

APPENDIX C

PressBof Annual Reports 1990 - 2010

CHAIRMAN'S REPORT

In my interim report of November 1991 I recounted the steps which the industry had taken to meet the challenge presented by the Government's acceptance of the Calcutt Report. These included:-

- the creation of the Press Complaints Commission charged with administering the industry's Code of Practice.
- the formulation of a Code of Practice for the industry.
- the creation of PRESSBOF to ensure that sufficient funds were available for self regulation and to provide the mechanism for suitable liaison between the industry and the Commission.

THE PRESS COMPLAINTS COMMISSION

The Press Complaints Commission has continued to make steady progress and to gain in stature. Under its Chairman, Lord McGregor of Durris, the Commission has introduced new procedures which have resulted in the speedy and effective handling of complaints. Reports of adjudications are now issued monthly and the P.C.C.'s first annual report was distributed in May. I was pleased to read Lord McGregor's comment in his foreword to the report referring to "evidence that the industry's intention is becoming a new reality?"

It is important that the P.C.C. should be visible and accessible and publishers are encouraged to donate space for advertisements publicising the role of the P.C.C.

CODE OF PRACTICE

The industry's editorial working party met last December to review the provisions of the Code in the light of the first year's experience. Two resulting alterations to the Code were promulgated in May:-

- a paragraph was added to the preamble emphasising the obligation of a publication to publish in full an adverse P.C.C. adjudication.
- clause 10 dealing with the identification of innocent relatives and friends was reworded.

Review of the Code will continue in the future and comments or suggestions regarding the content can be sent to the PRESSBOF Secretary to be laid before the editorial working party.

I should like to emphasise that the Code belongs to and is the responsibility of the industry and that this fact is accepted by both publishers and editors.

FINANCE

Included with this report is a summary of the PRESSBOF income and expenditure for the 17 months ended 31st March, 1992. PRESSBOF had set a target to collect £1.5 million in registration fees for the calendar year 1991. Considering the difficult trading conditions experienced by publishers, I believe that, in achieving 96% of that figure, the industry gave positive proof of its commitment to self-regulation. A handful of publishers failed to share in this responsibility but PRESSBOF and its sponsoring trade associations will continue their efforts to persuade these publishers to participate.

In my last report I referred to the planned reduction in the scale of registration fees by 15% for 1992, which was duly implemented.

Some fluctuation in registration fee income will be unavoidable through closures of existing publications balanced partly by the commencement of new publications. The Board will keep the scale of registration fees as low as possible while ensuring that the P.C.C. receives funding adequate for its continuing operation.

PRESSBOF is committed to reviewing the registration fee arrangements and particularly the apportionment of costs across the various sectors of the industry at the end of 1992.

GENERAL

John LePage, former Director of the Newspaper Publishers Association and George Shiells, nominee of the former Association of Free Newspapers, resigned from the Board at 31st December, 1991. Both of them made a significant contribution to the work of PRESSBOF which was particularly demanding in its early stages. We have welcomed David Pollock, the new N.P.A. Director, as a member of the Board.

The P.C.C.'s prime role is in dealing with complaints against publications. While it reaches its adjudications having regard to generally established freedoms (including freedom of expression, the public's right to know and the defence of the Press from improper pressure), it is not its role actively to campaign on such issues.

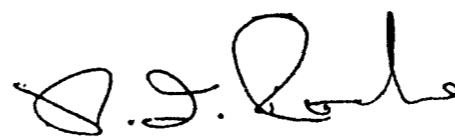
There have been suggestions that PRESSBOF should establish a new body to perform this role. It is the view of the Board that there is already adequate monitoring of such issues by existing organisations at the present time, but I may say that, where co-ordinated action is considered desirable from the five trade associations on the question of press

freedom, PRESSBOF is willing to provide a suitable means of liaison among them.

It has been suggested in certain quarters that some form of statutory regulation might be accepted by the industry in exchange for a Freedom of Information Act. The initial material issued by PRESSBOF in 1990 contained a statement signed by the Presidents/Chairmen of the industry's trade associations to the effect that any form of statutory control of the Press was anathema to a democratic society. This remains the credo of PRESSBOF. A Freedom of Information Act should be won on its own merits.

The Lord Chancellor, Lord Mackay of Clashfern, set up a working group under Lord Justice Neill to consider Practice and Procedure in Defamation Actions. The report also dealt with the possibility of newspapers providing a low-cost arbitration service for the resolution of some libel disputes. While any move to provide such a service must be welcome, the Board is of the opinion that it should not form part of the P.C.C. operation nor should it be financed through the PRESSBOF registration fees.

The Press and the P.C.C. were put on probation by the Government until the middle of 1992. It remains vitally important that we continue to demonstrate our commitment to the Code of Practice and our support for the P.C.C. In that respect it is important that the industry takes due cognisance of the statement issued by the Press Complaints Commission on 8th June 1992 in relation to press coverage of the Royal Family. Finally, the industry must continue to demonstrate its readiness to maintain adequate funding for self-regulation.



CHAIRMAN
10th June 1992



FINANCIAL RESULTS

The Statutory Report and Accounts in the format required by the Companies Act 1985 and including the Auditors' Report which was unqualified are available on request to the Secretary. The figures they contain are summarised in the Income and Expenditure Account and Balance Sheet which follow:-

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD FROM 1st NOVEMBER, 1990 TO 31st MARCH, 1992

	£	£
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the period	1,761,036	
Interest received	42,585	
	<u>1,803,621</u>	
EXPENDITURE		
Payments to the Press Complaints Commission for the self-disciplinary arrangements for newspapers and magazines in the United Kingdom	1,693,882	
	<u>109,739</u>	
ADMINISTRATION EXPENSES		
Secretarial and accounting services	75,123	
Travelling	6,958	
Printing and stationery	2,814	
Telephone and postage	2,772	
General expenses	769	
Legal and professional fees	11,690	
Auditors' remuneration	1,175	
	<u>101,301</u>	
SURPLUS BEFORE PROVIDING FOR TAXATION		
	8,438	
CORPORATION TAX (AT 25%)	4,157	
NET SURPLUS CARRIED FORWARD	<u>4,281</u>	
BALANCE SHEET AT 31st MARCH, 1992		
	£	£
CURRENT ASSETS		
Debtors		23,468
Bank		<u>1,011</u>
		24,479
CREDITORS		
Amounts falling due within one year		
Taxation	4,157	
Accrued charges	<u>16,041</u>	
		<u>20,198</u>
NET CURRENT ASSETS		<u>4,281</u>
Representing		
ACCUMULATED FUND AT 31st MARCH, 1992		<u>4,281</u>

CHAIRMAN'S REPORT

In the last annual report I wrote with some confidence of the success of the self-regulatory arrangements for the newspaper and magazine industry –

- the Press Complaints Commission was dealing speedily and effectively with complaints from members of the public and was gaining in stature,
- the Code of Practice, drafted in 1990, had undergone its first annual review,
- the PRESSBOF finance-gathering operation was working smoothly, and
- there was evidence of a new intention in the industry to make self-regulation work.

In July 1992 the then Secretary of State for National Heritage appointed Sir David Calcutt, Q.C., to carry out a review of press self-regulation. Both the P.C.C. and PRESSBOF endeavoured to co-operate fully with the review but the resulting report was a major disappointment. PRESSBOF considered that the review was flawed in a number of respects –

- It failed to examine in detail the working of the Press Complaints Commission and its marked success in dealing with complaints from members of the public.
- It failed to recognise the very great change which had taken place since 1990 in press conduct and reporting and the united commitment by the industry to effective self-regulation.
- It failed to consider the objections in principle raised by any changes to the law which would apply solely to the press.
- It was obsessed with the reporting of public figures' conduct.
- It dealt with perceptions rather than realities.

While the review was taking place the House of Commons National Heritage Committee set about its own inquiry into privacy and media intrusion. PRESSBOF

considered that the Committee's report suffered from some of the same defects. It contradicted the Calcutt review in a number of its recommendations.

In May 1993 PRESSBOF published a statement voicing the industry's total opposition to the statutory Press Complaints Tribunal recommended by Sir David Calcutt, the statutory Press Ombudsman advocated by the National Heritage Committee and the Press Authority, with statutory powers, envisaged in the Bill brought before Parliament by Clive Soley, M.P.

At the same time PRESSBOF and the P.C.C. announced steps that they were taking to strengthen self-regulation. These included –

- a clear majority of non-press members on the P.C.C.
- two additional independent members on the Appointments Commission.
- the Code to be formally ratified by the P.C.C.
- additional provisions in the Code.
- a P.C.C. help-line for members of the public.

I am pleased to report that, apart from one item in hand, all of these have now been implemented.

The Government's white paper responding to the Heritage Committee report has not yet appeared although its consultation paper on infringement of privacy has now been published. PRESSBOF will, of course, consult fully with the industry through the five trade associations before responding to these papers.

This report demonstrates the industry's confidence in and its commitment to the self-regulatory arrangements based on the Press Complaints Commission and the Code of Practice. The point may well have been reached when a free press must resist further government interference.

THE PRESS COMPLAINTS COMMISSION

The last year has seen the P.C.C. fully recognised in its role as an independent complaints authority. It continues to have considerable success in mediating between members of the public and the press, leaving remarkably few unresolved complaints requiring adjudication.

Lord McGregor's initial three-year appointment as independent chairman ends on 31st December 1993 and I am very pleased that he has accepted our invitation to continue as chairman for a further year. His total commitment to effective self-regulation in the industry has been conspicuous and reassuring during the challenges of the last twelve months.

CODE OF PRACTICE

The Editors' Code Committee began its second review of the Code last November and changes incorporated since then include –

- a reminder to editors to reply swiftly to P.C.C. enquiries.
- provisions regarding long lens photography.
- provisions regarding "bugging" devices.
- emphasis on editors' responsibility in potential harassment situations.
- provisions dealing with the jigsaw identification problem in cases of sexual offences against children.
- a new consolidated definition of the public interest.

Patsy Chapman, who chaired the committee since it was formed in the autumn of 1990, resigned last March and I should like to place on record our appreciation of her outstanding contribution. She has been succeeded by Sir David English.

Although the P.C.C. receives very few complaints of harassment, this continues to be an area of adverse public perception. In a "door-stepping" situation there will, of course, be radio and television crews alongside the press journalists and photographers. The Code Committee is in dialogue with radio and television authorities seeking a common approach to the problem.

FINANCE

Publishers have continued to back their commitment to self-regulation through the PRESSBOF registration fees. 1992 was a year of economic difficulty with the cessation of a number of publications and a general reduction in circulation figures. We still achieved 95% of our registration fee target.

The registration fee scales were reduced by 15% for 1992 and by a further 10% for 1993. The work involved in dealing with the Calcutt review and the Heritage Committee inquiry has meant additional costs for both the P.C.C. and PRESSBOF and it is likely that there will have to be some increase in the scale of registration fees for 1994.

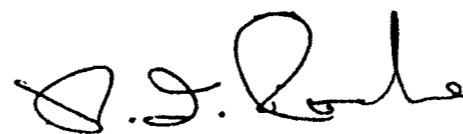
GENERAL

The challenge to self-regulation in our industry remains extremely strong. Any move which involved government in the regulatory process would be a step on the path to open or covert censorship and thus to restriction of the individual citizen's right to be informed.

There are a number of areas where every publisher can play a part in maintaining the momentum of self-regulation –

- ensuring that copies of the Code are issued to all editorial staff and wherever possible referred to in contracts of employment.
- printing the Code in full in newspapers and magazines from time to time.
- acknowledging the commitment to the Code and to the authority of the P.C.C. at regular intervals.
- using the P.C.C.'s filler advertisements when space allows.

I commend these measures to all publications.



CHAIRMAN
23rd August 1993.



FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts:–

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1993

	1993 £	1992 (17 months) £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year	1,066,844	1,761,036
Interest received	36,454	42,585
	<u>1,103,298</u>	<u>1,803,621</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom	1,055,071	1,693,882
	<u>48,227</u>	<u>109,739</u>
ADMINISTRATION EXPENSES		
Secretarial and accounting services	37,063	75,123
Travelling	4,065	6,958
Printing and stationery	2,319	2,814
Telephone and postage	1,427	2,772
General Expenses	163	769
Legal and professional fees	–	11,690
Auditors' remuneration	1,175	1,175
	<u>46,212</u>	<u>101,301</u>
SURPLUS BEFORE PROVIDING FOR TAXATION	2,015	8,438
CORPORATION TAX (AT 25%)	503	4,157
NET SURPLUS FOR YEAR	1,512	4,281
ACCUMULATED SURPLUS BROUGHT FORWARD	4,281	–
ACCUMULATED SURPLUS CARRIED FORWARD	<u>5,793</u>	<u>4,281</u>

BALANCE SHEET AT 31st MARCH 1993

	1993 £	1992 £
CURRENT ASSETS		
Debtors	–	23,468
Bank	21,126	1,011
	<u>21,126</u>	<u>24,479</u>
CREDITORS		
Amounts falling due within one year		
Taxation	503	4,157
Accrued Charges	14,830	16,041
	<u>15,333</u>	<u>20,198</u>
NET CURRENT ASSETS	5,793	4,281
Representing ACCUMULATED FUND AT 31st MARCH 1993	<u>5,793</u>	<u>4,281</u>

CHAIRMAN'S REPORT

FOUR years have now passed since the report of the Committee on Privacy and Related Matters (The Calcutt Committee) was published and the newspaper and magazine publishing industry united in its commitment to a new form of self-regulation centred on the Press Complaints Commission and the Code of Practice. Considerable progress has been made over these four years.

I believe that the authority and standing of the Press Complaints Commission have appreciated steadily, matched by a growing respect for its adjudications both within the industry and among the public at large. The industry and the P.C.C. have shown themselves ready to listen to constructive suggestions and to make changes in the structure and application of the self-regulatory arrangements. The Code of Practice has been revised to keep pace with a changing industry and a changing society. But the fundamental progress has been the marked change in press behaviour, evidence of the determined commitment of publishers and editors to effective self-regulation.

In my view it is a tribute to current self-regulation that critics of the press still rely on pre-1991 transgressions by the press to back their criticisms. Certainly, an incident in January 1990 cannot be representative of today's press.

I tire of the critics who repeat the cliché that the P.C.C. has no teeth. The obligation to publish with due prominence an adverse adjudication – and

to see it published by one's competitors – is to the professional more punitive than a financial penalty. The additional facility whereby the P.C.C. may, in appropriate circumstances, ask a proprietor/publisher to consider disciplinary action is also an important sanction.

PRIVACY

In the last annual report I made reference to the consultation paper issued by the Lord Chancellor's Department and the Scottish Office. PRESSBOF'S response spelled out the steps which the press and the P.C.C. had taken with regard to the use of long lens cameras and clandestine listening devices, the definition of private property and of the public interest and the underlining of editors' responsibility in potential harassment situations. It also reported the initiative of the Editors' Code Committee in seeking to achieve with radio and television a common approach to potential harassment situations. The response concluded by suggesting that, insofar as privacy legislation may be directed at the press, a longer period of studying the effect of self-regulation was called for and that legislation at this time must be premature.

Last autumn PRESSBOF was disturbed by references to "M.P.s' postbags" and the implication that complaints of intrusion were being made to M.P.s which had not been put to the P.C.C. The P.C.C. has endeavoured to make all M.P.s familiar with the

complaints facility and has provided copies of its "How to Complain" leaflet for constituency offices. I believe that M.P.s have a responsibility to ensure that any such complaint of intrusion is passed to the P.C.C. so that it may take appropriate action.

THE PRESS COMPLAINTS COMMISSION

Earlier this year the P.C.C. published a review of its operations for its first three years. The statistics and commentary provide a valuable picture of the self-regulatory arrangements. I would endorse completely the remarks in the review –

"Press self-regulation has emerged stronger as a result of intense scrutiny over the last three years. With the backing of the industry, the Commission will now continue to build on the accomplishments that have already been achieved."

PRESSBOF welcomed the appointment of Professor Pinker as the P.C.C.'s Privacy Commissioner. I am sure that this is a sensible move to deal with an important, and usually urgent, aspect of the Commission's work.

The industry must be grateful to the members of the P.C.C. under the dedicated chairmanship of Lord McGregor for the way in which their responsibility is discharged.

CODE OF PRACTICE

The Editors' Code Committee has continued to keep the Code under review and it is being re-issued with two relatively minor amendments.

The Code sets out clearly provisions to prevent jig-saw identification in cases involving a sexual offence against a child. This is an area where the press, radio and television must follow

a common policy and the Code Committee is continuing its liaison with the other media.

FINANCE

The attached accounts show that newspaper and magazine publishers have continued to stand by their commitment to self-regulation through the PRESSBOF registration fees.

It proved necessary to increase the registration fees for 1994 by 3% (following reductions of 15% in 1992 and 10% in 1993). The indications are that a further increase will be necessary for 1995.

GENERAL

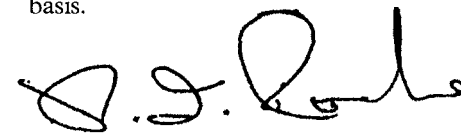
So long as we believe that government intervention in the press is contrary to the interests of democracy in this country, we must ensure that self-regulation continues to be visible and effective.

In my last report I listed four areas where every publisher could play a part in maintaining the momentum of self-regulation. I make no apology for repeating them now –

- ensuring that copies of the Code are issued to all editorial staff and wherever possible referred to in contracts of employment.

- printing the Code in full in newspapers and magazines from time to time.

- acknowledging the commitment to the Code and to the authority of the P.C.C. at regular intervals.
- publishing the P.C.C.'s advertisements on a regular basis.



CHAIRMAN
21st July 1994.

FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts:-

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1994

	1994 £	1993 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year	1,036,855	1,066,844
Interest received	22,382	36,454
	<u>1,059,237</u>	<u>1,103,298</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom	986,000	1,055,071
	<u>73,237</u>	<u>48,227</u>
ADMINISTRATION EXPENSES		
Chairman's Emoluments	16,560	–
Secretarial and accounting services	43,835	37,063
Travelling	4,279	4,065
Printing and stationery	3,890	2,319
Telephone and postage	1,582	1,427
General Expenses	181	163
Auditors' remuneration	1,175	1,175
	<u>71,502</u>	<u>46,212</u>
SURPLUS BEFORE PROVIDING FOR TAXATION	<u>1,735</u>	<u>2,015</u>
CORPORATION TAX (AT 25%)	<u>434</u>	<u>503</u>
NET SURPLUS FOR YEAR	<u>1,301</u>	<u>1,512</u>
ACCUMULATED SURPLUS BROUGHT FORWARD	<u>5,793</u>	<u>4,281</u>
ACCUMULATED SURPLUS CARRIED FORWARD	<u>7,094</u>	<u>5,793</u>

BALANCE SHEET AT 31st MARCH 1994

	1994 £	1993 £
CURRENT ASSETS		
Bank	21,835	21,126
CREDITORS		
Amounts falling due within one year		
Taxation	434	503
Accrued Charges	14,307	14,830
	<u>14,741</u>	<u>15,333</u>
NET CURRENT ASSETS	<u>7,094</u>	<u>5,793</u>
Representing ACCUMULATED FUND AT 31st MARCH 1994	<u>7,094</u>	<u>5,793</u>

PRESSBOF

CHAIRMAN'S REPORT

THE self-regulatory arrangements for the newspaper and magazine publishing industry – centred on the Press Complaints Commission and the Code of Practice – are now in their fifth year of operation and continue to have the attention of Parliament and public focussed on them.

In July 1995 the Secretary of State for National Heritage presented to Parliament the Government's response to the 1993 report of the National Heritage Select Committee. In this response the Government rejected Sir David Calcutt's review proposal for a statutory complaints tribunal and the Select Committee's proposal for a statutory Press Ombudsman.

The response also stated that the Government had no immediate plans to legislate for the three statutory offences suggested originally by the Privacy Committee in 1990 or to introduce a new civil law on privacy.

The industry has welcomed these very positive statements by the Secretary of State.

The Government response seeks further changes in the self-regulatory regime and, along with the Press Complaints Commission, the Code Committee and the trade associations, PRESSBOF will be considering very carefully each of the suggestions put forward.

In my report last year I referred to critics of the press who continued to rely on pre-1991 transgressions by the press to back up their criticisms. This is still evident in the continuing debate. I would urge those who engage in public criticism to recognise that in December 1990

newspapers and magazines committed themselves to a totally new order of voluntary restraint and self-regulation.

THE PRESS COMPLAINTS COMMISSION

When Lord Wakeham succeeded Lord McGregor as Chairman of the P.C.C. on 1st January 1995 I paid tribute to Lord McGregor, saying

"If one looks beyond the high-profile complaints concerning members of the Royal Family, politicians and other public personalities, you discover that the Press Complaints Commission has an extraordinarily successful record of dealing with the complaints of private citizens efficiently, quickly and at no cost to the complainant or to the tax-payer. That is the true testament to Lord McGregor's achievement."

PRESSBOF is responsible for the appointment of the P.C.C. Chairman and I was delighted that, after appropriate research and consultation, we were able to secure the services of Lord Wakeham as the new Chairman. PRESSBOF knew that it was appointing someone of the highest calibre and Lord Wakeham has already made a positive impact on our self-regulatory system. His fresh and constructive approach bodes well for the future of self-regulation.

The P.C.C. has continued to deal efficiently with an increasing number of complaints. I believe that the increase is evidence of an ever-growing awareness of the complaints procedure and of public confidence in the independence and integrity of the Commission. I would

wish to acknowledge the valued services of the Commissioners and the P.C.C. Director and staff.

In 1993 PRESSBOF and the P.C.C. agreed that the P.C.C. should have the facility to ask a proprietor/publisher to consider disciplinary action in appropriate circumstances. The recent use of this sanction has been much publicised and generally recognised as evidence of the strength of self-regulation.

CODE OF PRACTICE

The Code Committee, under the Chairmanship of Sir David English, is charged with keeping the Code under review and ensuring that it continues to set appropriate and relevant standards of editorial practice. The Committee regularly considers matters referred to it by the P.C.C. and suggestions from within the industry and from members of the public. All copies of the Code sent out by the P.C.C. contain an invitation to submit suggestions.

Photographs of individuals on private property have given rise to problems in differentiating between persons fully in the public view and those enjoying their seclusion. The P.C.C. asked the Committee to look again at this aspect of the Code and it is hoped that the resulting alteration of the definition of private property in the Code provides adequate clarification of the point.

The Code Committee has continued its liaison with radio and television particularly in regard to the way in which cases involving sexual offences against children are reported. I understand that the entire media has now adopted similar guidelines to the press and congratulate the Committee on this achievement.

FINANCE

The accompanying accounts for the year ended 31st March

1995 show that publishers are continuing to maintain their commitment to provide adequate finance for self-regulation.

It was necessary to increase the registration fees for 1995 by 3%. There is now some evidence that closure of titles and falls in circulation are having an effect on the income from registration fees and I anticipate that a further increase in the fees will be necessary for 1996.

GENERAL

Our self-regulatory arrangements have been developed and refined throughout the five years since representatives of newspaper and magazine publishing first faced up to the recommendations in the Privacy Committee report. It is clear that this process of development must continue and that some changes will be necessary in the months ahead.

Only so much can be left on the shoulders of the P.C.C. and the Code Committee. The real self-regulation lies in each and every publishing house – how the Code is regarded, how familiar our journalists are with its provisions, how we train our journalists and the attitude of editors and publishers.

I ask every editor and publisher to sit back for a moment and consider how each of their publications measures up to these questions. I believe that the overwhelming commitment to self-regulation given by the industry in 1990 was a great milestone in the history of the press. The responsibility to maintain this commitment lies with each one of us.

CHAIRMAN
11th August 1995

FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts:-

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1995

	1995 £	1994 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year	1,090,977	1,036,855
Interest received	23,319	22,382
	<u>1,114,296</u>	<u>1,059,237</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom	1,012,500	986,000
	<u>101,796</u>	<u>73,237</u>
ADMINISTRATION EXPENSES		
Chairman's Emoluments	16,530	16,560
Secretarial and accounting services	38,787	43,835
Travelling	4,068	4,279
Printing and stationery	2,072	3,890
Telephone and postage	1,311	1,582
Consultancy Fees	35,250	-
General Expenses	722	181
Auditors' remuneration	1,293	1,175
	<u>100,033</u>	<u>71,502</u>
SURPLUS BEFORE PROVIDING FOR TAXATION	<u>1,763</u>	<u>1,735</u>
CORPORATION TAX (AT 25%)	<u>441</u>	<u>434</u>
NET SURPLUS FOR YEAR ACCUMULATED SURPLUS BROUGHT FORWARD	<u>1,322</u>	<u>1,301</u>
	<u>7,094</u>	<u>5,793</u>
ACCUMULATED SURPLUS CARRIED FORWARD	<u>8,416</u>	<u>7,094</u>

BALANCE SHEET AT 31st MARCH 1995

	1995 £	1994 £
CURRENT ASSETS		
Bank	14,489	21,835
CREDITORS		
Amounts falling due within one year		
Taxation	441	434
Accrued Charges	5,632	14,307
	<u>6,073</u>	<u>14,741</u>
NET CURRENT ASSETS	<u>8,416</u>	<u>7,094</u>
Representing ACCUMULATED FUND AT 31st MARCH 1995	<u>8,416</u>	<u>7,094</u>

CHAIRMAN'S REPORT

IN this, my fifth annual report to newspaper and magazine publishers, it may be appropriate to reflect on the progress that has been made since our present system of self-regulation was established on 1st January 1991.

In the six months following publication of the Calcutt Report the industry demonstrated unprecedented cohesion in accepting the demise of the former Press Council, in laying the foundations for the Press Complaints Commission, in settling and launching the Code of Practice and in agreeing how the necessary costs would be shared across the industry through registration fees collected by PRESSBOF.

Over the last five years we have continued to build on these well-laid foundations, including expanding the public representation on the P.C.C., increasing the independent membership of the Appointments Commission which appoints the P.C.C. members and refining the Code of Practice. Some of these changes were necessary to meet the rather shallow perceptions of the industry's critics.

The three fundamental points of the industry's commitment to effective self regulation have remained constant:

- Acceptance of the independent Press Complaints Commission as the regulatory authority.
- Observance of the industry's Code of Practice.
- Provision of adequate finance for the self-regulatory arrangements.

If publishers can maintain their overwhelming commitment to these fundamentals, then I believe that the industry will withstand the challenge of those who still seek to impose statutory regulation of the press.

THE PRESS COMPLAINTS COMMISSION

The P.C.C. has continued to deal efficiently with a large volume

of complaints. The publicity accorded to several important adjudications has done much to extend public recognition of the Commission's function. While complaints involving public figures do bring welcome publicity, the real value of the Commission's service lies in dealing with the complaints of private citizens efficiently, quickly and at no cost to the complainant or to the taxpayer.

Lord Wakeham, who is now in his second year as Chairman of the P.C.C., has done much and not least through his measured public statements to enhance the authority and standing of the Commission. The industry is grateful to him and to all the Commissioners for what they do.

Mark Bolland, who has served as Director of the P.C.C. since 1992, is moving on to a new role in public affairs. I should like to take this opportunity to thank him for the substantial contribution which he has made to the working of the Commission and for the very loyal way he has served the P.C.C. Chairmen.

CODE OF PRACTICE

Last winter we took steps to provide for a more structured input from the P.C.C. to the work of the Code Committee, thus ensuring that there is an effective lay contribution to the Committee's deliberations.

The Committee, under its Chairman, Sir David English, has met frequently over the last year keeping the Code under review. Suggestions from members of the public for changes in the Code have continued to receive careful consideration and much time has been taken in considering the specific recommendations put forward last year by the Secretary of State for National Heritage.

Public concern over payments to witnesses in court proceedings, highlighted in the Rosemary West trial, led Lord Wakeham to suggest in a House of Lords debate that the relevant provision in the Code

might be reinforced by a three-point protocol. His suggestion was generally welcomed. Responsibility for developing the proposal has rested with the Code Committee and it is envisaged that changes in the Code, covering this and other points, will be promulgated in the autumn.

For some years it has been PRESSBOF's policy that the Code of Practice should be referred to in the contracts of employment of editors and journalists. It is clear from a recent survey carried out by the trade associations that, while the method of implementing this recommendation may vary among publishing houses, the vast majority of publishers have the facility to take disciplinary action in the event of a serious breach of the Code.

DATA PROTECTION AND PRIVACY

At the present time Government is engaged in consultation regarding implementation of the 1995 E.C. Data Protection Directive. There is acute concern in the industry regarding this and in particular at suggestions that it might be a means of introducing law on privacy with the Data Protection Registrar transmuted into Privacy Commissioner.

I trust that Government will recognise that our Code of Practice deals adequately with questions of privacy. After all, protection against unwarranted intrusion was one of the two specific remits which the Calcutt Committee set the Press Complaints Commission and we already have our own Privacy Commissioner as part of the P.C.C.

The trade associations represented on PRESSBOF are making appropriate representations to the Home Office.

FINANCE

The accompanying accounts for the year ended 31st March 1996 show the significant contribution that publishers continue to make for self-regulation in the industry.

One of the reasons for setting up PRESSBOF in 1990 was to ensure not only that there was adequate finance for the self-regulatory arrangements but also that, through proper liaison between the P.C.C. and PRESSBOF, the minor financial panics that beset the Press Council in its later years should be avoided. There is a fine balance between allowing the P.C.C. appropriate independence in its operations and the need for the industry to know that the expenditure of the P.C.C. is adequately controlled. I believe that our arrangements for agreeing the P.C.C.'s budget before setting the level of registration fees for the ensuing year and our dialogue on any significant variations are effective.

Faced with the alternative of statutory regulation and, inevitably, a costlier statutory levy, the six million pounds contributed by the industry for self regulation since 1991 has to be money well spent.

It was necessary to increase the registration fees for 1996 by 3½% and, given the continuing increase in the number of complaints being handled by the P.C.C., I anticipate that there will be a need for a further increase in the registration fees for 1997.

GENERAL

Clifford Jakes, who has represented the Periodical Publishers Association on the Board since PRESSBOF was established in 1990, resigned as a director at our last annual general meeting. His contribution to PRESSBOF's work has been of great value and we shall miss his wise counsel at our meetings.

Robin Miller has been appointed to fill the vacancy on the Board and I am sure that we shall benefit from his knowledge and experience of the industry.

CHAIRMAN
5th August 1996

FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts:-

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1996

	1996 £	1995 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year	1,145,804	1,090,977
Interest received	27,078	23,319
	<u>1,172,882</u>	<u>1,114,296</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom	1,100,000	1,012,500
	<u>72,882</u>	<u>101,796</u>
ADMINISTRATION EXPENSES		
Chairman's Emoluments	16,530	16,530
Secretarial and accounting services	44,403	38,787
Travelling	4,445	4,068
Printing and stationery	2,368	2,072
Telephone and postage	1,288	1,311
Consultancy Fees	-	35,250
General Expenses	566	722
Auditors' remuneration	1,351	1,293
	<u>70,951</u>	<u>100,033</u>
SURPLUS BEFORE PROVIDING FOR TAXATION	1,931	1,763
CORPORATION TAX (AT 25%)	483	441
NET SURPLUS FOR YEAR ACCUMULATED SURPLUS BROUGHT FORWARD	1,448	1,322
ACCUMULATED SURPLUS CARRIED FORWARD	8,416	7,094

BALANCE SHEET AT 31st MARCH 1996

	1996 £	1995 £
CURRENT ASSETS		
Bank	16,252	14,489
CREDITORS		
Amounts falling due within one year		
Taxation	483	441
Accrued Charges	5,905	5,632
	<u>6,388</u>	<u>6,073</u>
NET CURRENT ASSETS	9,864	8,416
Representing ACCUMULATED FUND AT 31st MARCH 1996	9,864	8,416

CHAIRMAN'S REPORT

IN the Press Complaints Commission's annual report, its Chairman, the Rt. Hon. Lord Wakeham, described 1996 as a year in which self-regulation by the industry and the standing of the P.C.C. among politicians and public both strengthened and deepened.

As the years pass since the present self-regulatory arrangements were adopted on 1st January 1991, I am increasingly conscious how much this has depended on the great commitment from all sectors of the industry in working to the Code of Practice, in supporting the Press Complaints Commission, in the time given by those who serve on the P.C.C. and on the Code Committee and in the provision of the necessary finance to ensure that it all takes place.

At this point of time, the greatest danger to a free press would seem to lie, not in any immediate threat of statutory control, but more in the continuing inroads constraining proper reporting and in the way in which diverse legislation may impinge on newspaper and magazine publishing.

The trade press frequently reports the erroneous application of reporting restrictions in courts and tribunals and it is clear that this has to be challenged with vigilance and determination.

On the legislative front we have to face implementation in the U.K. of the European Convention of Human Rights and the EC Directive on Data Protection. Both matters could crucially affect the working of the press. The trade associations are in dialogue with Government and have been able to draw on the wisdom and experience of the P.C.C.

Some redress of the balance may be obtained in due course

through a Freedom of Information Act but it is important that this should be introduced on its own merits and not at the sacrifice of any element of press freedom.

THE PRESS COMPLAINTS COMMISSION

The number of complaints handled by the Press Complaints Commission has continued to increase and I believe that, rather than the public having more to complain about, it is evidence of public confidence that the industry has an effective system of self-regulation and that the P.C.C. provides an objective and efficient means of dealing with complaints.

The P.C.C.'s statistics reflect the continuing readiness of editors to resolve matters to the satisfaction of complainants without the need for formal adjudication.

I welcome the P.C.C.'s initiative in adopting a Complainants' Charter setting out key standards of service targets and also the provision of its How to Complain leaflet and the Code of Practice in some of the minority languages.

Lord Wakeham has continued to be a visible and accessible Chairman of the P.C.C. and the industry is grateful to him, to his team of Commission members and to the Commission staff for the way in which they fulfil their important task.

With a growing number of publications appearing on the internet, questions are being asked about regulatory arrangements. Following discussions with the P.C.C., PRESSBOF is consulting the trade associations on extending the P.C.C.'s remit to allow it to deal with complaints relating to on-line material published by those who already subscribe to

the Code and contribute to PRESSBOF.

CODE OF PRACTICE

The Code of Practice Committee, under its Chairman, Sir David English, is charged with keeping the Code of Practice under review. At its meetings it considers Government suggestions, references from the P.C.C., representations from other bodies and a steady flow of suggestions from members of the public, as well as matters arising from its own ongoing review.

Eight changes in the Code were promulgated last November. Possibly the most significant of these related to clause 9 – Payments for articles. The revision separated payments to criminals from payments to witnesses and reinforced the exceptional circumstances in which the latter might be justified.

A number of the other changes arose from the Committee's consideration of recommendations put forward by the then Secretary of State for National Heritage, the Rt. Hon. Virginia Bottomley.

Both the P.C.C. and PRESSBOF endeavour to keep colleges and training schemes informed on developments in the Code. I believe that there is a need to ensure that the Code also forms part of any in-house training programme. While it is obvious that the Code must be a working tool for news editors and sub-editors, it is important that other echelons of editorial management, such as feature editors, should also be familiar with it.

FINANCE

There has been a steady increase in the costs of operating the Press Complaints Commission which has to be expected in light of the increasing volume of complaints handled. This has been exacerbated by increasing legal costs – a sign of the litigious times in which we live and with

which many publishers will have direct experience.

It was necessary for PRESSBOF to increase the registration fees for 1997 by 10% and I anticipate the need for a similar increase for 1998.

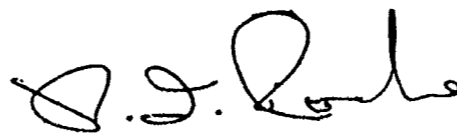
Having said that, the P.C.C.'s budgeted costs for 1997 are still only 12% more than its expenditure in 1991 and this has to be compared with an increase in the retail prices index over six years of some 19%. The average cost per complaint has reduced over the period of the P.C.C.'s operation.

PRESSBOF's accounts for the year ended 31st March 1997 accompany this report. Although these show a reduction in registration fees collected and consequently in payments to the P.C.C., this is purely due to timing differences. Registration fees are reported on the basis of cash received and there have been significant variations in the timing of receipts over the last two years.

GENERAL

We have lost two of our Directors – Dugal Nisbet-Smith who retired from the Directorship of the Newspaper Society and who was a key figure in the creation of PRESSBOF and in the adoption of the present self-regulatory arrangements, and David Pollock who has recently relinquished the Directorship of the Newspaper Publishers Association. We are grateful to them for the valuable contributions they have made to PRESSBOF's affairs.

In their place, we have welcomed David Newell of the Newspaper Society and Steve Oram of the Newspaper Publishers Association and look forward to benefiting from their knowledge and experience.



CHAIRMAN
22nd August 1997



FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts:-

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1997

	1997 £	1996 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year	1,128,655	1,145,804
Interest received	15,977	27,078
	<u>1,144,632</u>	<u>1,172,882</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom	1,053,500	1,100,000
	<u>91,132</u>	<u>72,882</u>
ADMINISTRATION EXPENSES		
Chairman's Emoluments	19,285	16,530
Secretarial and accounting services	60,219	44,403
Travelling	4,968	4,445
Printing and stationery	2,329	2,368
Telephone and postage	1,341	1,288
General Expenses	656	566
Auditors' remuneration	1,410	1,351
	<u>90,208</u>	<u>70,951</u>
SURPLUS BEFORE PROVIDING FOR TAXATION	924	1,931
CORPORATION TAX (AT 24%) (1996 – 25%)	222	483
NET SURPLUS FOR YEAR	702	1,448
ACCUMULATED SURPLUS BROUGHT FORWARD	9,864	8,416
ACCUMULATED SURPLUS CARRIED FORWARD	<u>10,566</u>	<u>9,864</u>

BALANCE SHEET AT 31st MARCH 1997

	1997 £	1996 £
CURRENT ASSETS		
Bank	16,397	16,252
CREDITORS		
Amounts falling due within one year		
Taxation	222	483
Accrued Charges	5,609	5,905
	<u>5,831</u>	<u>6,388</u>
NET CURRENT ASSETS	<u>10,566</u>	<u>9,864</u>
Representing ACCUMULATED FUND AT 31st MARCH 1997	<u>10,566</u>	<u>9,864</u>

CHAIRMAN'S REPORT

A YEAR ago, the nation and the world were shocked by the death of Diana, Princess of Wales. The tragic accident produced widespread expressions of the loss felt by the public and of sympathy for her family. It also focussed unprecedented public attention on press intrusion, harassment and respect for privacy.

This resulted in a comprehensive review of our self-regulatory provisions and, in particular, of the scope and content of the industry's Code of Practice. The industry is especially grateful to Lord Wakeham, independent Chairman of the Press Complaints Commission, for the lead which he took at the time and for the challenging questions which he formulated for consideration by the press.

I have always considered that there was a solid commitment by the industry to its self-regulatory arrangements: I believe that this commitment is now stronger and more united than ever before. Of course, we cannot afford to be complacent and must ensure that the momentum continues.

On the legislative front, the Data Protection Act is now law and the Human Rights Bill should be enacted in the autumn. The government has sought to ensure that there is a balance between the legitimate needs of a free press and the rights of the individual and that our self-regulation should not be undermined.

THE PRESS COMPLAINTS COMMISSION

The annual report of the Press Complaints Commission for 1997, published earlier this year, is an impressive record of

all that it does in its role as the regulatory authority for the industry.

The P.C.C.'s adjudications demonstrate its collective wisdom and independence and, I believe, fully justify the increasing public confidence accorded to it.

Among the P.C.C.'s statistics, it is recorded that nearly nine out of ten complaints were resolved to the satisfaction of the complainant without recourse to formal adjudication. This conciliation between an aggrieved member of the public and the publication concerned has to be one of the major achievements of the Commission. It is difficult to envisage any statutory tribunal being able to achieve a similar result.

The industry is indebted to the Chairman, the Commissioners and the staff of the P.C.C. for the highly effective way in which they fulfil their important task.

CODE OF PRACTICE

The Code of Practice Committee has had a demanding year - much of its burden being related to the major review following Princess Diana's death. Over five meetings in a period of two months the Committee gave detailed consideration to suggestions made by Lord Wakeham, papers submitted by the editors of various publications and proposals from members of the public. The result was a stronger and more mature Code which took effect from 1st January 1998.

The most significant changes were in five key areas -

- On **privacy**, the Code now states in unequivocal form that everyone is entitled to respect for his or her private and family life, home, health and correspondence. The

Code also provided a new definition of private places.

- On **harassment**, the Code specifically banned persistent pursuit and re-emphasised the responsibility of editors to ensure that material provided from outside sources is obtained in accordance with the provisions of the Code.
- On **grief**, the Code called for sensitivity in publication in addition to the existing provisions relating to approaches by journalists.
- On **children**, the Code emphasised the right of children at school to be free from unnecessary intrusion, banned payments to minors and provided protection for the children of the famous.
- The exceptions for the **public interest** were reworded, laying particular emphasis on cases involving children. The balance between the rights of the individual and publication in the public interest were highlighted in the revised preamble to the Code.

In addition to the major review, the Committee also dealt with a number of internal papers on other topics, various referrals from the P.C.C. and sixteen submissions from members of the public.

I must, at this point, pay tribute to Sir David English who died on 10th June 1998. Not only was he a great newspaperman, but he gave freely of his time to many other organisations. At the time of his death he was both a member of the P.C.C. and Chairman of the Code of Practice Committee. His skills and experience were of undoubted value, particularly as Chairman of the Code Committee. He will be greatly missed by the Committee as in so many other parts of the industry.

FINANCE

An extract from PRESSBOF's accounts for the year ended 31st March 1998 accompanies this

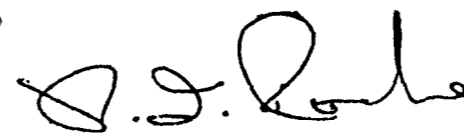
report. I am confident that the costs of the industry's self-regulation are reasonable and the Board is conscious of the need to maintain that position. It is, however, a fact of life that unforeseen external circumstances can add to the P.C.C.'s expenditure irrespective of the budgetary controls, a case in point being the extra work following the death of Princess Diana.

There is a handful of publishers who have failed to share in the collective responsibility for financing self-regulation. One might assume that these will be the ones who will scream the loudest if the industry ever has to face a statutory levy. PRESSBOF and the trade associations continue their efforts to persuade such publishers of the moral necessity of contributing alongside the overwhelming majority of publishers.

GENERAL

In May 1998 Sir Frank Rogers resigned from the Board on relinquishing the chairmanship of the Newspaper Publishers Association. He led the industry in many areas affecting the common interests of publishers and his work in setting up the present self-regulatory arrangements in 1990 was particularly important. We shall miss his foresight, good sense and determination from our deliberations.

During the year the Hon. Jeremy Deedes and Douglas Flynn from the N.P.A. and Michael Jones from the S.D.N.S. were appointed Directors and I am sure that PRESSBOF will benefit from their knowledge and experience.



CHAIRMAN
28th August 1998



FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts:-

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1998

	1998 £	1997 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year	1,272,875	1,128,655
Interest received	17,657	15,977
	<u>1,290,532</u>	<u>1,144,632</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom	1,192,300	1,053,500
	<u>98,232</u>	<u>91,132</u>
ADMINISTRATION EXPENSES		
Chairman's Emoluments	19,250	19,285
Secretarial and accounting services	65,110	60,219
Travelling	6,642	4,968
Printing and stationery	2,907	2,329
Telephone and postage	1,297	1,341
General Expenses	694	656
Auditors' remuneration	1,469	1,410
	<u>97,369</u>	<u>90,208</u>
SURPLUS BEFORE PROVIDING FOR TAXATION	863	924
CORPORATION TAX (AT 21%) (1997 - 24%)	181	222
NET SURPLUS FOR YEAR ACCUMULATED SURPLUS BROUGHT FORWARD	<u>682</u>	<u>702</u>
ACCUMULATED SURPLUS CARRIED FORWARD	<u>11,248</u>	<u>10,566</u>

BALANCE SHEET AT 31st MARCH 1998

	1998 £	1997 £
CURRENT ASSETS		
Bank	17,319	16,397
CREDITORS		
Amounts falling due within one year		
Taxation	181	222
Accrued Charges	5,890	5,609
	<u>6,071</u>	<u>5,831</u>
NET CURRENT ASSETS	<u>11,248</u>	<u>10,566</u>
Representing ACCUMULATED FUND AT 31st MARCH 1998	<u>11,248</u>	<u>10,566</u>

CHAIRMAN'S REPORT

TAKING stock of the last twelve months, I have been struck by the extent to which the Press Complaints Commission and the Code of Practice have become accepted facets of life in the U.K. today. I see and hear frequent references to the Commission in the media, sometimes calling for its intervention and sometimes hazarding opinions on what its reaction to a particular situation might be. The columns of *Hansard* record regular mentions of the Commission by members of both Houses of Parliament. It is not uncommon to find members of the public quoting clauses of the Code of Practice with a familiarity that I hope is mirrored by our journalists and photographers.

This public acceptance has been achieved, not only through the behaviour of newspapers and magazines, the impressive work of the P.C.C. and the diligent input to the Code of Practice Committee, but also by the repeated acknowledgments by publications of their commitment to self-regulation and their donations of advertising space.

There is always a danger that acceptance can breed complacency and we must strive to ensure that this does not happen. Our commitment to self-regulation, our use of the Code as a yardstick for the treatment of the individual and our acceptance of the authority of the Press Complaints Commission must be

maintained with the same vigour as the industry envisaged in 1990.

This acceptance or recognition has been taken a stage further by the formal designation of our Code of Practice under the Data Protection Act. While it is necessary to co-operate with the government of the day and to ensure that our procedures are safeguarded in the face of a variety of new legislation, our essential tenet is voluntary self-regulation in accordance with standards set by the industry itself.

There have been moves within the World Association of Press Councils to establish a global Code of media ethics with a trans-border authority to deal with any complaints which might arise. Those who remember the mooted *New World Information Order* and know the disparate circumstances of the press throughout the world will appreciate how difficult it would be to achieve a common Code and will recognise the under-lying dangers to a free press in democratic countries. I am glad that Lord Wakeham has spoken out so strongly against the proposal.

THE PRESS COMPLAINTS COMMISSION

The recently published report of the Commission for 1998 records:

- 2,601 complaints were dealt with during the year
- 954 did not involve a breach of the Code

- 555 were resolved through conciliation or withdrawn after explanation
- 86 required formal adjudication
- 45 complaints were upheld.

These statistics demonstrate the effective way in which the P.C.C. is fulfilling its responsibility. It is particularly pleasing to note the continuing improvement in the speed with which complaints are brought to completion – 72% of them within 43 working days.

The resolution of complaints through conciliation between the complainant and the publication continues to be a most important part of the P.C.C.'s work.

Responding in the national press to a critic of our self-regulation, Lord Wakeham quoted one of his European colleagues as saying that the P.C.C. is the most respected body of its kind in the free world because of the way it encourages substantial self-censorship in the most competitive newspaper market in the world, without undermining its freedom to scrutinise in the public interest.

We are grateful to Lord Wakeham, the Commission members and the Commission staff for all that they do to merit such esteem.

CODE OF PRACTICE

Following the major review of the Code in 1997, the Code Committee has had a quieter year. It considered a number of suggestions received from members of the public for amendment of the Code and dealt with other matters relating to the application of the Code.

During the year Leslie Hinton, Executive Chairman of News International plc, and Ian Beales, Editor of the *Western Daily Press*, were elected respectively Chairman and Deputy Chairman of the Committee.

FINANCE

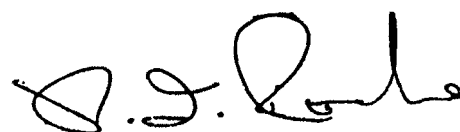
An extract from PRESSBOF's accounts for the year ended 31st March 1999 accompanies this report.

I regret that it was necessary to make a higher than normal increase in the scales of registration fees for 1999. To a large extent this is a reflection of the success of the self-regulatory regime. PRESSBOF continues to monitor the finances of the P.C.C. and to have a regular dialogue on the control of its costs.

Our continuing efforts to bring the handful of publishers who do not pay registration fees within the fold have met with some success and I look forward to further improvement in this area.

GENERAL

I should like to thank the members of the Board for their input to PRESSBOF's work for self-regulation in the industry and the Secretary and his assistant for all that they do on our behalf.



CHAIRMAN
31st August 1999



FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts:-

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1999

	1999 £	1998 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year	1,420,223	1,272,875
Interest received	15,189	17,657
	<u>1,435,412</u>	<u>1,290,532</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom	1,339,500	1,192,300
	<u>95,912</u>	<u>98,232</u>
ADMINISTRATION EXPENSES		
Chairman's Emoluments	19,250	19,250
Secretarial and accounting services	66,963	65,110
Travelling	3,242	6,642
Printing and stationery	2,191	2,907
Telephone and postage	1,212	1,297
General Expenses	745	694
Auditors' remuneration	1,504	1,469
	<u>95,107</u>	<u>97,369</u>
SURPLUS BEFORE PROVIDING FOR TAXATION	805	863
CORPORATION TAX (AT 21%)	169	181
NET SURPLUS FOR YEAR ACCUMULATED SURPLUS BROUGHT FORWARD	<u>636</u>	<u>682</u>
ACCUMULATED SURPLUS CARRIED FORWARD	<u>11,248</u>	<u>10,566</u>

BALANCE SHEET AT 31st MARCH 1999

	1999 £	1998 £
CURRENT ASSETS		
Bank	18,288	17,319
CREDITORS		
Amounts falling due within one year		
Taxation	169	181
Accrued Charges	6,235	5,890
	<u>6,404</u>	<u>6,071</u>
NET CURRENT ASSETS	<u>11,884</u>	<u>11,248</u>
Representing ACCUMULATED FUND AT 31st MARCH 1999	<u>11,884</u>	<u>11,248</u>

CHAIRMAN'S REPORT

DURING the last year, adjudication by the Press Complaints Commission on a number of high-profile complaints resulted in considerable public notice for the industry's self-regulatory arrangements. While each one of these adjudications was important in itself, trouble-shooting for public figures is only incidental to our self-regulation. Public figures generally have their own means of responding to unwelcome references in the press and often choose to seek publicity at one moment and shun it at the next.

What we are really about is providing protection to the ordinary member of the public against unfair treatment by the press and unwarranted intrusion into privacy. The two planks of our self-regulatory arrangements - the Code of Practice and the Press Complaints Commission - continue to be highly effective in achieving this end.

The Code of Practice, which has been greatly refined since it was first introduced, provides valuable guidance to all those involved in the industry and tells the public what it may expect from us.

The Press Complaints Commission provides an effective means of resolving complaints. It does so within a time-scale that must be the envy of many statutory authorities. And, of course, there is no cost to the complainant or to the taxpayer.

I referred in last year's report to the dangers inherent

in a proposed global code of media ethics and I welcome the news that this has been abandoned. At the same time, I am pleased that the P.C.C. is participating in the Alliance of Independent Press Councils of Europe.

With the implementation of the Human Rights Act on 2nd October 2000, the press is going to find itself under new constraints. We all must hope that the courts will give adequate weight to the provisions of Section 12 of the Act requiring them to pay particular regard to freedom of expression.

THE PRESS COMPLAINTS COMMISSION

The recently published report of the Commission for 1999 records:-

- 2,445 complaints were dealt with during the year
- 942 did not involve a breach of the Code
- 650 were resolved through conciliation or withdrawn after explanation
- 49 required formal adjudication
- 26 complaints were upheld.

The increase in the number of complaints resolved through conciliation between the complainant and the publication and the reduction in the number of complaints requiring formal adjudication are encouraging and I hope that these trends can be maintained.

I should like to record the industry's appreciation of the way in which Lord Wakeham

as independent Chairman, the Commission members and the Commission staff so diligently discharge their function.

CODE OF PRACTICE

Several changes to the Code were introduced in January 2000. The principal change involved reinforcing editors' responsibility in relation to vulnerable children. The need for this had been highlighted by the new Youth Justice and Criminal Evidence Act.

In addition, the public domain wording from the Human Rights Act was put into the Code.

The Committee continues to receive suggestions from members of the public relating to the content of the Code as well as more formal references from the P.C.C. for consideration.

A recent, significant adjudication by the P.C.C. has more or less coincided with an approach from the Financial Services Authority which is working on its proposed Code of Market Conduct. The Committee is consulting widely before entering into dialogue with the F.S.A.

Announcing the changes at the beginning of the year, Les Hinton, Chairman of the Committee, said that the Code continued to be the cornerstone of the industry's system of self-regulation.

The Committee, which comprises editors drawn from all sectors of the press, fulfils a most responsible task on the industry's behalf.

FINANCE

An extract from PRESSBOF's accounts for the year ended 31st March 2000 accompanies this report.

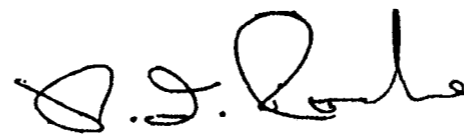
I was pleased and, I am sure, publishers would be relieved that the Board was able to contain the increase in registration fees for 2000 to a more modest level.

The degree of change within the industry continues. The secretariat, in collecting registration fees, has its work cut out in endeavouring to keep up with changes in ownership, new publications, amalgamation of titles and closures. It is grateful to publishers' staffs for their ready co-operation in this ongoing exercise.

GENERAL

During the last year Douglas Flynn, Sir Ray Tindle, James Evans and Michael Jones resigned from the Board. We are grateful to all of them for their contribution to PRESSBOF's work but I must pay particular tribute to Sir Ray Tindle and James Evans who were involved since 1990. They were there when the Calcutt Report was issued along with the ultimatum from the then Home Secretary and helped in the creation of PRESSBOF, the P.C.C. and the Code Committee. Throughout the last ten years their wisdom and experience has been invaluable to me and to the Board.

We have been joined by Terry Grote, representing the N.P.A., and by Tim Bowdler and Robin Burgess, representing the Newspaper Society, and look forward to benefiting from their knowledge and experience.



CHAIRMAN
21st September 2000



FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts:-

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2000

	2000 £	1999 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year	1,557,593	1,420,223
Interest received	14,013	15,189
	<u>1,571,606</u>	<u>1,435,412</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom	1,470,200	1,339,500
	<u>101,406</u>	<u>95,912</u>
ADMINISTRATION EXPENSES		
Chairman's Emoluments	24,716	19,250
Secretarial and accounting services	68,468	66,963
Travelling	2,255	3,242
Printing and stationery	2,100	2,191
Telephone and postage	1,088	1,212
General Expenses	533	745
Auditors' remuneration	1,528	1,504
	<u>100,688</u>	<u>95,107</u>
SURPLUS BEFORE PROVIDING FOR TAXATION	718	805
CORPORATION TAX (AT 20%) (1999 - 21%)	144	169
	<u>574</u>	<u>636</u>
NET SURPLUS FOR YEAR ACCUMULATED SURPLUS BROUGHT FORWARD	<u>11,884</u>	<u>11,248</u>
ACCUMULATED SURPLUS CARRIED FORWARD	<u>12,458</u>	<u>11,884</u>

BALANCE SHEET AT 31st MARCH 2000

	2000 £	1999 £
CURRENT ASSETS		
Bank	18,386	18,288
CREDITORS		
Amounts falling due within one year		
Taxation	144	169
Accrued Charges	5,784	6,235
	<u>5,928</u>	<u>6,404</u>
NET CURRENT ASSETS	<u>12,458</u>	<u>11,884</u>
Representing ACCUMULATED FUND AT 31st MARCH 2000	<u>12,458</u>	<u>11,884</u>

CHAIRMAN'S REPORT

LOOKING back over the last year, I am struck by the importance for press self-regulation of court decisions on the issue of privacy.

Intrusion into the private lives of individuals was the prime concern of Parliament in relation to the press in 1988 and 1989, resulting in the appointment by the Government of the Committee on Privacy and Related Matters and leading in 1990 to our new self-regulatory regime.

Those of us who feared that implementation of the Human Rights Act could lead to the Courts making new law on privacy must be re-assured by the fact that, in two judgements, the Courts have, in effect, said that the detailed examination of questions of privacy is best left to bodies such as the Press Complaints Commission. To have the constitution and expertise of the P.C.C. endorsed in this way is a measure of how far self-regulation has progressed since the great challenge was put to the industry in 1990.

Of course, this acceptance in no way lessens the need for our responsibility and vigilance. Publishers and editors must maintain an unswerving commitment to:

- acceptance of the independent Press Complaints Commission as the regulatory authority.
- adherence to the industry's Code of Practice.
- provision of adequate finance for the self-regulatory arrangements.

I am aware of an increasing number of cases being raised against the press under the Data Protection Act. I believe that the best defence against such applications lies in strict observance of the Code of Practice.

THE PRESS COMPLAINTS COMMISSION

The recently published report of the Commission for 2001 records:

- 3,057 complaints were dealt with during the year
- 1,160 were outside the Commission's remit
- 921 did not involve a breach of the Code
- 935 were resolved through conciliation or withdrawn after explanation
- 41 required formal adjudication
- 19 complaints were upheld.

While a number of high-profile complaints ensured that the P.C.C. kept in the news, it is important to appreciate that 90% of the complaints came from ordinary members of the public.

The year's work has, to some extent, been overshadowed by Lord Wakeham's decision to step aside from the P.C.C. chairmanship and his subsequent request to be released from his contract.

In a statement issued at the end of January I referred to Lord Wakeham's sense of integrity and honour which, along with the shrewdest of political minds and an unswerving commitment to self-regulation, made him such an outstanding Chairman of the P.C.C. The industry is deeply grateful to him for all that has been achieved during his period in office.

PRESSBOF invited Professor Robert Pinker, one of the original public members of the Commission and for the last seven years its accomplished Privacy Commissioner, to serve as the P.C.C.'s Acting Chairman. He continues to fulfil this role with skill and dedication.

We have been fortunate in recruiting Sir Christopher Meyer, KCMG, currently British Ambassador in Washington, to be the next independent

Chairman of the Commission. I am confident that, with his distinguished record in the diplomatic service and his expressed commitment to successful self-regulation of the press, he will be a worthy successor to Lord McGregor and Lord Wakeham. He will take up the Chairmanship in the spring of 2003.

Society and the media, in particular, tend to identify bodies such as the P.C.C. with the Chairman but, of course, the other Commission members, the Director and the staff all make a significant contribution to the P.C.C.'s work. The industry appreciates the way in which they fulfil the ongoing task.

CODE OF PRACTICE

The Code Committee, chaired by Les Hinton and comprising editors drawn from all sectors of the press, keeps the Code under review ensuring that it continues to set appropriate standards of editorial practice which are relevant to today's society. The Committee continues to receive a steady flow of suggestions from members of the public regarding the content of the Code.

In the autumn of 2000 while the Committee was in dialogue with the Financial Services Authority, the Treasury intimated the Government's intention to legislate on the disclosure of interest by financial journalists. Strong representations on behalf of the industry led to the proposal being withdrawn. A *BEST PRACTICE GUIDANCE NOTE* was prepared and the Committee asked the P.C.C. to promulgate this which it did in the spring of 2001.

More recently, the Committee's attention has been focussed on the thorny question of payments to witnesses. The provisions of the Code in relation to such payments were considerably toughened in 1996 and, although the incidence of cases where payment has been criticised is tiny, the Lord Chancellor announced his intention to

legislate on the matter. When the consultation document was issued, the Committee lodged a forceful submission claiming that legislation was not justified and similar representations were made by other organisations.

The Lord Chancellor has now informed the industry that the matter can be dealt with by self-regulation provided his objectives are met through further toughening of the Code of Practice. The Code Committee will be giving serious consideration to what the Lord Chancellor has written and will respond in due course.

The industry is grateful to the members of the Committee for the time and attention which they give to maintenance of the Code.

FINANCE

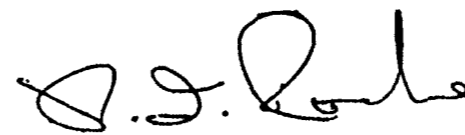
An extract from PRESSBOF's accounts for the year ended 31st March 2002 accompanies this report.

PRESSBOF was able to keep the registration fees payable by publishers for 2002 at the same level as for 2001 and I am sure that this was welcome in what has been a difficult year for many publishers. Registration fees for 2003 will be decided shortly. Pressure on circulations and further rationalisation among titles make it likely that an increase in the fees will be necessary.

GENERAL

Terry Grote has recently resigned from the Board and I should like to put on record our appreciation of the constructive contribution which he has made to PRESSBOF's work over the last three years.

Clive Milner has joined the Board as a representative of the N.P.A. and I am sure that we will benefit from his knowledge and experience.



CHAIRMAN
27th September 2002



FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts:-

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2002

	2002 £	2001 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year	1,698,239	1,632,575
Interest received	11,735	13,715
	<u>1,709,974</u>	<u>1,646,290</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom	1,603,300	1,542,500
	<u>106,674</u>	<u>103,790</u>
ADMINISTRATION EXPENSES		
Chairman's Emoluments	24,638	24,710
Secretarial and accounting services	71,525	69,891
Travelling	5,753	3,785
Printing and stationery	816	1,885
Telephone and postage	1,049	1,106
Consultancy Fees	500	-
General Expenses	566	254
Auditors' remuneration	1,586	1,568
	<u>106,433</u>	<u>103,199</u>
SURPLUS BEFORE PROVIDING FOR TAXATION	241	591
CORPORATION TAX (AT 10%) (2001 - 10%)	24	59
NET SURPLUS FOR YEAR	217	532
ACCUMULATED SURPLUS BROUGHT FORWARD	12,990	12,458
ACCUMULATED SURPLUS CARRIED FORWARD	<u>13,207</u>	<u>12,990</u>
BALANCE SHEET AT 31st MARCH 2002		
	2002 £	2001 £
CURRENT ASSETS		
Bank	20,426	18,895
CREDITORS		
Amounts falling due within one year		
Taxation	24	59
Accrued Charges	7,195	5,846
	<u>7,219</u>	<u>5,905</u>
NET CURRENT ASSETS	<u>13,207</u>	<u>12,990</u>
Representing ACCUMULATED FUND AT 31st MARCH 2002	<u>13,207</u>	<u>12,990</u>

CHAIRMAN'S REPORT

This will be my last report to the industry as Chairman of PRESSBOF.

Thirteen years ago, when the industry faced the Government's challenge expressed by the then Home Secretary as "positively its last chance to put its own house in order", I was gratified by the immediate support of the industry and the commitment by an overwhelming majority of the press to the P.C.C., the Code of Practice and the PRESSBOF Registration Fees.

The whole self-regulatory operation reflected an unprecedented cohesion within a very diverse industry and I trust that this united approach can be maintained and strengthened in the years ahead.

The Inquiry earlier this year by the Parliamentary Select Committee for Culture, Media and Sport placed our self-regulatory regime firmly under the public spotlight. PRESSBOF and its constituent associations, along with the P.C.C. and the Code Committee will, of course, be considering the Committee's recommendations and responding in due course. Meantime, I welcome Government's rejection of the Committee's recommendation for a law on privacy.

THE PRESS COMPLAINTS COMMISSION

In the spring, Sir Christopher Meyer, KCMG, took office as the third independent Chairman of the Commission. Within a short time of his appointment he met sectors of the press in various regions gaining valuable insight to the commitment to self-regulation and this augurs well for what I believe will be a most successful chairmanship.

Sir Christopher has made suggestions for the further improvement of the self-regulatory regime and these are receiving the attention of the P.C.C., PRESSBOF and its Code Committee.

At this time, I should like to record PRESSBOF's gratitude to Professor Robert Pinker for his valued services as Acting Chairman over a period of fourteen months.

The P.C.C. put substantial effort into its submission to the Culture, Media and Sport Committee's Inquiry. For those who took the time to read the document it provided a unique description of the development of press self-regulation, the constitution of the P.C.C., the way it operates, the complaints handled and the P.C.C.'s activities in various areas. It was valid testimony to how effective self-regulation has become and congratulations are due to those involved in the compilation.

The report of the Commission for 2002 records:

- 2,688 complaints were dealt with during the year
- 889 were outside the Commission's remit
- 711 did not involve a breach of the code
- 1,052 were resolved through conciliation or withdrawn after explanation
- 36 required formal adjudication
- 17 complaints were upheld

High-profile complaints continue to earn the headlines but it is of more significance that 91% of the complaints came from ordinary members of the public.

I must express the industry's appreciation to the P.C.C.'s Chairman, the Commission members, the Director and the staff for the way in which they fulfil the important task with which they are charged.

CODE OF PRACTICE

The Code Committee, chaired by Les Hinton and comprising editors drawn from all sectors of the press, has continued to keep the Code under review.

Following the dialogue with the Lord Chancellor's Office, a revised version of the Code, incorporating more stringent provisions relating to payment to witnesses, was issued in March 2003.

The Committee lodged a submission to the Culture, Media and Sport Select Committee's Inquiry. This covered the history and constitution of the Committee, the philosophy of the evolving Code, its particular relevance to privacy and the Committee's views on the efficacy of the self-regulatory regime.

Suggestions for amendments to the Code continue to be received from members of the public and these are given careful consideration by the Committee.

Ian Beales, long-serving member and currently Consultant to the Committee, will succeed Grahame Thomson as Committee Secretary on 1st October 2003.

The industry is grateful to all those who have contributed so effectively to the Committee's work.

FINANCE

An extract from PRESSBOF's accounts for the year ended 31st March 2003 accompanies this report.

It proved necessary to increase the registration fees payable by publishers for 2003 by 3%. Costs relating to the Select Committee Inquiry, implementation of the P.C.C. Chairman's recommendations and the growing need for legal advice make it likely that a more substantial increase in the registration fees will be necessary for 2004.

GENERAL

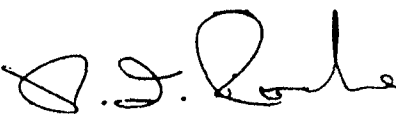
Philip Graf was appointed a Director in February 2003 and will succeed me as PRESSBOF Chairman on 1st January 2004. I wish him well in this increasingly challenging task.

In June 2003, Les Hinton, Chairman of the Code Committee since 1999, joined the Board and I am sure that PRESSBOF will benefit from the increased liaison with the Committee.

Grahame Thomson retires from the post of Secretary & Treasurer of PRESSBOF on 30th September and will relinquish his directorship at the end of October after thirteen years in these roles. In his detailed work in the creation of the P.C.C. and PRESSBOF and, subsequently, in giving the Code Committee a more formal structure, his professional skills were invaluable. Aply supported by his assistant, Mrs Mary Macdonald, his stewardship of our funds has been impeccable. I am personally grateful to him for his strong support over the years and I know that the Board and the industry are indebted to him.

Grahame will be succeeded as Secretary & Treasurer on 1st October 2003 by Jim Raeburn who has been a Director of PRESSBOF since its formation in 1990. Jim has represented the two sectors of the Scottish press and I am confident that, with his wide knowledge of the industry, he will fill the role with skill and dedication.

Finally, I should like to express my appreciation to the members of the Board, past and present, for their consistent support over the last thirteen years. The industry has met the challenges which confronted it and I am sure that our regime of voluntary self-regulation will continue to play its part in the preservation of a free press.



CHAIRMAN
11th September 2003

PRESSBOF

FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts:

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003

	2003 £	2002 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year	1,688,598	1,698,239
Interest received	10,539	11,735
	<u>1,699,137</u>	<u>1,709,974</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom	1,540,000	1,603,300
	<u>159,137</u>	<u>106,674</u>
ADMINISTRATION EXPENSES		
Chairman's Emoluments	24,610	24,638
Secretarial and accounting services	72,421	71,525
Travelling	6,574	5,753
Printing and stationery	2,039	816
Telephone and postage	1,186	1,049
Consultancy fees	49,674	500
General expenses	472	566
Auditors' remuneration	1,639	1,586
	<u>158,615</u>	<u>106,433</u>
SURPLUS BEFORE PROVIDING FOR TAXATION	522	241
CORPORATION TAX (AT 0%) (2002 - 10%)	-	24
NET SURPLUS FOR YEAR	522	217
ACCUMULATED SURPLUS BROUGHT FORWARD	13,207	12,990
ACCUMULATED SURPLUS BROUGHT FORWARD	<u>13,729</u>	<u>13,207</u>

BALANCE SHEET AT 31st MARCH 2003

	2003 £	2002 £
CURRENT ASSETS		
Bank	21,588	20,426
CREDITORS		
Amounts falling due within one year		
Taxation	-	24
Accrued Charges	7,859	7,195
	<u>7,859</u>	<u>7,219</u>
NET CURRENT ASSETS	13,729	13,207
Representing ACCUMULATED FUND AT 31st MARCH 2003	<u>13,729</u>	<u>13,207</u>

CHAIRMAN'S REPORT

I was honoured and privileged to be invited to take over as Chairman from Sir Harry Roche, who with great skill had led PRESSBOF for the first 13 challenging years of its existence.

It is worth recalling that back in 1990 the then Home Secretary, David Waddington, in his statement to the House of Commons, said that the Government accepted the report of the Committee on Privacy and Related Matters chaired by David Calcutt, QC and that the Press was being given "positively its last chance" to put its own house in order. The alternative would be statutory control involving, as Calcutt had recommended, a judicial tribunal with power to award compensation and issue injunctions. It was against this background that Sir Harry was instrumental in winning industry support to establish the Press Complaints Commission and to ensure its funding through PRESSBOF registration fees.

Events since 1990, including a second Calcutt Review proposing a statutory Press Complaints Tribunal, the statutory Press Ombudsman advocated by the National Heritage Select Committee, a Private Member's Bill and, in 2003, the recommendation of the Culture, Media and Sport Committee for the introduction of a privacy law, have all served to underline the need for an effective system of self regulation which commands the support of the public.

PRESS COMPLAINTS COMMISSION

As well as raising the financial resources essential to meet the PCC's needs, PRESSBOF is also responsible for appointing its Chairman. The appointment of Sir Christopher Meyer in Spring last year was an inspired choice. As Sir Christopher observes in the PCC Annual Review, 2003 was

years in the Commission's history. A combination of external and internal issues ensured an unprecedented level of scrutiny of the Commission's work and fresh challenges to its continuing success. Externally, there was the penetrating Select Committee inquiry into privacy and the PCC; the threatened amendments to the Communications Bill suggesting that the PCC come under the umbrella of Ofcom; the dangerous plans of Irish legislators to introduce a statutory press council there; and the continuing negotiations with European officials to protect the special position of self-regulation in the UK.

Internally, there was the conception and implementation of an ambitious programme of reform; a raft of complicated and high-profile adjudications relating to privacy and to payments to witnesses and criminals; and the departure of Guy Black after seven and a half years as director.

In that time, Guy made an outstanding contribution and as Sir Christopher states can claim much credit for the generally benevolent political attitude that now exists towards self regulation. He rightly makes the point that last year's Select Committee report was the first of its type to endorse the principles of self regulation and to accept that the PCC has been responsible for overseeing an improvement in journalistic standards over the last 10 years.

The promotion of Tim Toulmin, formerly Deputy Director, as the new director was a well deserved appointment with the added benefit of providing continuity.

In 2003 the Commission received a record 3,649 complaints, 39% higher than the previous year. The fact that the number of possible breaches of

7% supported the Commission's belief that the substantial increase in complaints reflected its higher profile and the lengths to which it has gone to make complaining as easy as possible. The average time taken to handle complaints upon which it made a ruling was 34 days, well within its self imposed target of 40 days. The Commission's survey of people whose complaints it had investigated showed a steady improvement in customer satisfaction and a generally positive experience.

CODE OF PRACTICE COMMITTEE

The success of the Code in raising journalistic standards is something that many within the publishing industry have acknowledged in recent years. At the same time, it is a claim dismissed in some quarters as wishful thinking. The Code Committee, chaired by Les Hinton, was, therefore, particularly gratified that one of the main findings of the Select Committee's inquiry was independent verification that the Code had been responsible for the general improvement in standards of press behaviour.

Sir Christopher Meyer's 'permanent evolution' plans contained two suggestions that directly affected the Code Committee: the annual 'audit' of the Code to ensure that it is as relevant as possible, and the production of a journalists' handbook to explain how the Commission interprets the Code in practice and information about its Guidance Notes. The Committee is very grateful to Ian Beales - who took over from Grahame Thomson as its secretary on 1 October 2003 - for overseeing both enterprises. The handbook, to be published in the names of the five constituent trade associations represented on

PRESSBOF, will be a significant piece of work and a major step forward in ensuring that the Code and the PCC case law are as widely understood by editors and journalists as possible.

The revised Code incorporating a number of changes was introduced on 1 June 2004 following extensive consultation.


FINANCE

An extract from PRESSBOF's accounts for the year ended 31 March 2004 accompanies this report. In light of additional expenditure associated with the running of the PCC, including new costs implementing the "permanent evolution" proposals, it was necessary to increase registration fees by 8% for 2004.

GENERAL

My assessment is that the collective efforts of PRESSBOF, the Code Committee and the Press Complaints Commission supported by the newspaper and periodical industries have successfully demonstrated that self regulation not only can but is working in the interests of the public. It is our responsibility to strive to continue that improvement.

Finally, I am extremely grateful for the advice, support and wisdom of the PRESSBOF Board and staff. It is particularly appropriate to record my thanks to Grahame Thomson, who until his retirement in Autumn 2003 gave 13 years sterling service to PRESSBOF as its Secretary and Treasurer. He was succeeded in that role by Jim Raeburn, an able and experienced industry executive as well as being a director of the company, thereby enabling a smooth handover.



Philip Graf
Chairman



FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	2004 £	2003 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year.	1,712,552	1,688,598
Interest received	6,837	10,539
	<u>1,719,389</u>	<u>1,699,137</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom	1,595,301	1,540,000
	<u>124,088</u>	<u>159,137</u>
ADMINISTRATION EXPENSES		
Chairman's Emoluments	25,487	24,610
Secretarial and accounting services	77,555	72,421
Travel	5,841	6,574
Printing and stationery	1,985	2,039
Telephone and postage	1,439	1,186
Consultancy Fees	3,199	49,674
General Expenses	3,018	472
Auditors' remuneration	1,700	1,639
	<u>120,224</u>	<u>158,615</u>
SURPLUS BEFORE PROVIDING FOR TAXATION	3,864	522
CORPORATION TAX (AT 0%) (2003 - 0%)	—	—
NET SURPLUS FOR YEAR	3,864	522
ACCUMULATED SURPLUS BROUGHT FORWARD	13,729	13,207
ACCUMULATED SURPLUS CARRIED FORWARD	17,593	13,729
BALANCE SHEET AT 31 MARCH 2004		
	2004 £	2003 £
CURRENT ASSETS		
Bank	22,992	21,588
CREDITORS		
Amounts falling due within one year	5,399	7,859
NET CURRENT ASSETS	17,593	13,729
Representing ACCUMULATED FUND AT 31 MARCH 2004	17,593	13,729

CHAIRMAN'S REPORT

I am delighted to report that PRESSBOF continues to receive strong support from newspaper and magazine publishers for the funding of self regulation. It is recognition of the need for an effective Press Complaints Commission in its investigation, resolution and adjudication of complaints against editorial content. Constant vigilance is needed against challenges from those who would seek to exert greater control over the press, as evidenced most recently by a private Member's bill calling for the PCC to be replaced with a statutory body that would give people the right to correct significant inaccuracies about them.

Equally, it is important that we remain alert to the possible threat to self regulation of newspapers' and magazines' websites posed by the proposed revision to the EU Television without Frontiers Directive. We will monitor developments and lobby on the issue as appropriate.

PRESS COMPLAINTS COMMISSION

In the PCC Annual Report Sir Christopher Meyer observes how the Commission's flexibility and accountability has delivered results for people from all walks of life who have had a problem with a newspaper or magazine. He points to the fact that all but two of 127 privacy complaints involving a possible breach of the Code of Practice were resolved through the Commission's staff negotiating proportionate and appropriate remedies with complainants ranging from the rich and famous to ordinary members of the public thrust into the media spotlight.

The PCC Chairman also highlights the investigation of accuracy complaints which provide the bulk of the

Commission's work. Of the 713 that the Commission received in 2004, 333 were found to raise a possible breach of the Code with negotiated offers to resolve 327 of these. "These figures," says Sir Christopher, "are a clear riposte to those who believe that there should be a legally-enforceable right of reply. There is simply no need for one."

In all, the Commission had to make 900 rulings under the Code in 2004, which represented a drop of around 14% from 2003. The complaints that raised a possible breach of the Code also fell by 7%. This means that, despite overall complaints levels remaining the same, there was a noticeable drop in substantive concerns about the newspaper and magazine industry.

Against that background, however, the PCC was busier than ever. It conducted 10% more investigations than in 2003, and achieved the highest number of resolved complaints in its 13-year history. In 98% of cases raising a possible breach of the Code, the Commission was able to negotiate appropriate remedial action on behalf of a complainant; in only 2% of possible breaches was no appropriate offer made. These complaints were all upheld.

The average time taken to deal with investigated complaints was 37 days, enabling the Commission to live up to its motto "fast, free and fair".

The industry and the readers of its publications are indeed well served by the independent PCC time and again demonstrating the effectiveness of the self regulatory arrangements. We are greatly indebted to Sir Christopher and to the PCC Director, Tim Toulmin, for their outstanding

leadership of the Commission and its staff.

CODE OF PRACTICE COMMITTEE

Two major innovations aimed at moving forward the process of self regulation marked out the year as one of the busiest in the Code Committee's history. The Committee, ably chaired by Les Hinton, conducted its first annual review of the Code and embarked on a project to produce its own official handbook.

The Review conducted in the light of public consultation amounted to the Code's most thorough overhaul since the revisions in 1997, following the death of Diana Princess of Wales. It gave the Committee the opportunity to emphasise more explicitly some fundamental elements, particularly the responsibility to observe the Code not just to the letter but also in the spirit. It also stressed that the Code covers online versions of publications, as well as printed copies; applies to all editorial contributors, including non-journalists; and that editors had the ultimate duty of care to implement its rules.

The purpose throughout the Review was to make the Code clearer and more accessible—better and more widely understood outside the industry as well as inside. Those same ambitions were at the heart of the project to produce its Editors' Codebook—a handbook which, for the first time, set the Code and the PCC's adjudications upon it into context. The Committee's Secretary, Ian Beales, deserves special recognition for the enormous effort he contributed in researching and drafting the book. It is an invaluable source to working journalists, students,

lawyers and all those with an interest in making self regulation work. Its very existence is testimony to the industry's commitment to that cause.

FINANCE

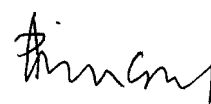
An extract from PRESSBOF's accounts for the year ended 31 March 2005 accompanies this report. It will be seen that PRESSBOF paid £1,627,000 to meet the operating costs of the PCC.

GENERAL

It is entirely appropriate that I pay tribute to two former directors of PRESSBOF, Sir Frank Rogers, who died earlier this year, and Sir Robin Miller, who retired from the Board at the end of 2004. Sir Frank, as a founding director in 1990, was one of the architects of the present self regulatory arrangements. He was undoubtedly a man of considerable foresight, who performed much valuable work on behalf of the industry.

Sir Robin, over nearly eight years, contributed wisely and assiduously to our thinking, for which I am exceedingly grateful. I was delighted to welcome Nicholas Coleridge to the Board as the successor representative of the Periodical Publishers Association.

Once again, I am very grateful for all the help and support from my colleagues on PRESSBOF and in particular, I am most grateful for the hard work and support of our Secretary and Treasurer, Jim Raeburn, and his team in Palmerston Place.



Philip Graf
Chairman



FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	2005 £	2004 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year.	1,736,029	1,712,552
Interest received	13,252	6,837
	<u>1,749,281</u>	<u>1,719,389</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom	1,627,000	1,595,301
	<u>122,281</u>	<u>124,088</u>
ADMINISTRATION EXPENSES		
Chairman's Emoluments	27,150	25,487
Secretarial and accounting services	82,869	77,555
Consultancy Fees	—	3,199
Travel	2,564	5,841
Printing and stationery	1,538	1,985
Telephone and postage	1,386	1,439
Editors' Codebook	2,699	—
General Expenses	1,171	3,018
Auditors' remuneration	1,750	1,700
	<u>121,127</u>	<u>120,224</u>
SURPLUS BEFORE PROVIDING FOR TAXATION	<u>1,154</u>	<u>3,864</u>
CORPORATION TAX (AT 0%) (2004 - 0%)	—	—
NET SURPLUS FOR YEAR	<u>1,154</u>	<u>3,864</u>
ACCUMULATED SURPLUS BROUGHT FORWARD	<u>17,594</u>	<u>13,730</u>
ACCUMULATED SURPLUS CARRIED FORWARD	<u>18,748</u>	<u>17,594</u>

BALANCE SHEET AT 31 MARCH 2005

	2005 £	2004 £
CURRENT ASSETS		
Stocks	500	—
Cash at bank	21,197	22,992
	<u>21,697</u>	<u>22,992</u>
CREDITORS		
Amounts falling due within one year	—	—
Accrued charges	2,949	5,399
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>18,748</u>	<u>17,594</u>
Representing ACCUMULATED FUND AT 31 MARCH 2005	18,748	17,594

CHAIRMAN'S REPORT

I was honoured to be invited by the PressBoF Board to succeed Philip Graf as Chairman in December 2005 following his decision to stand down in light of his appointment as Deputy Chairman of Ofcom. In the two years he held the position, Philip, through his skilful leadership, made an outstanding contribution in promoting the newspaper and magazine industry's commitment to self regulation.

My aim is to build on our constructive working relationship with the Press Complaints Commission, whilst recognising that the independence and effectiveness of the PCC in addressing the complaints and concerns of the public are paramount in maintaining confidence in self regulation. It is a measure of its success that through raising awareness of its role and actively seeking more public involvement with and scrutiny of its work, the Commission is widely seen to be achieving its objectives. It was therefore entirely fitting that PressBoF should have invited Sir Christopher Meyer to serve a second three year term as Chairman. His innovations, including taking road shows to cities across the UK, the appointment of the independent Charter Commissioner and Charter Compliance Panel have all helped to strengthen self regulation.

Having given careful consideration to the regulatory implications of media convergence, PressBoF agreed in principle that the industry's interests would be best served by extending the PCC's remit to include editorial audio visual material. Consideration is presently being given to the practical aspects and how the extended remit should be defined so as to provide clarity and understanding for the industry.

While self regulation is widely regarded as a successful model enjoying wide support, we are well aware that conditions can change rapidly. We do not need to look far afield to observe the dangers with the proposals of the Irish government to establish a new Press Council with statutory

powers. It is a development PressBoF will monitor closely. More generally, we fully realise that there is no room for complacency and that we need to work ever harder to maintain and improve the public's confidence in self-regulation.

PRESS COMPLAINTS COMMISSION

In its 2005 Annual Review Sir Christopher describes the PCC as: "a window on real life. An extraordinary cross-section of people comes to us with unique and personal stories and complaints. It gives, in particular, real satisfaction to help those unused to the media, who find themselves briefly and unwillingly thrust into the public gaze because of their proximity to a newsworthy death or crime. It is, I think, the best thing we do."

While last year the PCC received 3,654 complaints, a new record, the more significant statistic was that the number of complaints in which PCC complaints officers negotiated settlements that were to the satisfaction of the complainant rose by an impressive 41%. It was the highest ever number of resolved complaints in the 15 year history of the PCC.

It was also highly encouraging that editors overwhelmingly abided by the Code requirement to publish corrections and apologies "with due prominence". In total – including those publications which have a corrections column – the PCC negotiated the publication of the resolution on the same page, further forward or in the corrections column in 82% of cases.

The figures testify to the effectiveness of the conciliation culture that the PCC has sought to foster across the industry. Editors now routinely seek to make appropriate offers to resolve possible breaches of the Code. In just 2% of possible breaches did editors not offer an acceptable remedial response to a complaint; these cases were all upheld.

The PCC Annual Review observes that in each year since

the Human Rights Act was passed into law eight years ago, and six since it became effective, various commentators have predicted that the references to privacy in the Act would render the Commission's role as protector of privacy obsolete. It was suggested that potential complainants would choose the law, rather than the PCC – which cannot award compensation for redress. In the last six years, a small handful of individuals have used the legal route. Their cases are celebrated and frequently discussed publicly. By contrast, in that time the Commission has dealt with well over a thousand privacy cases under the nine clauses of the Code that protect individual privacy.

I would like to express the thanks of the PressBoF Board to the Chairman, Directors and staff of the PCC for the professionalism and dedication which they have shown to the task of industry self-regulation.

CODE OF PRACTICE COMMITTEE

The Code Committee's role of constant reviewing and revising the Editors' Code of Practice is an evolutionary process which ensures that the Code keeps pace with changing society.

One such change during 2005 was the incorporation of the term gender into the categories – race, colour, religion, sexuality, etc – covered by the Discrimination clause. This was a direct response to the changed legal status of the transgender community.

More recently in response to submissions received from the Samaritans and others, the Committee agreed that the Code should be changed to include a new sub-clause stating that when reporting suicide, care should be taken to avoid excessive detail about the method used.

It demonstrates that the Code is intended to have meaning and influence, but not become a device that diminishes freedom of expression.

The Editors' Codebook, a handbook produced by the Code Committee to show, through PCC adjudications, how the Code works in practice has been

seen as a very positive development for self regulation, not only in Britain, but internationally. The European Union Commissioner for Information, Society and Media, Ms Vivien Reding praised it as a fine example of local solutions to local problems. The British Embassy in Beijing, which has already translated the UK Editors' Code into Mandarin for the benefit of the Chinese media, is also looking at translating the Codebook. Consideration is now being given to making the book available on the Internet, where it could be updated periodically with case law developments and Code changes.

I would like to express the thanks of the PressBoF Board to the Chairman and members of the Code Committee for their work over the past year.

FINANCE

An extract from PressBoF Accounts for the year ended 31 March 2006 accompanies this Report. It will be seen that PressBoF paid £1,938,000 to meet the operating costs of the PCC including costs incurred in connection with the Commission's move from Salisbury Square to Halton House in London. The new premises are a significant improvement over the previous poor working environment.

GENERAL

Political and public confidence in the editorial content of newspapers and magazines must in part be a tribute to the way the PCC has regulated the industry over the past fifteen years. That, in turn, has been dependent upon the industry's funding, carried out and organised by PressBoF. It is a small fee, which makes a big difference.

Finally, I am exceedingly grateful for the support and wise counsel of the PressBoF Board.



Tim Bowdler
Chairman



FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

	2006 £	2005 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year.	2,035,180	1,736,029
Interest received	24,356	13,252
	<u>2,059,536</u>	<u>1,749,281</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom	1,938,000	1,627,000
	<u>121,536</u>	<u>122,281</u>
ADMINISTRATION EXPENSES		
Chairman's Emoluments	27,155	27,150
Secretarial and accounting services	85,962	82,869
Travel	2,975	2,564
Printing and stationery	988	1,538
Telephone and postage	966	1,386
Editors' Codebook	(1,424)	2,699
General Expenses	1,811	1,171
Auditors' remuneration	1,800	1,750
	<u>120,233</u>	<u>121,127</u>
SURPLUS BEFORE PROVIDING FOR TAXATION		
CORPORATION TAX (AT 0%) (2005 – 0%)	1,303	1,154
	<u>—</u>	<u>—</u>
NET SURPLUS FOR YEAR	1,303	1,154
ACCUMULATED SURPLUS BROUGHT FORWARD		
	18,748	17,594
ACCUMULATED SURPLUS CARRIED FORWARD		
	<u>20,051</u>	<u>18,748</u>
BALANCE SHEET AT 31 MARCH 2006		
	2006 £	2005 £
CURRENT ASSETS		
Stocks	—	500
Cash at bank	22,093	21,197
	<u>22,093</u>	<u>21,697</u>
CREDITORS		
Amounts falling due within one year		
Accrued charges	2,042	2,949
NET CURRENT ASSETS	20,051	18,748
TOTAL ASSETS LESS CURRENT LIABILITIES		
	<u>20,051</u>	<u>18,748</u>
Representing ACCUMULATED FUND AT 31 MARCH 2006		
	<u>20,051</u>	<u>18,748</u>

CHAIRMAN'S REPORT

The experience of recent months underlined the observation I made in last year's report that while self-regulation is widely regarded as a successful model enjoying wide support, we should be aware that conditions could change rapidly.

The conviction of Clive Goodman of the News of the World for interception of communications without lawful authority and the apparent harassment and persistent pursuit of Kate Middleton, the then girlfriend of HRH Prince William, provided the triggers for an inquiry by the House of Commons Culture, Media & Sport Committee into self-regulation of the press. In its written evidence PressBoF stated that instances where an individual, such as Goodman, consciously engages in activities which not only breach the industry's Code of Practice but also contravene the law are unequivocally wrong. However, it would be unreasonable to suggest that where the criminal law had failed to deter such misconduct a voluntary code should be criticised in such circumstances.

Happily, the Committee concluded that self-regulation of the press should continue, despite what it called recent lapses in standards. The Committee found that "to dispense with the current form of self-regulation and to rely exclusively on the law would afford less protection rather than more, and any move towards a statutory regulator for the press would represent a very dangerous interference with the freedom of the press".

Its Chairman, John Whittingdale commented that self-regulation by the press was infinitely preferable to the alternative but with the warning that it must be seen to be effective if calls for statutory intervention were to be resisted. It was imperative, he said, that in future both the PCC and editors should be vigilant in ensuring that all journalists were abiding by both the spirit and letter of the Code.

Publication of the Committee's report followed the then Prime Minister's "feral beast" speech in which he commented that at some point the regulatory framework would need revision. Tony Blair's argument was that as technology blurred the distinction between newspapers and television, it became increasingly irrational to have different systems of accountability, involving the PCC and Ofcom, based on technology that no longer could be differentiated in the old way. It was encouraging therefore that notwithstanding Mr Blair's untimely intervention the Committee

saw fit to publish a measured report which recognised the value of a free press and the impracticality of statutory controls on what can be written in newspapers and magazines, both in print and online.

While questioning whether it should have gone further, the Committee also applauded PressBoF's decision to extend the PCC's remit to include editorial audio-visual material on newspaper and magazine websites.

The extension was agreed following industry-wide consultation recognising that "online versions" of newspapers and magazines had moved on from the internet replication of material that already existed in a printed version of the publication to routinely carrying material not available in print form.

A guidance note explained that the PCC's remit should be seen as covering editorial material on newspaper and magazine titles' websites where it met two key requirements:

1. that the editor of the newspaper or magazine was responsible for it and could reasonably have been expected both to exercise editorial control over it and apply the terms of the Code; and
2. that it was not pre-edited to conform to the online or offline standards of another media regulatory body.

I believe it is extremely important that self-regulation should evolve in a carefully considered manner to take account of the developing ways in which our publications, in print and online, communicate with readers.

Sir Christopher Meyer, at the time of the announcement, commented that PressBoF's decision to extend the PCC's remit served "to underline the industry's confidence in the system of common-sense regulation that we operate, and to demonstrate to the public that editorial information in the digital age – regardless of the format in which it is delivered – will be subject to high professional standards overseen by the Commission".

The Culture, Media & Sport Committee had barely completed its inquiry when it was announced that the House of Lords Communications Committee, chaired by Lord Fowler, would be undertaking a two-part inquiry into media ownership and the news.

It would first focus on changes in the way people accessed news, developments in the way news was provided and whether contracted media ownership affected the balance and diversity of news in a democracy.

The concentration of media ownership, cross media ownership and the regulation framework would then be considered.

PRESS COMPLAINTS COMMISSION

In the report of the Chairman of the PCC, Sir Christopher Meyer commenting on the scope of the Commission's work in 2006 said "We investigated and resolved record numbers of complaints under the Code of Practice, covering the gathering, presentation and use of news. Our officials gave pre-publication advice 24 hours a day to editors and members of the public in order to prevent problems arising in the first place. We promoted continuous professional training of working journalists by hosting seminars throughout the country. We made formal rulings on a wide range of subjects, the most newsworthy and controversial being the shifting line between what is legitimate for the public to know and what should reasonably be kept private. And we tackled head-on the challenges posed to traditional notions of privacy and the public domain by the remarkable developments in new media – developments which have, incidentally, left devotees of formal legal regulation scratching their heads about how to react."

"This has been achieved within the framework intended to safeguard the considerable rights to freedom of expression, which the press in any democracy worthy of the name should enjoy. I have a lot of sympathy for those who now feel that this is a freedom increasingly under threat from several quarters. The danger is real. If the trend continues, there will be inevitably further calls for the freedom of the press to be entrenched in a way similar to the First Amendment of the US constitution."

There was a sharp rise in the number of resolved complaints in 2006. These are cases where members of the Commission's full-time staff successfully negotiate remedies to complaints to the express satisfaction of the complainant. There were 418 last year – a rise of 20% over 2005 and the highest total in the PCC's history.

Excluding those complaints which fall outside the Commission's remit, the number of complaints under the Code rose by 9% to 1,010, of which 740 necessitated a formal investigation (up 11%).

The PCC reports that there has been a clear culture change over the last decade. Editors now routinely offer meaningful resolutions to breaches of the Code – and on occasion offer to resolve matters that may not in fact breach the Code. This is one of the advantages of a system of conciliation which brings parties together rather than having to make a judgement on who was right

in each case. Since 1996, the number of resolved complaints has increased by around 400%, when overall complaints numbers have increased by about 20%.

On behalf of the PressBoF Board, I offer my sincere thanks to the Chairman, members and staff of the Commission whose consistent delivery of high quality services is key to building and maintaining political and public support in self-regulation.

CODE OF PRACTICE COMMITTEE

Les Hinton, Chairman of the Code of Practice Committee, describes the Editor's Code of Practice, as having been the ethical compass of British journalism for 16 years, but not by staying the same. It has evolved to suit changed circumstances, and survived many critical tests. It remains the voluntary set of standards that the British press industry sets for itself, and by which its activities can be judged when disputes arise. Its strength is that it is agreed, and developed, by editors themselves.

It is quite a compliment that much of the Code has been copied, often word for word, by self-regulatory press regimes in other countries.

The PressBoF Board is extremely grateful to the Chairman, Secretary and members of the Code Committee for the critical role they play so effectively in maintaining industry support for self-regulation.

FINANCE

An extract from the PressBoF Financial Statements for the year ended 31 March 2007 accompanies this report. It will be seen that PressBoF paid £1,965,600 to meet the operating costs of the PCC.

The Board agreed that there should be no increase in registration fees for 2007.

GENERAL

Steve Oram, former Director of the Newspaper Publishers Association, resigned from the Board on 16 November 2006. His contribution to PressBoF's work over a period of nine years was of great value.

We welcomed Guy Black (NPA) and Simon Fairclough (SNPA) as new members of the Board.

I am as ever grateful to my fellow directors and staff of PressBoF for their invaluable support and wise counsel. While there can be no room for complacency, it is encouraging that the industry came through a challenging year with an affirmation of self-regulation as the best way forward.



Tim Bowdler
Chairman

FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts:

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

	2007 £	2006 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year.	2,066,668	2,035,179
Interest received	26,866	24,356
	<u>2,093,534</u>	<u>2,059,535</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom.	1,965,600	1,938,000
	<u>127,934</u>	<u>121,535</u>
ADMINISTRATION EXPENSES		
Chairman's emoluments	27,556	27,155
Secretarial and accounting services	89,618	85,962
Travel	3,681	2,975
Printing and stationery	1,190	988
Telephone and postage	1,357	966
Editors' Codebook	(40)	(1,424)
General expenses	1,276	1,810
Auditors' remuneration	1,850	1,800
	<u>126,488</u>	<u>120,233</u>
SURPLUS BEFORE PROVIDING FOR TAXATION		
CORPORATION TAX (AT 19%) (2006 - 0%)	1,446	1,302
	<u>275</u>	<u>-</u>
NET SURPLUS FOR YEAR	1,171	1,302
ACCUMULATED SURPLUS BROUGHT FORWARD		
	<u>20,050</u>	<u>18,748</u>
ACCUMULATED SURPLUS CARRIED FORWARD		
	<u>21,221</u>	<u>20,050</u>
BALANCE SHEET AT 31 MARCH 2007		
	2007 £	2006 £
CURRENT ASSETS		
Cash at bank	25,108	22,093
CREDITORS		
Amounts falling due within one year		
Accrued charges	3,887	2,043
NET CURRENT ASSETS	<u>21,221</u>	<u>20,050</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		
	<u>21,221</u>	<u>20,050</u>
Representing ACCUMULATED FUND AT 31 MARCH 2007		
	<u>21,221</u>	<u>20,050</u>

CHAIRMAN'S REPORT

The raison d'être of PressBoF and its 1991 creation, the Press Complaints Commission, is a deep seated belief in the importance of freedom of the press and thus in self-regulation.

It was encouraging therefore that after various threats to the self-regulatory system on several occasions in the intervening years, the 2007 inquiry of the House of Commons Culture, Media & Sport Committee recognised the progress made by the industry. It found that 'to dispense with the current form of self-regulation and to rely exclusively on the law would afford less protection rather than more, and any move towards a statutory regulator for the Press would represent a very dangerous interference with the freedom of the Press'. Further reassurance then came from the Prime Minister stating his explicit support for self-regulation of the press.

While such statements indicate that we are moving in the right direction, the nature of our industry along with the increasing complexities brought about by the growth of the internet mean we cannot afford to be complacent. As such, we must be ever vigilant of the public's concerns and mindful of the courts' development of a privacy law.

PressBoF announced in July 2008 that Sir Christopher Meyer would stand down as Chairman of the PCC at the end of March 2009 on completion of his second 3-year term.

As I said at the time, Sir Christopher has made an immense contribution to self-regulation. Early in his tenure he brought forward his 'permanent evolution' proposals which included the appointment of the Charter Commissioner and the introduction of the Charter Compliance Panel to strengthen the service of the independent PCC to the public.

Among other initiatives, he was a prime mover in extending the PCC's remit to include editorial audio-visual material on newspaper and magazine websites. Political and public confidence in the self regulatory system for newspapers and magazines is a tribute to the way Sir Christopher has led the PCC since his appointment.

In commenting on his time at the PCC, Sir Christopher said he had found 'the challenge of strengthening the independence, effectiveness and credibility of self-regulation as stimulating and demanding as any job I did as a diplomat. Thanks to the dedication and professionalism of all at Halton House, the PCC has made a lot of progress in the last few years and today provides a service to record

numbers of the public. But more remains to be done, especially in the digital age, and it is right that, after six years as Chairman, I should pass the baton to a successor. I came into this job convinced that self-regulation administered by an independent PCC was the only system of regulation compatible with a free press in a democratic society. I will leave the PCC reinforced in that belief'.

We continue to be greatly indebted to Sir Christopher for his ongoing and outstanding leadership of the Commission and its staff.

PressBoF has put in hand arrangements to appoint a new Chairman of the PCC.

PRESS COMPLAINTS COMMISSION

In his Chairman's report, Sir Christopher described 2007 as being one of the most important years in the development of the PCC since its inception 17 years earlier. Having started the year with the value of the Commission's work already widely recognised in respect of print and online editions of newspapers and magazines, the agreement of PressBoF to extend the PCC's authority to cover editorial audio-visual content on publications' websites took it into new territory.

As a result, the Commission last year found itself dealing with new types of complaint including taped conversations being broadcast, children being filmed in school and a video of young vandals engaged in arson. Sir Christopher observed that while it was still early days, the Code of Practice, based on principles rather than prescriptive rules coupled with the PCC's long experience of applying the Code through swift, common sense rulings, was ideally suited to the demands of digital media content regulation.

He also noted two, new important and gratifying trends. The first was that the PCC's views were increasingly sought here and abroad as an acknowledged authority on how to maintain high standards of information in the digital age. Secondly, the new media reality, which has resulted in the global nature of news provision, the competition for news with non-commercial media including some bloggers and the low cost of being a publisher of information was creating a growing consensus around the proposition that independent self-regulation, along the lines practised by the PCC, was the only effective way to go in the digital age. This was because today, as in 1991 when the PCC came into being, successful content regulation still needed the same indispensable

ingredient: buy-in from the regulated industry. For without publishers and editors signing up to an agreed Code of Practice, the system would be doomed to failure by the ease with which rules imposed from the outside can be circumvented.

Sir Christopher went on to describe the reaction of the industry as being "overwhelmingly supportive" in implementing the recommendations of a PCC report into subterfuge and newsgathering following the convictions of Clive Goodman and Glen Mulcaire for phone message tapping.

The PCC adjudicated and upheld more complaints in 2007 than the year before and successfully dealt with more complaints about privacy than ever before, despite the developing law of privacy. There was also a record number of complaints conciliated to the satisfaction of the complainant as a result of an offer by the editor of a correction, apology or other form of remedy. It reflected a major shift in culture in newsrooms as the Code of Practice has become entrenched in the industry as well as being a fine tribute to the dedicated team of complaints officers at the PCC

CODE OF PRACTICE COMMITTEE

Following the resignation of Les Hinton who had guided the work of the Code of Practice Committee through nine crucial years in the development of self-regulation, the Committee, in April 2008, elected Paul Dacre, Editor, Daily Mail and Editor-in-Chief, Associated Newspapers, as its new Chairman. Paul believes passionately and profoundly in self-regulation as the best way to protect both the freedom of the press and the concerns of the readers it serves. The Editors' Code is at the very heart of that, balancing the rights of the individual and the public's right to know.

The Committee recognises that the press continues to face challenges on several fronts. The Information Commissioner's calls for two year jail sentences for journalists and others who breach the Data Protection Act was particularly worrying because of the effect it would have had on press freedom by inhibiting investigative reporting. Such sentences would also have meant that Britain would have been one of the only countries in the civilised world to jail journalists for simply trying to do their job. In the event, the Government was persuaded to hold back and allow the industry and self-regulation to demonstrate what it could do to prevent such breaches.

The Code Committee had, in fact, been the first to act on this issue. The Code was amended in 2007 to make clear that, unless in the public interest, the rules on the use of clandestine devices and subterfuge also banned hacking into computers to obtain confidential information. And it made clear that these rules applied to information supplied not only by journalists, but also by informants or agents such as private detectives.

The Chairman said it cannot, however, end there. The industry itself had to show that it was treating the matter extremely seriously. This meant educating its staff in the application of the Data Protection Act and the Code rules, and demonstrating publicly the various mechanisms it has introduced collectively and individually in-house to ensure compliance.

Last year, the Committee launched its website - www.editorscode.org.uk - which has increased the speed with which it can communicate with the industry and the public. It means that publications such as the Editors' Codebook can be updated quickly with new rules and with the PCC's adjudications on them. The website is likely to become increasingly important in developing the authority and effectiveness of the Code.

The PressBoF Board is indebted to the Chairman, Secretary and members of the Code Committee for their key role in maintaining self-regulation.

FINANCE

An extract from the PressBoF Financial Statements for the year ended 31 March 2008 accompanies this report. It will be seen that PressBoF paid £1,981,000 to meet the operating costs of the PCC.

The Board agreed a 2% increase on registration fees for 2008.

GENERAL

Les Hinton, in addition to resigning as Chairman of the Code Committee, stepped down as a director of PressBoF on 10 December 2007 following his appointment as Chief Executive Officer of Dow Jones & Company. Les, in his dual role, made an exceptional contribution to the process of self-regulation over many years.

Ian Locks, a founding director, resigned from the Board on his retirement as Chief Executive of the Periodical Publishers Association at 31 March 2008. His commitment and invaluable support were greatly appreciated. We welcomed Jonathan Shephard, his successor at the PPA, as a new member of the Board.

I also wish to express my grateful appreciation of the support of my fellow directors and the staff of PressBoF.

I conclude by returning to a point made by Sir Christopher Meyer about the fundamental importance of support from publishers and editors for the Code of Practice and in playing their part in funding the work of the PCC. These are indispensable ingredients to maintaining the success of self-regulation. I thank all concerned for their continuing support.



Tim Bowdler
Chairman

FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts:

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008		
	2008 £	2007 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year.	2,078,331	2,066,668
Interest received	37,175	26,866
	<u>2,115,506</u>	<u>2,093,534</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom.	1,981,000	1,965,600
	<u>134,506</u>	<u>127,934</u>
ADMINISTRATION EXPENSES		
Chairman's emoluments	27,129	27,556
Secretarial and accounting services	92,763	89,618
Other operating costs	11,138	7,464
Auditors' fee	1,915	1,850
	<u>132,945</u>	<u>126,488</u>
SURPLUS BEFORE PROVIDING FOR TAXATION		
CORPORATION TAX (AT 20%) (2007 - 19%)	1,561	1,446
	<u>375</u>	<u>275</u>
NET SURPLUS FOR YEAR	1,186	1,171
ACCUMULATED SURPLUS BROUGHT FORWARD		
	<u>21,221</u>	<u>20,050</u>
ACCUMULATED SURPLUS CARRIED FORWARD		
	<u>22,407</u>	<u>21,221</u>
BALANCE SHEET AT 31 MARCH 2008		
	2008 £	2007 £
CURRENT ASSETS		
Cash at bank	24,651	25,108
CREDITORS		
Amounts falling due within one year		
Accrued charges	2,244	3,887
NET CURRENT ASSETS	<u>22,407</u>	<u>21,221</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		
	<u>22,407</u>	<u>21,221</u>
Representing ACCUMULATED FUND AT 31 MARCH 2008		
	<u>22,407</u>	<u>21,221</u>

CHAIRMAN'S REPORT

If there was ever any doubt that self-regulation of the press comes under almost constant scrutiny, then the announcement in late 2008 of another inquiry, the third of its kind in six years, by the House of Commons Culture, Media & Sport Committee into press standards, privacy and libel, underlined the ongoing need for vigilance if we are to maintain a press free of statutory controls.

The new inquiry, however, provided the opportunity for PressBoF and the trade associations to demonstrate that the industry is fully committed to effective self-regulation through the Editors' Code of Practice and the jurisdiction of the independent Press Complaints Commission, with its majority of lay members. There is no doubt that, as previous inquiries of this Committee have concluded, standards of reporting have been raised markedly since the PCC and the Code were established in 1991. Change has been incremental; but it has been very significant on numerous issues including the treatment of children and the sick, harassment, intrusion into grief, the protection of personal privacy in key areas such as health and victims of sexual assault, and the unacceptable use of subterfuge.

As importantly, self-regulation has inculcated within our industry a culture of correcting inaccuracies and other breaches of the Code speedily and effectively. Statistics from the PCC show more complaints that ever being resolved and in record time. But very many complaints never reach the Commission: instead they are sorted out by editors and publishers to the satisfaction of the complainant without the need for the intervention of the PCC. This is a substantial and hidden success of self-regulation.

The PCC itself has proved to be an efficient and accessible regulator. Numbers of complaints, a sign not of declining press standards, but of ever increasing public awareness of the PCC, have grown steadily over the years as has the Commission's record in resolving them. The latest statistics show that over 80% of possible breaches of the Code were resolved.

Self-regulation is, of course, also about more than the PCC, and the industry has consistently demonstrated its ability to act co-operatively to raise its standards and deal with emerging issues. For instance, in the autumn of 2008, the industry responded to concerns raised by the Information Commissioner concerning possible breaches of the Data Protection Act with an unprecedented cross-industry education and information campaign aimed at bringing home to every

journalist the importance of observing this vital legislation.

One symbol of the industry's commitment to effective self-regulation is the substantial investment that it has made in the PCC. Since it was established in 1991, the industry has invested close to £30million in the work of the Commission through PressBoF.

Registration fees are paid across the industry by national, regional and magazine publishers throughout the UK and, although the levy is voluntary, compliance has always been extremely high.

In such a complex and large industry, it is inevitable that there have been occasional disputes involving individual publishers, sometimes as a result of wider newspaper industry issues. It was in such circumstances that Northern & Shell plc, owners of Express Newspapers, withdrew from PressBoF in 2008. A solution, however, was found with the company resuming its full contribution with effect from early 2009 and making a public commitment to its continued support of the self-regulatory system. Whilst such events do occur, they have, over nearly two decades, been extremely rare and always manageable.

In its submission to the Select Committee, PressBoF also took the opportunity to express its deep concerns about the development of a *de facto* privacy law based on the Human Rights Act 1998 and the use of "no win, no fee" arrangements in privacy and libel cases having a profound adverse impact across our industry both in terms of press freedom and commercially. The Select Committee is expected to publish its report in the Autumn.

PRESS COMPLAINTS COMMISSION

Last year I paid warm tribute to Sir Christopher Meyer when PressBoF announced that he would stand down as Chairman of the PCC at the end of March 2009 on completion of his second three year term. It then fell to PressBoF to appoint his successor. Following a thorough process which identified a number of strong candidates I and my fellow Directors were delighted that Baroness Buscombe accepted PressBoF's invitation to become the fourth Chairman of the PCC. I have no doubt that she will prove a worthy successor to Sir Christopher to whom again I must express our thanks for the substantial contribution he made to the PCC and self-regulation.

In her first major initiative since her appointment, Baroness Buscombe announced in August plans for an

independent review of the PCC's governance. She felt it important periodically to reflect on the way an organisation works to make sure that account is taken of good practice elsewhere and wider public expectations. The review group, to be chaired by Vivien Hepworth, will examine the operation of the PCC Board, sub-committees and secretariat; how transparency in the system can be enhanced; whether the independent systems of accountability, the Charter Commissioner and Charter Compliance Panel, can be improved; and the PCC's Articles of Association. The group has been asked to report in Spring 2010.

The Commission, in its submission, told the Culture, Media & Sport Committee that it has always evolved quickly in response to changes in cultural expectations and the state of the law. It set out the range of what it does to protect personal privacy which is greater than the reach of the courts (both in volume and substance) and why it should be responsible for setting boundaries on issues of privacy and press freedom. It also asked whether judges can balance the competing cultural, economic and personal interests when they forensically apply the law to individual cases.

In 2008, the PCC issued 1,420 rulings on complaints that fell properly within its remit. These were all cases where a formal conclusion was reached: either by the PCC resolving the complaint, issuing a decision, or publishing an adjudication. This was a record high and part of an ever-increasing trend. It is an extremely positive sign that each year for the last ten years more complaints have been resolved than the year before.

CODE OF PRACTICE COMMITTEE
Following the Committee's annual review of the Editors' Code of Practice it is expected that amendments relating to privacy, harassment and the public interest will take effect from later this year.

In March 2009 a second edition of The Editors' Codebook, official handbook to the Editors' Code of Practice, was launched to reflect the rapidly changing media scene.

The Codebook, first published in 2005 to help journalists and members of the public understand how the Code worked in practice, was substantially revised to include the latest landmark cases handled by the PCC, especially in areas of privacy and intrusion into grief. There were new briefings on reporting suicide, on complaints about websites and on investigative journalism.

FINANCE

An extract from the PressBoF Financial Statements for the year ended 31 March 2009 accompanies this report. The timing of payments was the reason for the apparent reduction of £221,000

(11.2%) in payments to the PCC. A true comparison, however, shows that PressBoF payments in the PCC's financial year to 31 December 2008 amounted to £1.906m as against £1.87m for the previous year. The increase in PressBoF's operating costs was substantially due to one-off costs relating to the recruitment of the new Chairman of the PCC. The Board agreed that registration fees should remain unchanged for 2009.

GENERAL

After nine years as a Director and nearly four as Chairman I advised the Board in July of my intention to stand down at the earliest opportunity consistent with a smooth handover to my successor. I am hugely appreciative at having been given the opportunity as Chairman of PressBoF to contribute to the major commitment which the entire publishing industry continues to make to the vital process of self-regulation. In doing so, I must express my considerable thanks to my Board colleagues for their support and especially to Jim Raeburn, Secretary and Treasurer, for his invaluable guidance and help.

During my term I have been fortunate to work closely with both Sir Christopher Meyer and Baroness Buscombe in their roles as successive Chairmen of the PCC. It has been a pleasure and a privilege to do so. I thank them both personally for their efforts in ensuring that the system continues to work smoothly and effectively. I also wish Peta Buscombe every success in the future in safeguarding and developing the central and vital role which the PCC plays. In my time as Chairman of PressBoF, I have seen at first hand the excellent work of the Commission and express my thanks to the Commissioners for their immense commitment and to Tim Toulmin, Director, and his superb staff for the hugely efficient and effective manner in which they carry out their work. Finally, I must also mention the important work done by the Code Committee and the Appointments Commissioners and thank those with whom I have served for the part they have played in supporting the good governance of the self-regulatory system.

As I said at the beginning of my report, I have no doubt that the industry's self-regulatory system will continue to experience challenges in the future. I am equally confident that the commitment which exists within the industry and the PCC itself will ensure that the system continues to safeguard and serve the public interest.



Tim Bowdler
Chairman

FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts:

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	2009 £	2008 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year.	1,935,764	2,078,331
Interest received	25,946	37,175
	<u>1,961,710</u>	<u>2,115,506</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom.	1,760,000	1,981,000
	<u>201,710</u>	<u>134,506</u>
ADMINISTRATION EXPENSES		
Chairman's emoluments	27,504	27,129
Secretarial and accounting services	96,420	92,763
Other operating costs	76,546	11,138
Auditors' fee	1,950	1,915
	<u>202,420</u>	<u>132,945</u>
(LOSS)/SURPLUS BEFORE PROVIDING FOR TAXATION	(710)	1,561
CORPORATION TAX (AT 21%) (2008 - 20%)	421	375
	<u>(1,131)</u>	<u>1,186</u>
(LOSS)/NET SURPLUS FOR YEAR		
ACCUMULATED SURPLUS BROUGHT FORWARD	22,407	21,221
ACCUMULATED SURPLUS CARRIED FORWARD	<u>21,276</u>	<u>22,407</u>

BALANCE SHEET AT 31 MARCH 2009

	2009 £	2008 £
CURRENT ASSETS		
Debtors	46	
Cash at bank	23,601	24,651
	<u>23,647</u>	
CREDITORS		
Amounts falling due within one year		
Accrued charges	2,371	2,244
	<u>2,371</u>	<u>2,244</u>
NET CURRENT ASSETS	21,276	22,407
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>21,276</u>	<u>22,407</u>
Representing ACCUMULATED FUND AT 31 MARCH 2009	<u>21,276</u>	<u>22,407</u>

CHAIRMAN'S REPORT

I was honoured to be invited by the PressBoF Board to succeed Tim Bowdler as Chairman in September 2009 following his decision to stand down. In the four years he held the position, Tim provided outstanding leadership in pursuit of his steadfast belief that self-regulation serves the best interests of the public as well as being a vital component of press freedom.

Our system of self-regulation faces constant challenges, the most recent of which was the lengthy inquiry into press standards, privacy and libel conducted by the House of Commons Culture, Media and Sport Committee which reported in February 2010.

PressBoF commended the Select Committee on a thoughtful report covering a large number of areas of vital interest to our industry. Much of it we could welcome; but there were also some significant differences between us.

We concur with the view from the Committee that "self-regulation of the press is greatly preferable to statutory regulation and should continue" but we cannot accept its conclusion that the PCC is "toothless". For the industry, the PCC has real bite, which is why it has done so much to raise standards of reporting since it was established in 1991.

Nor could we agree with the Committee's proposal for the introduction of a system of fines. It would alter the entire basis of a system - which currently operates in fast, free and fair manner in the interests of the public - by introducing a legal and adversarial element into it. This would slow the complaints process down and make the resolution of complaints much more difficult. PressBoF described the proposal that the PCC should have the power "to order the suspension of printing of [an] offending publication for one issue" in the case of serious breaches of the Code as repugnant in a free society.

On privacy, we agreed that there is a need for greater clarity, especially as the Human Rights Act - the application of which the Committee rightly recognised has been muddled - has been interpreted by a number of judgements in a way which has regrettably created a back-door privacy law.

In this area, the Committee was right to be troubled about the use of so-called "super-injunctions", which we believe are wholly inimical to freedom of expression, and we agree that a way needs to be found to limit their use. Recent developments have underlined the urgency of this.

On libel and press freedom, we supported the Committee's view that the enormous costs of libel cases need to be cut. A serious issue now facing defendants - and in particular the media - in conditional fee cases is that many have to settle cases that should not in fact be settled simply in order to limit costs. We therefore strongly supported action to deal with this, including mandatory costs capping and steps to limit recoverability of "after the event" insurance premiums. It is a matter of great regret that measures to limit success fees were not successfully implemented before Parliament was dissolved. We shall continue to push for them.

PRESS COMPLAINTS COMMISSION

We are delighted that the Select Committee commended the staff of the PCC, acknowledged that the PCC "does a great deal of valuable work both in preventing breaches of the Code and in addressing complaints" and accepted that "many people have benefited from a free and discreet service in exactly the way the PCC's founders envisaged".

These achievements are down to the hard work and commitment of the PCC's Chairman, Baroness Buscombe, its members, and its staff. I should like to pay tribute to their outstanding work in serving the public, and in making self regulation so effective. The promotion of Stephen Abell, formerly Deputy Director, as the new Director was a well deserved appointment with the added benefit of providing continuity. He succeeded Tim Toulmin who had given admirable service to the PCC for 13 years, nearly six of which had been as Director. I would like to record our thanks to him.

Before the Select Committee reported, Baroness Buscombe set up an independent review into the governance of the organisation. The Review Group, chaired by Vivien Hepworth, a former member of the PCC, published its report in July 2010 after considering

oral and written evidence from a wide range of individuals and groups with a perspective on the PCC. PressBoF, in welcoming the thorough and detailed report, said it would study the recommendations as part of its own internal review of press self-regulation covering areas beyond the remit of the Review Group. Any recommendations for change that impact on the industry will be the subject of full consultation before they are implemented.

Overall, the Commission initiated 1,134 investigations into complaints in 2009, up from 949 in the previous year. There were 738 complaints that raised a possible breach of the terms of the Editors' Code of Practice (compared to 678 in 2008). 609 of those complaints were amicably settled when the newspaper or magazine in question took remedial action with which the complainant was satisfied.

In the remaining 129 cases, the PCC ruled that there had been a breach of the Code, although, in 111 of those, remedial action by the offending publication (even though not considered suitable by the complainant) was considered sufficient by the Commission and public censure was therefore unnecessary. Critical adjudications - in which the Commission elected publicly to censure the editor - were issued in the 18 cases where remedial action was either not forthcoming or was inadequate, or in cases where a breach of the Code was so serious that it could not be remedied.

In December 2009, PressBoF announced that following industry-wide consultation it had agreed to extend the remit of the PCC to include online-only publications. While online versions of newspapers and magazines available in printed form came within the remit of the PCC, there was a gap to the extent that online-only publications did not. The decision was a logical development in self-regulation, recognising the moves, particularly in the magazine sector, towards online-only titles, and underlined the flexibility of the system to adapt to changes in the media market.

CODE OF PRACTICE COMMITTEE

The role of the Editors' Code Committee is to write, review and revise the Code of Practice to keep it fresh, responsive and relevant. It is the foundation stone of the self-regulatory system, setting out the rules that the

industry itself have voluntarily drawn up and pledged to accept.

Three changes to clarify and strengthen the Code were introduced in 2009, covering privacy, harassment and the public interest.

The privacy clause (3) was expanded to make clear that the PCC will take into account relevant previous disclosures by the complainant which codifies the Commission's existing practice.

The harassment clause (4) introduced a requirement for journalists in situations where harassment could become an issue to identify themselves, if requested to do so. This followed an external submission to the Code Review, which accorded with most current custom and practice.

The public interest exceptions were amended so that the test would be whether the editor had a reasonable belief that his or her action was in the public interest. This modification, taken in accordance with recent legal developments, means editors must now demonstrate that they had good reason to believe their intrusion was justified. The changes further consolidated existing good practice into the Code.

I am most grateful to the Committee's Chairman, Paul Dacre, members and Secretary, Ian Beales, for their vital work, which is crucial to the continuing success of self-regulation.

FINANCE

An extract from the PressBoF Financial Statements for the year ended 31 March 2010 accompanies this report. The timing of payments was the reason for the apparent increase of £207,000 in payments to the PCC. A true comparison, however, shows that PressBoF payments in the PCC's financial year to 31 December 2009 amounted to £1.866m as against £1.906m for the previous year. The Board agreed that registration fees should remain unchanged for 2010.

GENERAL

I wish to express my sincere thanks to PressBoF Board Members and staff for their helpful support and wise counsel.



Lord Black of Brentwood
Chairman

FINANCIAL RESULTS

The statutory accounts in the format required by the Companies Act 1985 and including the auditors' report which was unqualified have been lodged with the Registrar of Companies. The Income and Expenditure Account and the Balance Sheet which follow have been extracted from the statutory accounts:

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	2010 £	2009 £
INCOME		
Registration fees collected from newspaper and magazine publishers and received during the year.	2,110,000	1,935,764
Interest received	3,397	25,946
	<u>2,113,397</u>	<u>1,961,710</u>
EXPENDITURE		
Payments to the Press Complaints Commission for the self-regulatory arrangements for newspapers and magazines in the United Kingdom.	1,967,000	1,760,000
	<u>146,397</u>	<u>201,710</u>
ADMINISTRATION EXPENSES		
Chairman's emoluments	27,354	27,504
Secretarial and accounting services	99,495	96,420
Other operating costs	14,198	76,546
Auditors' remuneration	1,950	1,950
	<u>142,997</u>	<u>202,420</u>
(LOSS)/SURPLUS BEFORE PROVIDING FOR TAXATION	3,400	(710)
CORPORATION TAX (AT 21%) (2009 - 21%)	714	421
NET (LOSS)/ SURPLUS FOR YEAR	<u>2,686</u>	<u>(1,131)</u>
ACCUMULATED SURPLUS BROUGHT FORWARD	<u>21,276</u>	<u>22,407</u>
ACCUMULATED SURPLUS CARRIED FORWARD	<u>23,962</u>	<u>21,276</u>

BALANCE SHEET AT 31 MARCH 2010

	2010 £	2009 £
CURRENT ASSETS		
Debtors	-	46
Cash at bank	27,477	23,601
	<u>27,477</u>	<u>23,647</u>
CREDITORS		
Amounts falling due within one year		
Accrued charges	3,515	2,371
NET CURRENT ASSETS	<u>23,962</u>	<u>21,276</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>23,962</u>	<u>21,276</u>
Representing ACCUMULATED FUND AT 31 MARCH 2010	<u>23,962</u>	<u>21,276</u>