

02538908

**28 - 10 - 02**

Company Registration No. ~~0253908~~  
2538908

**Deloitte  
& Touche**

**THE PRESS COMPLAINTS COMMISSION  
LIMITED**

**Report and Financial Statements**

**31 December 2001**



**Deloitte & Touche  
London**

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**28 - 10 - 02**

**THE PRESS COMPLAINTS COMMISSION LIMITED**

**Deloitte  
& Touche**

**REPORT AND FINANCIAL STATEMENTS 2001**

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**28 - 10 - 02****THE PRESS COMPLAINTS COMMISSION LIMITED****Deloitte  
& Touche****REPORT AND FINANCIAL STATEMENTS 2001****OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

The Rt. Hon. Lord Wakeham JP, DL, FCA	(Chairman) (resigned 19 March 2002)
Arzina Bhanji	(resigned 30 September 2001)
Sir Brian Cubbon GCB	(resigned 31 July 2002)
Paul Dacre	
Alison Hastings	
Dr Arthur Hearnden OBE	
The Hon. Dominic Lawson	
John McGurk	(resigned 31 December 2001)
Prof. Robert Pinker BSc(Soc) MSc(Econ)	(appointed acting Chairman 1 February 2002)
Viscountess Runciman DBE	(resigned 30 September 2001)
Baroness Smith of Gilmorehill	(resigned 30 September 2001)
Malcolm Starbrook	(resigned 31 March 2002)
The Lord Tordoff	(resigned 31 July 2002)
Russell Twisk	(resigned 18 April 2002)
The Right Rev. John Waine	
Neil Wallis	
Mary Francis	(appointed 1 October 2001)
Vivien Hepworth	(appointed 1 October 2001)
David Pollington	(appointed 16 January 2002)
Matti Alderson	(appointed 6 March 2002)
Edmund Curran	(appointed 1 April 2002)
Phil Hall	(appointed 18 April 2002)
Professor The Lord Chan MBE	(appointed 1 September 2002)

**SECRETARY**

Guy Black

**REGISTERED OFFICE**1 Salisbury Square  
London EC4Y 8JB**BANKERS**Royal Bank of Scotland  
London Drummonds Branch  
49 Charing Cross  
London SW1A 2DX**SOLICITORS**Sheridans  
14 Red Lion Square  
London WC1R 4QL**AUDITORS**Deloitte & Touche  
Chartered Accountants  
London

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**28 - 10 - 02****THE PRESS COMPLAINTS COMMISSION LIMITED****Deloitte  
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The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

**PRINCIPAL ACTIVITIES OF THE COMMISSION**

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

The Commission was set up in 1991, following the closure of the Press Council. Lord Wakeham became Chairman of the PCC in January 1995, and formally resigned on 19 March 2002. The Acting Chairman from 1 February 2002 is Prof. Robert Finker.

**RESULTS**

The Commission had a deficit of £82,619 (2000 - £36,289 surplus) for the year.

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

**TRADING REVIEW**

The commission received 3,033 complaints in 2001, roughly one third up on the previous year. The Commission interpreted this rise as a sign of the increased visibility of the PCC - mainly relating to publicity about the Commission's 10<sup>th</sup> Anniversary in February 2001 - and a substantial increase in discrimination complaints in the wake of the events of September 11<sup>th</sup>. With every complaint it receives, the Commission's main aim is to try and get it sorted out quickly, amicably and to the satisfaction of the complainant. The PCC continued to achieve substantial success in that aim in 2001 - with an impressive proportion of those complaints where there was a prima facie breach of the Code being resolved. Some 87% of all complaints were dealt with in the Commission's target period for complaints handling of forty working days: the average time to deal with a complaint was 32 days, a record.

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

As well as acting impartially to resolve and adjudicate on complaints about possible breaches of the Code, the Commission continued in 2001 to give general advice to editors on ethical issues related to the Code, and to undertake a carefully targeted programme for raising its profile, particularly among groups of vulnerable people.

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

**FUTURE ACTIVITIES**

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

**DIRECTORS' INTERESTS**

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

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~~PRESS COMPLAINTS COMMISSION~~  
~~(limited by guarantee)~~  
~~THE PRESS COMPLAINTS COMMISSION LIMITED~~

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**DIRECTORS' REPORT (continued)**

**AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



G V Black  
Secretary

*G V Black* 2002

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**THE PRESS COMPLAINTS COMMISSION LIMITED**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

~~PRESS COMPLAINTS COMMISSION~~  
THE PRESS COMPLAINTS COMMISSION LIMITED

We have audited the financial statements of <sup>THE</sup> Press Complaints Commission <sup>Limited</sup> for the year ended 31 December 2001 which comprise the income and expenditure account, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

## Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

## Basis of audit opinion

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

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

## Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its deficit for the year then ended, and have been prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Deloitte & Touche  
Chartered Accountants and  
Registered Auditors  
London

24 September 2002

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**28 - 10 - 02****THE PRESS COMPLAINTS COMMISSION LIMITED****Deloitte  
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Year ended 31 December 2001**

	Note	2001 £	2000 £
<b>INCOME</b>	2	1,575,000	1,475,373
Administrative expenses		(1,658,574)	(1,422,764)
<b>OPERATING (DEFICIT)/SURPLUS</b>	3	(83,574)	52,609
Interest receivable		584	710
Interest payable		(7,027)	(7,035)
<b>(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(90,017)	46,284
Tax on (deficit)/surplus on ordinary activities	6	7,398	(9,995)
<b>(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(82,619)	36,289
Retained deficit brought forward		(60,829)	(97,118)
Retained deficit carried forward		(143,448)	(60,829)

All amounts derive from continuing operations.

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

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~~PRESS COMPLAINTS COMMISSION~~  
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 THE PRESS COMPLAINTS COMMISSION LIMITED

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**BALANCE SHEET**  
 31 December 2001

	Note	2001 £	2000 £
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>33,292</u>	<u>39,973</u>
<b>CURRENT ASSETS</b>			
Debtors	8	28,425	20,848
Cash at bank and in hand		<u>72</u>	<u>16</u>
		28,497	20,864
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(204,757)</u>	<u>(121,666)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(176,260)</u>	<u>(100,802)</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	10	<u>(480)</u>	<u>-</u>
<b>TOTAL NET LIABILITIES</b>		<u>(143,448)</u>	<u>(60,829)</u>
<b>CAPITAL AND RESERVES</b>			
Accumulated deficit		<u>(143,448)</u>	<u>(60,829)</u>

These financial statements were approved by the Board of Directors on 19<sup>th</sup> July 2002.  
 Signed on behalf of the Board of Directors

*Robert Pinker*

Prof. Robert Pinker BSc(Soc) MSc(Econ)

*Arthur Hearnden*

Dr Arthur Hearnden OBE  
 Directors

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**28 - 10 - 02****THE PRESS COMPLAINTS COMMISSION LIMITED****Deloitte  
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Year ended 31 December 2001****1. ACCOUNTING POLICIES**

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

**Income**

The income of the Commission represents contributions received from the Press Standards Board of Finance Limited.

**Depreciation**

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

Computer equipment	- 33% per annum reducing balance
Office furniture and equipment	- 20% per annum reducing balance

**Deferred tax**

Deferred taxation is provided in full on timing differences relating to pension and other post retirement benefits calculated at the rates at which it is expected that tax will arise. Deferred taxation is provided on other timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future without replacement, calculated at the rates at which it is expected that tax will arise.

**Leased assets**

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

**Pension contributions**

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

**2. INCOME**

	2001 £	2000 £
Press Standards Board of Finance Limited contribution	<u>1,575,000</u>	<u>1,475,373</u>

**3. OPERATING (DEFICIT)/SURPLUS**

	2001 £	2000 £
<b>This is stated after charging:</b>		
Depreciation of own assets	15,250	18,423
Hire of assets under operating leases:		
Land and buildings	46,250	30,000
Other	25,763	33,927
Auditors' remuneration:		
Audit services	<u>9,870</u>	<u>9,400</u>

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**28 - 10 - 02****THE PRESS COMPLAINTS COMMISSION LIMITED****Deloitte  
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Year ended 31 December 2001**4. EMPLOYEES**

	2001 No.	2000 No.
The average weekly number of employees during the year was as follows:		
Commissioners (of whom 7 were unpaid)	16	16
Office staff	14	15
	<u>£</u>	<u>£</u>
Staff costs (including directors) consist of:		
Wages and salaries	798,474	797,471
Social security costs	57,731	58,508
Other pension costs	37,983	45,027
	<u>894,188</u>	<u>901,006</u>

**5. DIRECTORS' REMUNERATION**

	2001 £	2000 £
Commissioners' stipends	103,500	103,958
Chairman's remuneration – salary	160,482	156,564
Aggregate emoluments	<u>263,982</u>	<u>260,522</u>

During 2000 and 2001 the Chairman was the highest paid director.

**6. TAXATION**

	2001 £	2000 £
UK corporation tax at the rate of 30% (2000 – 30%)	(6,840)	9,995
Adjustment in respect of prior years	(1,038)	-
Increase in deferred tax provision	480	-
	<u>(7,398)</u>	<u>9,995</u>

The tax credit is due to losses made in the current year being carried back and set off against prior year profits and to a net overprovision in the prior years' accounts.

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**28 - 10 - 02****THE PRESS COMPLAINTS COMMISSION LIMITED****Deloitte  
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Year ended 31 December 2001****7. TANGIBLE FIXED ASSETS**

	Computer equipment £	Office furniture and equipment £	Total £
Cost			
At beginning of year	67,329	111,307	178,636
Additions	7,871	698	8,569
Disposals	-	-	-
At 31 December 2001	<u>75,200</u>	<u>112,005</u>	<u>187,205</u>
Depreciation			
At beginning of year	32,573	106,090	138,663
Charge for the year	14,067	1,183	15,250
Disposals	-	-	-
At 31 December 2001	<u>46,640</u>	<u>107,273</u>	<u>153,913</u>
Net book value			
At 31 December 2001	<u>28,560</u>	<u>4,732</u>	<u>33,292</u>
At 31 December 2000	<u>34,756</u>	<u>5,217</u>	<u>39,973</u>

**8. DEBTORS**

	2001 £	2000 £
Prepayments and accrued income	21,585	20,848
Corporation tax recoverable	6,840	-
	<u>28,425</u>	<u>20,848</u>

All amounts shown under debtors fall due within one year.

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2001 £	2000 £
Bank loans and overdrafts	84,097	97,723
Trade Creditors	56,412	-
Corporation tax	-	13,619
Other taxation and social security	18,535	-
Accruals and deferred income	45,713	10,324
	<u>204,757</u>	<u>121,666</u>

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**28 - 10 - 02****THE PRESS COMPLAINTS COMMISSION LIMITED****Deloitte  
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Year ended 31 December 2001

**10. PROVISION FOR LIABILITIES AND CHARGES**

The amounts of deferred taxation provided and unprovided in the accounts are as follows:

	Provided		Unprovided	
	2001	2000	2001	2000
	£	£	£	£
Capital allowances in excess of depreciation	480	-	-	518

**11. OBLIGATIONS UNDER OPERATING LEASES**

	Land and buildings		Land and buildings	
	2001	Other	2000	Other
	£	£	£	£
The following amounts fall due within one year under leases which expire:				
in less than one year	-	13,208	-	9,320
in two to five years	-	9,735	-	20,157
After five years	62,500	-	30,000	-
	<u>62,500</u>	<u>22,943</u>	<u>30,000</u>	<u>29,477</u>

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**ADDITIONAL INFORMATION**  
**Year ended 31 December 2001**

The additional information contained on page 13 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.

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## THE PRESS COMPLAINTS COMMISSION LIMITED

Deloitte  
& ToucheDETAILED INCOME AND EXPENDITURE ACCOUNT  
Year ended 31 December 2001

	2001	2000
	£	£
<b>INCOME</b>	1,575,000	1,475,373
<b>ADMINISTRATIVE EXPENSES</b>		
Rent, rates and maintenance	84,553	49,043
Light and heat	2,932	3,145
Insurance	2,112	1,357
Travel, entertainment and public relations	238,220	101,956
Telephone	21,852	23,714
Legal and professional	237,860	167,520
Bank charges	3,353	2,451
Publication of reports	89,820	54,977
Newspapers and publications	18,776	19,208
Depreciation:		
Computer equipment	14,067	17,119
Office furniture and equipment	1,183	1,304
Wages, salaries and related costs	894,188	901,006
Sundry expenses	49,658	79,964
	<u>(1,658,574)</u>	<u>(1,422,764)</u>
Operating (deficit)/surplus	(83,574)	52,609
Interest receivable	584	710
Interest payable	(7,027)	(7,035)
(Deficit)/surplus on ordinary activities before taxation	<u>(90,017)</u>	<u>46,284</u>
Tax on (deficit)/surplus on ordinary activities	7,398	(9,995)
(Deficit)/surplus on ordinary activities after taxation	<u>(82,619)</u>	<u>36,289</u>

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