

BROADCASTING ACT 1996

Accounts of the Broadcasting Standards Commission, prepared pursuant to paragraph 14 of Schedule 3 to the Broadcasting Act 1996 for the period 1 April 1997 to 31 March 1998, together with the Certificate and Report of the Comptroller and Auditor General thereon.

Presented pursuant to Broadcasting Act 1996, para 14, sch. 3

Broadcasting Standards Commission's Accounts and Accounting Year 1997-1998

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 22 JUNE 1998

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Commission Information

Members of the Commission	The Lady Howe (Chairman)	
	Jane Leighton (Deputy Chairman)	
	Suzanne Warner (Deputy Chairman)	Appointed 1 January, 1998
	Lord Dubs (Deputy Chairman)	Resigned 2 May, 1997
	Rhiannon Bevan	
	Danielle Barr	
	David Boulton	
	Dame Fiona Caldicott DBE	
	Strachan Heppell CB	
	Robert Kernohan OBE	
	The Very Rev John Lang	
	Sally O'Sullivan	
Matthew Parris	Retired 31 December 1997	
The Director	Stephen Whittle	
Registered address	7 The Sanctuary London SW1P 3JS	
Auditors	The Comptroller and Auditor General The National Audit Office 157-197 Buckingham Palace Road London SW1W 9SP	
Bankers	Lloyds Bank Plc Westminster	

Foreword

The Commission and the Director present their report and the audited financial statements for the year ended 31 March 1998.

Principal activities

Statutory powers for the Broadcasting Standards Commission are contained in the Broadcasting Act 1996. Under the Act, the Commission is required to draw up a Code of Practice on fairness and privacy and on the portrayal of violence, sexual conduct and matters of taste and decency in broadcasting services, to monitor programmes, to undertake relevant research and to consider and make findings on complaints about programmes.

Business review and future developments

As a result of the merger of the former Broadcasting Complaints Commission and the former Broadcasting Standards Council, the Commission commenced operation on 1 April 1997. It is pleased to report on a successful integration of the two former bodies. The Commission will continue to play a full part in the debate over the future regulation of broadcasting. As at 31 March 1998 formal Orders had yet to be laid before Parliament to abolish the Broadcasting Complaints Commission and Broadcasting Standards Council.

Results

The results of the Commission as required under Paragraph 14 of Schedule 3 to the Broadcasting Act 1996 are shown on page 5. The Commission's grant, received under the provisions of Schedule 3 of the 1996 Act, amounted to £1,971,000.

Research

The Commission has a continuing commitment to a high level of research. During the year expenditure on research was £256,523 which reflects the need for this function to complement the Commission's other activities. Research enables the Commission when deciding on complaints, to base its adjudication decisions upon a proper understanding of public attitudes towards the issues within its remit.

BSC Creditors/ Suppliers Payment Policy

All the Commission's creditors/suppliers are paid via the BSC operated accounts. All valid bills are settled according to terms agreed with individual suppliers. In practice this can vary between 7 and 30 days following the invoice date, although every effort is made to ensure earlier payment wherever this is possible. At least 86% of invoices (other than any in dispute) were paid within 30 days of receipt or within such shorter period as contractually specified in the year ended 31 March 1998.

Fixed assets

Details of the movements in the tangible fixed assets are set out in note 6 to the financial statements.

Employees

The Commission is aware of its statutory duty to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the Commission, as well as generally through training and career development.

The Commission is an equal opportunities employer.

Members of the Commission and the Director

All of the members of the Commission shown on page 1 have served during the year.

Year 2000 Issues

The Commission has considered the implications of the year 2000 problem in relation to its operations and is confident that measures are in place to deal with the matter.

Statement of the Commission's and the Director's responsibilities for the financial statements

Under Paragraph 14 of Schedule 3 to the Broadcasting Act 1996 the Commission is required to prepare a statement of accounts for each financial year in the form and on the basis directed by the Secretary of State for Culture, Media and Sport, with the approval of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of the Commission's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing its accounts the Commission is required to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis; the Accounts Direction is shown following the notes to the accounts and a copy can also be obtained from the Broadcasting Standards Commission at the address shown on page 1;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume the Commission will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director of the Broadcasting Standards Commission as the Accounting Officer for the Commission. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies Accounting Officer Memorandum and in his letter of appointment as Accounting Officer for the Commission.

The report of the Commission and the Director was approved on 1 June, 1998 and signed on its behalf by:

Stephen Whittle
Director
Broadcasting Standards Commission

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 5 to 11 under the Broadcasting Act 1996. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of the Commission, the Director and Auditors

As described on page 3 the Commission and the Director are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. It is my responsibility to form an independent opinion, based on my audit, on those statements and on the regularity of the financial transactions included in them and to report my opinion to you.

Basis of opinion

I conducted my 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, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Commission and the Director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Broadcasting Standards Commission at 31 March 1998 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Broadcasting Act 1996 and directions made thereunder by the Secretary of State for Culture, Media and Sport; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

2 June 1998

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Income and Expenditure Account for the year ended 31 March 1998

	Note	1998 £	1997 £
Income			
HMG grant receivable	3	1,971,000	2,016,000
Other operating income		<u>3,941</u>	<u>6,934</u>
		1,974,941	2,022,934
Expenditure			
Salaries and wages	4	992,678	986,574
Administrative expenses	5	1,004,851	978,626
Notional costs: insurance	11	19	34
cost of capital	11	<u>8,068</u>	<u>6,971</u>
		2,005,616	1,972,205
Operating surplus/(deficit) after notional costs		<u>(30,675)</u>	50,729
Interest receivable		390	<u>1,079</u>
Surplus/(deficit) after notional costs		(30,285)	51,808
Reversal of notional costs		<u>8,087</u>	<u>7,005</u>
Surplus/(deficit) for the financial year		(22,198)	58,813
Retained surplus brought forward		<u>145,586</u>	<u>86,773</u>
Retained surplus carried forward		123,388	145,586

The Commission had no recognised gains or losses in the year ended 31 March 1998 other than as noted above.

The notes on pages 8 to 11 form part of these accounts.

Balance Sheet at 31 March 1998

	Note	1998 £	1997 £
Fixed assets			
Tangible assets	6	<u>19,095</u>	<u>34,186</u>
Current assets			
Debtors and prepayments	7	113,778	103,988
Cash at bank and in hand		<u>29,811</u>	<u>179,774</u>
		143,589	283,762
Creditors:			
Amounts falling due within one year	8	<u>(39,296)</u>	<u>(172,362)</u>
Net current assets		104,293	111,400
Total assets less current liabilities		<u>123,388</u>	<u>145,586</u>
Income and expenditure account		<u>123,388</u>	<u>145,586</u>

The notes on pages 8 to 11 form part of these accounts.

The financial statements were approved by the Commission and the Director on 1 June, 1998 and signed on its behalf by:

Stephen Whittle
 Director
 Broadcasting Standards Commission

Cash Flow Statement for the year ended 31 March 1998

	1998	1997
	£	£
Net cash inflow/(outflow) from operating activities	(144,655)	162,296
Returns on investments		
Interest received	390	1,079
Capital expenditure		
Purchases of tangible fixed assets	<u>(5,698)</u>	<u>(38,192)</u>
Increase/(decrease) in cash	<u>(149,963)</u>	<u>125,183</u>
 Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus/(deficit) after notional costs	(30,675)	50,729
Depreciation of tangible fixed assets	20,789	28,193
(Increase)/decrease in debtors	(9,790)	4,572
Increase/(decrease) in creditors	(133,066)	71,797
Reversal of notional costs	<u>8,087</u>	<u>7,005</u>
Net cash inflow/(outflow) from operating activities	<u>(144,655)</u>	<u>162,296</u>

Notes to the Financial Statements

31 March 1998

Accounting policies 1

Basis of accounting

The financial statements are drawn up in accordance with a direction (see Appendix 1) given by the Secretary for State for Culture, Media and Sport, with the approval of the Treasury and in accordance with the Broadcasting Act 1996 (Paragraph 14 (1 & 2) of Schedule 3).

The financial statements are prepared under the historical cost convention and in accordance with the requirements of the Companies Act 1985 and Accounting Standards issued or adopted by the Accounting Standards Board so far as these requirements are appropriate. While the accounts direction requires the balance sheet to be prepared under the historical cost convention modified by the inclusion of fixed assets at their value to the business by reference to current costs, the Commission believes that for 1997/8 the modified historic cost is not materially different to the historic costs shown in the Balance Sheet.

HM Grant receivable

This consists of the grant received from the Department for Culture Media and Sport, Class X Vote 1: Section H and is accounted for on a receivable basis.

Research and development

Research expenditure is taken into account in the financial year to which it relates.

Fixed assets

Expenditure on tangible fixed assets is capitalised for each item the cost of which exceeds £1,000.

Depreciation

Depreciation is provided on all capitalised tangible fixed assets at rates calculated to write-off the cost or valuation of each asset evenly over their expected useful lives as follows:

Fixtures, fittings and equipment	4 years
Computer equipment	3 years

Pension costs

The Commission operates non-contributory pension schemes to provide retirement and related benefits to all eligible employees. Retirement benefits are based on individual final emoluments. The scheme is funded on a pay as you go basis from grant-in-aid.

Comparative financial information	2	The Commission was formed from the merger of the Broadcasting Standards Council and the Broadcasting Complaints Commission on 1 April 1997. The financial information disclosed for the year ended 31 March 1997 is the result of aggregating the audited financial statements of the Commission's two predecessor bodies, except where it is noted otherwise.		
<hr/>				
HMG grant received	3		1998	1997
			£	£
		Grant received from Department for Culture, Media and Sport	<u>1,971,000</u>	<u>2,016,000</u>
<hr/>				
Salaries and wages	4		1998	1997
			£	£
		a) Commissioners' remuneration	233,196	262,366
		The emoluments of the Chairman (excluding pension contributions but including taxable benefits) (comparative: the emoluments of the Chairman of the Broadcasting Standards Council).	46,195	51,526
		Other Commissioners' emoluments (excluding pension costs) fell within the following ranges:		
		£0 – £5,000	2	–
		£10,000 – £15,000	10	11
		£30,000 – £35,000	–	1
		£35,000 – £40,000	1	1
		b) Senior employees		
		The Director's total remuneration including taxable benefits (comparative: The Director of the Broadcasting Standards Council)	71,666	67,220
		The emoluments of other senior employees fell within the following ranges:		
		£40,000 – £45,000	2	2
		c) Staff costs (including Commissioners' remuneration):		
		Salaries and wages	874,520	844,613
		Employer's National Insurance Contributions	69,812	72,729
		Superannuation	48,346	69,232
		Total	<u>992,678</u>	<u>986,574</u>
		The average number of employees for the year (excluding Commissioners) was	23	23

Administrative expenses	5	1998	1997
		£	£
Research		256,523	267,124
Commissioners' travel and subsistence		27,774	30,420
Hospitality		24,100	16,945
Staff travel and subsistence		13,343	15,182
Communications		84,136	65,950
Rent, rates and service charges		307,400	281,365
Depreciation		20,789	28,193
TV, video & computer costs		41,942	14,597
Stationery		43,392	88,434
Postage, telephones and fax		35,516	37,678
Sundry staff costs		21,026	62,872
Cleaning and maintenance		51,464	17,977
Auditor's remuneration		6,525	7,585
Legal, accounting and consultancy costs		43,263	21,879
Bad or doubtful debts		13,299	296
Miscellaneous		14,277	18,149
Taxation		82	1,029
Expenditure below capitalisation threshold		-	2,951
		<u>1,004,851</u>	<u>978,626</u>

Tangible fixed assets	6	Office equipment, fixtures, fittings	Computer equipment	Total
		£	£	£
Cost				
At 1 April 1997		47,314	76,030	123,344
Additions		-	5,698	5,698
Reclassification		329	(329)	-
At 31 March 1998		<u>47,643</u>	<u>81,399</u>	<u>129,042</u>
Depreciation				
At 1 April 1997		38,590	50,568	89,158
Provided during the year		6,269	14,520	20,789
Disposals		-	-	-
At 31 March 1998		<u>44,859</u>	<u>65,088</u>	<u>109,947</u>
Net book value				
At 1 April 1997		8,724	25,462	34,186
At 31 March 1998		<u>2,784</u>	<u>16,311</u>	<u>19,095</u>

Debtors	7		1998	1997
			£	£
		Debtors	32,920	59,886
		Prepayments and accrued income	80,858	44,102
			<u>113,778</u>	<u>103,988</u>

Creditors: amounts falling due within one year	8		1998	1997
			£	£
		Other creditors	14,914	92,428
		Accruals	24,382	79,934
			<u>39,296</u>	<u>172,362</u>

Creditor payment performance 9 The Commission paid 86% of invoices from suppliers within the shorter of 30 days of receipt or the stipulated number of days for payment.

Contingent liabilities 10 The Commission is liable for the pension entitlements of employees. The Commission is satisfied that any obligations it is unable to meet in the normal course of its activities will be met by the Secretary of State.

Notional costs 11 Notional insurance has been calculated at 0.1% of the net book value of fixed assets. Notional costs of capital have been calculated at 6% of the average capital employed.

Appendix 1

Accounts direction given by the Secretary of State for Culture, Media and Sport

The Secretary of State for Culture, Media and Sport, with the consent of the Treasury and in accordance with Schedule 3 to the Broadcasting Act 1996, hereby gives the following Direction:

- 1 The Statement of Accounts which it is the duty of the Commission to prepare in respect of their financial year ended 31 March 1998 and in each of the subsequent financial years shall comprise:
 - 1.1 a foreword;
 - 1.2 an income and expenditure account;
 - 1.3 a balance sheet;
 - 1.4 a cash flow statement;
 - 1.5 a statement of total recognised gains and losses; and
 - 1.6 such notes as may be necessary for the purpose referred to in paragraphs 2 and 3 below

- 2 The Commission shall observe all relevant account and disclosure requirements given in Government Accounting and in Trading Accounts: A Guide for Government Departments, Non-Departmental Public Bodies (the Trading Accounts booklet) and Executive Non-Departmental Bodies: Annual Report and Accounts Guidance, as amended or augmented from time to time.

- 3 The statement of accounts shall give a true and fair view of the income and expenditure, state of affairs and cash flows of the Commission. Subject to the foregoing requirement the statement of accounts shall also, without limiting the information given and as described in Schedule 1 of this Direction, meet, in so far as they are appropriate to the business of the Broadcasting Standards Commission:
 - 3.1 the accounting and disclosure requirements of the Companies Act 1985;
 - 3.2 best commercial accounting practice including accounting standards issued or adopted by the Accounting Standards Board, with the exception of the requirement contained in Financial Report Standard 3: Reporting Financial Performance, for the inclusion of a note showing historical cost profit and losses;
 - 3.3 any disclosure and accounting requirements which the Treasury or sponsor department may issue from time to time in respect of accounts which are required to give a true and fair view.

- 4 The income and expenditure account and the balance sheet shall be prepared under the historical cost convention modified by the inclusion of:
 - (a) fixed assets at their value to the business by reference to current costs; and
 - (b) stocks valued at the lower of cost, or net current replacement cost if materially different, and net realisable value; where these are materially different to their value under the historical cost convention.
- 5 Fundamental or material changes in accounting policies, such that they do not conform with best commercial accounting practice should be discussed and agreed with the Department and the Treasury before implementation.
- 6 This Direction supersedes any Accounts Direction previously issued to the Broadcasting Complaints Commission and Broadcasting Standards Council.

Signed by authority of the Secretary of State for Culture, Media and Sport

N J Krol

Head of Broadcasting and Media Group

13 November 1997

Schedule 1

- 1** The disclosure exemptions permitted by the Companies Act 1985 shall not apply to the Commission unless specifically approved by the Department for Culture, Media and Sport with the consent of the Treasury.
- 2** The Foreword of the Annual Report shall include a statement that the accounts have been prepared in a form directed by the Secretary of State for Culture, Media and Sport with the consent of the Treasury, and should state how a copy of these Directions can be obtained. It shall also contain information required by the Companies Act 1985 to be disclosed in the Director's report, to the extent that such requirements are appropriate to the Broadcasting Standards Commission.
- 3** In preparing its income and expenditure account, the Commission shall adopt Format 2 described in Schedule 4 to the Companies Act 1985 as described in Annex C to Trading Accounts: A Guide for Government Departments and Non-Departmental Public Bodies (the Trading Accounts booklet). The balance sheet totals shall be struck at total assets less current liabilities.
- 4** Any subsidiary undertakings forming part of the Group and which are limited companies shall comply with the requirement of Financial Reporting Standard 3: Reporting Financial performance for production of a note showing historical cost profits and losses.
- 5** The accounts shall be signed by the Broadcasting Standards Commission accounting officer and be submitted to the Secretary of State for Culture, Media and Sport before 1 July each year.

Schedule 2

- 1 This Schedule details the non-standard accounting policies, any special treatment needed, and any need for additional disclosure requirements as agreed by the Treasury, the sponsor Department and the Broadcasting Standards Commission.

- 2 The Broadcasting Standards Commission shall provide:
 - (a) any remuneration paid to the Members of the Broadcasting Standards Commission to be shown by way of note;
 - (b) the remuneration of the Director to be shown by way of note;
 - (c) the remuneration of the senior employees to be shown in hands of £10,000 starting from £40,000 upwards;
 - (d) the right of access by the Department for Culture, Media and Sport to any financial statements produced by the Broadcasting Standards Commission;
 - (e) if subsidiary undertakings are formed in the future, they must be stated as a note to the accounts indicating the form of control exercised by the parent body.

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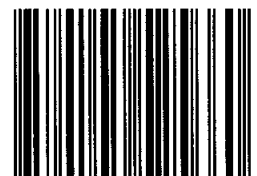
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