

02538908

19 - 10 - 98



Company Registration No. 0253908

PRESS COMPLAINTS COMMISSION
(Limited by guarantee)

Report and Financial Statements

31 December 1997

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR



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**Deloitte &
Touche**

**PRESS COMPLAINTS COMMISSION
(Limited by guarantee)**

REPORT AND FINANCIAL STATEMENTS 1997

CONTENTS

Page

Officers and professional advisers

1

Directors' report

2

Statement of directors' responsibilities

3

Auditors' report

4

Income and expenditure account

5

Balance sheet

6

Notes to the accounts

7

02538908

19 - 10 - 98

PRESS COMPLAINTS COMMISSION
 (Limited by guarantee)

REPORT AND FINANCIAL STATEMENTS 1997

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

| | |
|---------------------------------------|------------------------------|
| The Rt. Hon. Lord Wakeham DL, JP, FCA | (Chairman) |
| Arzina Bhanji | |
| Jenny Brown | (resigned 1 August 1997) |
| Lady Brown-Wilkinson | |
| Iris Burton | |
| Jim Cassidy | (appointed 31 January 1997) |
| Thomas Clarke | |
| Graham Collyer | (appointed 28 February 1997) |
| Sir Brian Cubbon GCB | |
| Baroness Dean of Thornton-le-Fylde | |
| Geoffrey Elliott | (resigned 28 February 1997) |
| Sir David English | (deceased 10 June 1998) |
| John Griffiths | (appointed 28 February 1997) |
| Prof Robert Pinker Bsc(Soc) Msc(Econ) | |
| Baroness Smith of Gilmorehill | |
| The Lord Tordoff | |
| Derek Tucker | (resigned 31 January 1997) |
| The Rt. Rev. John Waico | (appointed 31 August 1997) |
| David Williams | (resigned 28 February 1997) |
| John Witherow | |

SECRETARY

Guy Black

REGISTERED OFFICE

1 Salisbury Square
 London EC4Y 8AE

AUDITORS

Deloitte & Touche
 Chartered Accountants
 Hill House
 1 Little New Street
 London EC4A 3TR

02538908

19 - 10 - 98

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PRESS COMPLAINTS COMMISSION
(Limited by guarantee)**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES OF THE COMMISSION

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

The Commission was set up in 1991, following the closure of the Press Council. Lord Wakeham became Chairman of the PCC in January 1995.

RESULTS

The Commission made a surplus of £108,520 (1996 - deficit of £60,450) for the year.

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

TRADING REVIEW

In 1997, nearly 3,000 complaints were made to the PCC - higher than in any previous year. Of those raising a possible breach of the Code, nine in ten were resolved directly between the editor and the complainant as a result of the Commission's intervention. This was a record proportion and done in record time - an average of forty four days.

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

As well as acting impartially to resolve and adjudicate on complaints about possible breaches of the Code, the Commission continued in 1997 to give general advice to editors on ethical issues related to the Code. This included advice on the portrayal in the media of persons with mental illness and of the treatment of children of public figures.

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

FUTURE ACTIVITIES

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

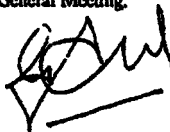
DIRECTORS' INTERESTS

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

AUDITORS

Deloitte & Touche have been appointed as auditors following the resignation of BDO Stoy Hayward. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



G V Black
Secretary *G V Black* 1998

02538908

19 - 10 - 98

**Deloitte &
Touche**

Public Trust
Company

PRESS COMPLAINTS COMMISSION
(Limited by guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

02538908

19 - 10 - 98

Deloitte & Touche



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PRESS COMPLAINTS COMMISSION
(Limited by guarantee)

AUDITORS' REPORT TO THE MEMBERS

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

Respective responsibilities of directors and auditors

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

8 October 1998

**Deloitte Touche
Tombs**

Aberdeen, Bath, Belfast, Birmingham, Bodnall, Bristol, Cambridge, Cardiff, Crawley,
Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes,
Newcastle upon Tyne, Nottingham, St Albans and Southampton

Principal place of business at which a list of partners' names is available:
Stonecutter Court, 1 Stonecutter Street, London EC4A 3TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on
investment business.

02538908

19 - 10 - 98

PRESS COMPLAINTS COMMISSION
(Limited by guarantee)

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 December 1997

| | Note | 1997 £ | 1996 £ |
|---|------|-------------|-------------|
| INCOME | 2 | 1,310,840 | 1,255,000 |
| Administrative expenses | | (1,188,206) | (1,318,162) |
| OPERATING SURPLUS/(DEFICIT) | 3 | 122,634 | (63,162) |
| Interest receivable | | 1,204 | 2,712 |
| SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 123,838 | (60,450) |
| Tax on surplus on ordinary activities | 6 | (15,318) | - |
| SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION | | 108,520 | (60,450) |
| Retained deficit brought forward | | (177,961) | (117,551) |
| Retained deficit carried forward | | (69,441) | (177,961) |

All income and operating surplus/deficit derives from continuing operations.

There were no recognised gains or losses other than the surplus or deficit for the current or prior financial year and, accordingly, no statement of total recognised gains or losses is shown.

5

02538908

19 - 10 - 98

PRESS COMPLAINTS COMMISSION
(Limited by guarantee)

BALANCE SHEET
31 December 1997

| | Note | 1997 £ | 1996 £ |
|---|------|-----------|-----------|
| FIXED ASSETS | | | |
| Tangible assets | 7 | 19,654 | 26,950 |
| CURRENT ASSETS | | | |
| Debtors | 8 | 20,134 | 12,603 |
| Cash at bank and in hand | | 12,226 | 22 |
| | | 32,360 | 12,625 |
| CREDITORS: amounts falling due within one year | 9 | (121,455) | (217,536) |
| NET CURRENT LIABILITIES | | (89,095) | (204,911) |
| TOTAL NET LIABILITIES | | (69,441) | (177,961) |
| CAPITAL AND RESERVES | | | |
| Accumulated deficit | | (69,441) | (177,961) |

These financial statements were approved by the Board of Directors on *30th Dec 1998* 1998.
Signed on behalf of the Board of Directors

Wakham

The Rt. Hon. Lord Wakham DL, JP, FCA

B. Cubbon

Sir Brian Cubbon
Directors

02538908

19 - 10 - 98



PRESS COMPLAINTS COMMISSION
(Limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Income

The income of the Commission represents contributions received from the Press Standards Board of Finance Limited. The directors consider that this financial support will continue for the foreseeable future and therefore that it is appropriate for the financial statements to be prepared on a going concern basis.

Depreciation

Depreciation is provided on a reducing balance basis so as to write off cost, less estimated residual values, of all tangible fixed assets, over their expected useful lives. It is calculated at the following rates:

Computer equipment - 20% per annum reducing balance
Office furniture and equipment - 30% per annum reducing balance

Leased assets

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

Pension contributions

The Commission makes pension contributions to the personal pension plans of its employees. Contributions are charged to the profit and loss account as they fall due.

2. INCOME

| | 1997 £ | 1996 £ |
|--|------------------|------------------|
| Press Standard Board of Finance Limited contribution | <u>1,310,840</u> | <u>1,255,000</u> |

3. OPERATING SURPLUS/(DEFICIT)

| | 1997 £ | 1996 £ |
|--|---------------|-----------|
| This stated after charging: | | |
| Depreciation of own assets | 7,732 | 16,575 |
| Hire of assets under operating leases: | | |
| Land and buildings | 30,000 | 45,000 |
| Other | 16,271 | 20,498 |
| Auditors' remuneration: | | |
| Audit services | 7,000 | 10,575 |
| Other services | <u>10,164</u> | <u>-</u> |

02538908

19 - 10 - 98

PRESS COMPLAINTS COMMISSION
(Limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 December 1997

4. EMPLOYEES

| | 1997 No. | 1996 No. |
|--|----------------|----------------|
| The average weekly number of employees during the year was as follows: | | |
| Office staff | 15 | 15 |
| | £ | £ |
| Staff costs (including directors) consist of: | | |
| Wages and salaries | 592,836 | 606,271 |
| Redundancy costs | - | 19,500 |
| Social security costs | 42,110 | 39,991 |
| Other pension costs | 26,182 | 39,516 |
| | <u>661,128</u> | <u>705,278</u> |

5. DIRECTORS' REMUNERATION

| | 1997 £ | 1996 £ |
|----------------------------------|----------------|----------------|
| Commissioners' stipends | 74,561 | 81,500 |
| Chairman's remuneration - salary | 95,310 | 91,650 |
| Aggregate emoluments | <u>169,871</u> | <u>173,150</u> |

6. TAXATION

| | 1997 £ | 1996 £ |
|---|-----------|-----------|
| The tax charge in the accounts is made up as follows: | | |
| UK corporation tax at the rate of 21.75% based on the profit for the year | 15,318 | - |

The tax charge is disproportionately low due to the existence of losses brought forward of £72,033

02538908

19 - 10 - 98

Deloitte &
ToucheMember firm
of the
Deloitte networkPRESS COMPLAINTS COMMISSION
(Limited by guarantee)NOTES TO THE ACCOUNTS
Year ended 31 December 1997

7. TANGIBLE FIXED ASSETS

| | Computer equipment £ | Office furniture and equipment £ | Total £ |
|----------------------|----------------------------|--|------------|
| Cost | | | |
| At beginning of year | 59,753 | 108,720 | 168,473 |
| Additions | - | 436 | 436 |
| At 31 December 1997 | 59,753 | 109,156 | 168,909 |
| Depreciation | | | |
| At beginning of year | 42,415 | 99,108 | 141,523 |
| Charge for the year | 5,722 | 2,010 | 7,732 |
| At 31 December 1997 | 48,137 | 101,118 | 149,255 |
| Net book value | | | |
| At 31 December 1997 | 11,616 | 8,038 | 19,654 |
| At 31 December 1996 | 17,338 | 9,612 | 26,950 |

8. DEBTORS

| | 1997 £ | 1996 £ |
|--------------------------------|-----------|-----------|
| Other debtors | - | 4,399 |
| Prepayments and accrued income | 20,134 | 8,204 |
| | 20,134 | 12,603 |

All amounts shown under debtors fall due within one year.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 1997 £ | 1996 £ |
|------------------------------------|-----------|-----------|
| Bank loans and overdrafts | 30,548 | 77,194 |
| Corporation tax | 15,318 | |
| Other taxation and social security | 17,676 | 46,536 |
| Accruals and deferred income | 57,913 | 93,806 |
| | 121,455 | 217,536 |

9

02538908

19 - 10 - 98**Deloitte &
Touche**Chartered
Accountants**PRESS COMPLAINTS COMMISSION**
(Limited by guarantee)**NOTES TO THE ACCOUNTS**
Year ended 31 December 1997**10. OBLIGATIONS UNDER OPERATING LEASES**

| | Land and buildings £ | Other £ | Total £ |
|--|----------------------------|---------------|---------------|
| The following amounts fall due within one year under leases which expire: | | | |
| In two to five years | - | 18,303 | 18,303 |
| After five years | 30,000 | - | 30,000 |
| | <u>30,000</u> | <u>18,303</u> | <u>48,303</u> |