taxation	Severance	Restruc- turing	Insurance	Other	Total
	£m	£m	£m	£m	£m	£m
At 1 April 1992	2.7	40.0	0.1	5.8	30.4	79.0
Expenditure during the year	-	(37.3)	(0.1)	(1.2)	(6.2)	(44.8)
Released during the year	(1.4)	-	-	-	(17.8)	(19.2)
Provided during the year	0.5	37.7	12.6	2.5	6.6	59.9
At 31 March 1993	1.8	40.4	12.6	7.1	13.0	74.9

(b) Home Services

At 31 March 1993	-	40.4	12.6	7.1	13.0	73.1
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The deferred taxation provision represents the full potential liability and mainly relates to capital allowances on investment in programmes for future sale. Other includes provisions for dilapidations. Included in amounts released during the year is £16.5m which had been identified to cover the costs of asbestos removal from television studios at the time that they require refurbishment. The provision has been released against Television operating expenditure to the extent that there are no plans to refurbish the studios within the foreseeable future. Future costs will be provided as the refurbishment of studios takes place.

7 Reserves

	Revaluation reserve	Capital reserve	Operating reserve	Total
	£m	£m	£m	£m
Group				
At 1 April 1992	-	784.4	(7.1)	777.3
Exchange differences	-	-	1.3	1.3
Surplus arising on the revaluation of plant and machinery	80.5	-	-	80.5
Deficit for the year	-	-	(26.8)	(26.8)
Transfer to capital reserve	-	7.4	(7.4)	-
At 31 March 1993	80.5	791.8	(40.0)	832.3
Home Services				
At 1 April 1992	-	784.4	(30.5)	753.9
Surplus arising on the revaluation of plant and machinery	80.5	-	-	80.5
Deficit for the year	-	-	(35.6)	(35.6)
Transfer to capital reserve	-	7.4	(7.4)	-
At 31 March 1993	80.5	791.8	(73.5)	798.8

Leased assets

Assets held under finance leases are capitalised at the total amount of rentals payable under the leasing agreement, excluding finance charges, and depreciated in accordance with the asset lives set out above. Finance charges are written off over the period of the lease on a reducing balance basis. Operating lease rental payments are charged directly to the statement of income and expenditure on an accruals basis.

Programme stocks

The external cost of programmes for transmission in future years is stated after deducting contributions from other organisations and is carried forward and charged to operating expenditure on first transmission of the programme. Staff costs and all other programme costs are charged to expenditure in the year in which they are incurred.

Consumable stocks

Consumable stocks are stated at the lower of cost or net realisable value.

Capital reserve

Each year an equivalent amount to the costs expended by the World Service on capital assets over depreciation, adjusted for disposals, is transferred to capital reserve so that, at the year end, the amount of the capital reserve is equivalent to the historic cost net book value of fixed assets.

Home Services Group

18 Commitments**(a) Purchases**

at 31 March

	Group 1993	Group 1992	Home Services 1993	Home Services 1992
	£m	£m	£m	£m
Contracted but not provided:				
Fixed asset additions	21.1	24.2	21.0	24.1
Programme acquisition commitments	168.8	154.7	168.8	154.7
	<u>189.9</u>	<u>178.9</u>	<u>189.8</u>	<u>178.8</u>
Authorised but not contracted:				
Fixed asset additions	55.3	50.8	52.7	47.7

In addition to the above, in the ordinary course of business, the Corporation enters into a large number of contracts for periods greater than one year, with artists, writers, independent producers, licence collection agencies and providers of other services.

(b) Operating leases

Payments to be made during the next year in respect of operating lease commitments which expire:

at 31 March

	Group 1993	Group 1992	Home Services 1993	Home Services 1992
	£m	£m	£m	£m
Within one year	3.7	2.9	3.7	2.9
In two to five years	11.2	11.8	10.2	10.9
After five years	6.4	6.3	6.0	5.9
	<u>21.3</u>	<u>21.0</u>	<u>19.9</u>	<u>19.7</u>
Comprising:				
Land and buildings	13.1	13.4	12.7	13.1
Other	8.2	7.6	7.2	6.6
	<u>21.3</u>	<u>21.0</u>	<u>19.9</u>	<u>19.7</u>

19 Contingent liabilities

At 31 March 1993 in the Home Services there were contingent liabilities equivalent to £24.2m (31 March 1992 £27.5m) mainly relating to parent guarantees of subsidiaries' obligations. In the Group there were contingent liabilities of £0.2m (31 March 1992 £3.5m). In addition, an option existed for a minority interest to require BBC Enterprises Limited to purchase 22.5% of the issued share capital of Redwood Publishing Limited.

World Service

Statement of accounting policies

The principal accounting policies of the World Service are set out below.

Form of accounts

The annual financial statements have been prepared in accordance with applicable accounting standards and in so far as they are appropriate to World Service activities, the accounting provisions of the Companies Act 1985. They are presented under the historic cost convention.

Income

Income is derived from Grants-in-Aid from the Foreign and Commonwealth Office which cannot exceed the total amount voted by Parliament for the year. Sums received are intended to meet estimated expenditure but unexpended receipts for the year are not liable to surrender.

Other income is mainly derived from sales of programmes by the Transcription Service, English language teaching material and by publications from the Monitoring Service.

Exchange differences

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at 31 March. Surpluses and deficits arising from the translation at these rates of exchange of assets and liabilities, together with exchange differences arising from trading activities, are included in the statement of income and expenditure.

Taxation

The World Service is only liable to taxation on profits derived from rent and interest receivable.

Pensions

In accordance with UK Statement of Standard Accounting Practice No 24, the charge to the income and expenditure account for pensions comprises the regular pension cost of the Corporation's defined benefit scheme reduced by the amortisation of the scheme surplus over the average remaining service life of employees in the scheme.

Research and development

Research and development expenditure is written off as incurred.

Fixed assets

World Service expenditure on fixed assets above £1,000 and internal costs incurred on capital projects are capitalised.

Depreciation is calculated so as to write off the cost or valuation of fixed assets on a straight line basis over their expected useful lives. For larger value schemes depreciation commences from the date the asset is brought into service. Other assets are depreciated from the date the expenditure is incurred. Land is not depreciated.

The depreciation rates used for the principal categories of assets are as follows:

Freehold and long leasehold buildings	50 years
Freehold and long leasehold buildings improvements	15 years
Short leasehold land and buildings	Unexpired term of the lease
Transmitters and power plant	20 years
Broadcasting plant	7 years
Computers (including software)	5 years
Fixtures, fittings and musical instruments	5 years
Vehicles	4 years

Leased assets

Assets held under finance leases are capitalised at the total amount of rentals payable under the leasing agreement, excluding finance charges, and depreciated in accordance with the asset lives set out above. Finance charges are written off over the period of the lease on a reducing balance basis. Operating lease rental payments are charged directly to the statement of income and expenditure on an accruals basis.

Programme stocks

The external cost of programmes for transmission in future years is stated after deducting contributions from other organisations and is carried forward and charged to operating expenditure on first transmission of the programme.

Staff costs and all other programme costs are charged to expenditure in the year in which they are incurred.

Consumable stocks

Consumable stocks are stated at the lower of cost or net realisable value.

Capital reserve

Each year an equivalent amount to the costs expended by the World Service on capital assets over depreciation, adjusted for disposals, is transferred to capital reserve so that, at the year end, the amount of the capital reserve is equivalent to the historic cost net book value of fixed assets.

Statement of Income and Expenditure

for the year ended 31 March

Notes	1992/93 £m	1991/92 £m
Income – Grants-in-Aid		
Broadcasting	148.2	141.0
Monitoring	18.7	15.9
	<u>166.9</u>	<u>156.9</u>
Operating expenditure		
1 Broadcasting	153.8	138.2
1 Monitoring	17.9	15.0
2 Other income	(8.1)	(7.5)
	<u>163.6</u>	<u>145.7</u>
Operating surplus	3.3	11.2
Interest receivable	0.4	0.2
	<u>3.7</u>	<u>11.4</u>
Surplus before taxation	3.7	11.4
3 Taxation	(0.1)	(0.1)
	<u>3.6</u>	<u>11.3</u>
Surplus after taxation	3.6	11.3
11 Transfer to capital reserve	(8.9)	(7.0)
	<u>(5.3)</u>	<u>4.3</u>
(Deficit)/surplus for the year transferred to operating reserve	<u>(5.3)</u>	<u>4.3</u>

The World Service has no recognised gains or losses in the accounting periods to 31 March 1993 and 31 March 1992 other than the reported surplus above. There is no difference between historic cost surplus for both years and those shown above.

Balance Sheet

at 31 March

Notes		1993	1992
		£m	£m
	Fixed assets		
5,6	Tangible assets	113.9	105.0
	Current assets		
7	Stocks	5.3	4.7
8	Debtors	9.1	10.1
8	Long term debtors	8.5	8.6
9	Cash at bank and in hand	3.3	3.8
		26.2	27.2
10	Creditors – amounts falling due within one year	19.2	14.9
	Net current assets	7.0	12.3
	Total assets less current liabilities	120.9	117.3
	Represented by		
11	Capital reserve	113.9	105.0
11	Operating reserve	7.0	12.3
		120.9	117.3

Approved by the Governors and Board of Management on 18 June 1993

Marmaduke Hussey Chairman of the Board of Governors**John Birt** Director-General**Rodney Baker-Bates** Director of Finance and Information Technology

Cashflow Statement

for the year ended 31 March

Notes	1992/93 £m	1991/92 £m
Net cash inflow from operating activities	18.4	9.7
Net cash inflow from return on investment and servicing of finance		
Interest received	0.4	0.2
Taxation		
UK Corporation tax paid	(0.1)	(0.2)
Net cash outflow from investing activities		
Capital expenditure	(18.8)	(16.2)
Net cash outflow before financing	(0.1)	(6.5)
Financing		
Decrease in cash and cash equivalents	(0.1)	(6.5)
Analysis of cash inflow:		
Surplus before taxation	3.7	11.4
Less: interest receivable	(0.4)	(0.2)
Plus: loss on disposal of fixed assets	0.1	0.1
Depreciation	10.9	8.7
Increase in stocks	(0.6)	(0.6)
Decrease/(increase) in debtors	1.1	(7.7)
Increase/(decrease) in creditors	3.6	(2.0)
Net cash inflow from operating activities	18.4	9.7

Notes to the financial statements

for the year ended 31 March

1 Operating expenditure

	1992/93	1991/92
	£m	£m
Operating Expenditure is analysed as follows:		
Broadcasting	153.8	138.2
Monitoring	17.9	15.0
	<u>171.7</u>	<u>153.2</u>
Comprising:		
Staff costs		
salaries and wages	83.9	76.4
social security costs	7.0	6.2
other pension costs	2.2	1.6
Other direct programme costs including artists	14.0	11.0
Depreciation	10.9	8.7
Redundancy costs	1.5	1.9
Other expenditure	56.6	49.9
Own work capitalised	(4.4)	(2.5)
	<u>171.7</u>	<u>153.2</u>

Other expenditure also includes £40,100 (1991/92 £38,600) in respect of auditors' remuneration and the following other items of expenditure:

	1992/93	1991/92
	£m	£m
Payments under operating leases	7.7	7.8
Research expenditure written off	0.2	0.2

Non-audit fees paid to the auditors totalled £74,400 in the year.

2 Other income

	1992/93	1991/92
	£m	£m
Transcription service	1.2	1.2
Sale of BBC English teaching material	3.0	3.3
Other income	3.9	3.0
	<u>8.1</u>	<u>7.5</u>

3 Taxation

The World Service is only liable to taxation on profits derived from rent and interest receivable. The charge for the year, based on a rate of Corporation Tax of 33% (1991/92 33%), comprised:

	1992/93	1991/92
	£m	£m
Corporation tax		
Current year	<u>0.1</u>	<u>0.1</u>

4 Employees and remuneration

(a) Pensions

Most World Service employees are members of the BBC Pension Scheme described in note 8 (b) of the Home Services Group financial statements. The funding and accounting policies are the same as for the Home Services and the pension charge for the World Service was £2.2m (1991/92 £1.6m) after deducting the World Service amortised proportion of the scheme surplus.

(b) Governors and Board of Management

Governors' remuneration is charged to the Home Services. The World Service financial statements include the emoluments of the Managing Director, World Service. Disclosure of emoluments is included in note 8 (c) and note 8 (d) of the Home Services Group financial statements.

(c) Persons employed

The number of persons employed in the year at their full time equivalent was:

	1992/93		1991/92	
	Average for the year	31 March 1993	Average for the year	31 March 1992
	Number	Number	Number	Number
Broadcasting	2,794	2,804	2,804	2,805
Monitoring	518	536	485	500
	<u>3,312</u>	<u>3,340</u>	<u>3,289</u>	<u>3,305</u>

This presentation has been changed to include all staff on contracts of six months or less. The comparative figures have been restated to reflect this change in presentation.

Within the averages above 179 (1991/92 192) part time employees have been included at their full time equivalent of 55 (1991/92 89).

World Service

5 Tangible fixed assets

	Land and buildings	Plant and machinery	Furniture and fittings	Assets in the course of construction	Total
	£m	£m	£m	£m	£m
Cost					
At 1 April 1992	40.0	84.3	1.0	19.1	144.4
Additions	2.7	6.7	0.6	9.9	19.9
Brought into service	6.4	10.5	-	(16.9)	-
Disposals	-	(0.3)	-	-	(0.3)
At 31 March 1993	49.1	101.2	1.6	12.1	164.0
Depreciation					
At 1 April 1992	7.1	31.7	0.6	-	39.4
Charge for the year	1.7	9.0	0.2	-	10.9
Elimination in respect of disposals	-	(0.2)	-	-	(0.2)
At 31 March 1993	8.8	40.5	0.8	-	50.1
Net book values					
At 31 March 1993	40.3	60.7	0.8	12.1	113.9
At 31 March 1992	32.9	52.6	0.4	19.1	105.0

Land and buildings at net book value comprise:

	31 March 1993	31 March 1992
	£m	£m
Freeholds	24.4	20.2
Short leaseholds	15.9	12.7
	40.3	32.9

Investments

Included in fixed assets are the following investments of nominal value:

Company	Holding of issued ordinary shares
	%
East Asia Relay Company (incorporated in Hong Kong)	100
Caribbean Relay Company Limited (incorporated in Antigua)	45

7 Stocks

	31 March 1993	31 March 1992
	£m	£m
Raw materials	2.2	2.5
Work in progress	3.4	1.3
Finished goods	1.0	0.9
Co-production contributions	(1.3)	-
	5.3	4.7

Stocks include actual stocks accounted for directly by the World Service together with a share of common stocks accounted for by the Home Services.

8 Debtors

	31 March 1993	31 March 1992
	£m	£m
Receivable within one year		
Trade debtors	6.5	4.5
Other debtors	0.6	-
VAT recoverable	0.3	-
Prepayments	1.7	5.6
	<u>9.1</u>	<u>10.1</u>
Receivable after more than one year		
Prepaid pension contributions	<u>8.5</u>	<u>8.6</u>

The prepaid pension contributions represent the excess of the pension amounts funded over the pension charge since 1 April 1989.

9 Cash and short term bank deposits

Analysis of the balances of cash and cash equivalents as shown in the Balance Sheet.

	Cash at bank and in hand	Unpresented cheques	Total
	£m	£m	£m
At 31 March 1991	8.1	-	8.1
Change in the year	(4.3)	(2.2)	(6.5)
At 31 March 1992	3.8	(2.2)	1.6
Change in the year	(0.5)	0.4	(0.1)
At 31 March 1993	<u>3.3</u>	<u>(1.8)</u>	<u>1.5</u>

10 Creditors

	31 March 1993	31 March 1992
	£m	£m
Amounts falling due within one year		
Unpresented cheques	1.8	2.2
Trade creditors		
Programme creditors	1.9	1.6
Others	9.4	9.6
	<u>11.3</u>	<u>11.2</u>
Other creditors		
Capital	2.5	1.4
Taxation	0.1	0.1
Other	3.5	-
	<u>19.2</u>	<u>14.9</u>

11 Reserves

	Capital reserve	Operating reserve	Total
	£m	£m	£m
At 1 April 1992	105.0	12.3	117.3
Surplus for the year	-	3.6	3.6
Transfer to capital reserve	8.9	(8.9)	-
At 31 March 1993	<u>113.9</u>	<u>7.0</u>	<u>120.9</u>

12 Commitments

	31 March 1993	31 March 1992
	£m	£m
(a) Purchases		
Contracted but not provided:		
Fixed asset additions	7.3	9.7
Authorised but not contracted:		
Fixed asset additions	12.7	13.2
(b) Operating leases		
Payments to be made during the next year in respect of operating lease commitments for land and buildings which expire after five years	7.7	7.6

13 Contingent liabilities

At 31 March 1993 the World Service had no contingent liabilities (31 March 1992 nil).