

Company Registration No. 02538908

**THE PRESS COMPLAINTS COMMISSION
LIMITED**

Report and Financial Statements

31 December 2002

**Deloitte & Touche
London**



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THE PRESS COMPLAINTS COMMISSION LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

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THE PRESS COMPLAINTS COMMISSION LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

The Rt. Hon. Lord Wakeham JP, DL, FCA	(Chairman) (resigned 19 March 2002)
Sir Brian Cubbon GCB	(resigned 31 July 2002)
Paul Dacre	
Alison Hastings	(resigned 19 September 2002)
Dr Arthur Hearnden OBE	
The Hon. Dominic Lawson	(resigned 31 December 2002)
Prof. Robert Pinker BSc(Soc) MSc(Econ)	(appointed acting Chairman 1 February 2002)
Malcolm Starbrook	(resigned 7 March 2002)
The Lord Tordoff	(resigned 31 July 2002)
Russell Twisk	(resigned 18 April 2002)
The Right Rev. John Waine	
Neil Wallis	
Mary Francis	
Vivien Hepworth	
David Pollington	(appointed 16 January 2002)
Matti Alderson	(appointed 6 March 2002)
Edmund Curran	(appointed 1 April 2002)
Phil Hall	(appointed 18 April 2002; resigned 31 January 2003)
Professor The Lord Chan MBE	(appointed 1 September 2002)
Paul Horrocks	(appointed 30 October 2002)
Arzina Bhanji	(appointed 30 October 2002)
Roger Alton	(appointed 1 February 2003)

SECRETARY

Guy Black

REGISTERED OFFICE

1 Salisbury Square
London EC4Y 8JB

BANKERS

Royal Bank of Scotland plc
London Drummonds Branch
49 Charing Cross
London SW1A 2DX

SOLICITORS

Sheridans
14 Red Lion Square
London WC1R 4QL

AUDITORS

Deloitte & Touche
Chartered Accountants
London

THE PRESS COMPLAINTS COMMISSION LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

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 Pinker.

RESULTS

The Commission had a surplus of £11,109 (2001 - £82,619 deficit) 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 2,630 complaints in 2002, slightly more than the average of the last five years. 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 2002 - with an impressive proportion of those complaints where there was a prima facie breach of the Code being resolved. Some 84% 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 - the same as the record achieved in 2001.

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 2002 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. It also undertakes a targeted programme of international work, concentrating on offering advice and expertise to countries who wish to establish their own form of self regulation.

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 throughout the year (except as noted) and subsequently are 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.

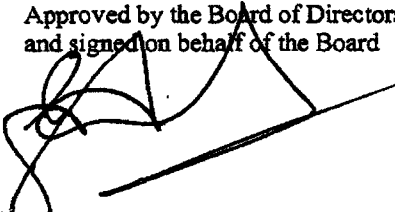
THE PRESS COMPLAINTS COMMISSION LIMITED

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

28 May 2003

THE PRESS COMPLAINTS COMMISSION LIMITED

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE PRESS COMPLAINTS COMMISSION LIMITED**

We have audited the financial statements of The Press Complaints Commission Limited for the year ended 31 December 2002 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.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2002 and of its surplus 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

29 May 2003

THE PRESS COMPLAINTS COMMISSION LIMITED

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 December 2002

	Note	2002 £	2001 £
INCOME	2	1,586,856	1,575,000
Administrative expenses		(1,553,393)	(1,658,574)
OPERATING SURPLUS/(DEFICIT)	3	33,463	(83,574)
Interest receivable		360	584
Interest payable		(14,742)	(7,027)
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		19,081	(90,017)
Tax (charge)/credit on surplus/(deficit) on ordinary activities	6	(7,972)	7,398
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION		11,109	(82,619)
Retained deficit brought forward		(143,448)	(60,829)
Retained deficit carried forward		(132,339)	(143,448)

All amounts derive from continuing operations.

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

THE PRESS COMPLAINTS COMMISSION LIMITED

BALANCE SHEET
31 December 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	7	64,292	33,292
CURRENT ASSETS			
Debtors	8	30,767	28,425
Cash at bank and in hand		-	72
		30,767	28,497
CREDITORS: amounts falling due			
Within one year	9	(222,608)	(204,757)
NET CURRENT LIABILITIES		(191,841)	(176,260)
PROVISION FOR LIABILITIES AND CHARGES	10	(4,790)	(480)
TOTAL NET LIABILITIES		(132,339)	(143,448)
CAPITAL AND RESERVES			
Accumulated deficit		(132,339)	(143,448)

These financial statements were approved by the Board of Directors on 28th May 2003.

Signed on behalf of the Board of Directors

Robert Pinker

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

Arthur Hearnden

Dr Arthur Hearnden OBE
Directors

THE PRESS COMPLAINTS COMMISSION LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom 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.

Tangible Fixed Assets

Tangible fixed assets are stated at cost, less 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

FRS 19 'Deferred Tax' has been adopted in the year. There has been no impact on current or prior year results. Accordingly no restatement of comparisons is required.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets and liabilities are not discounted.

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

	2002 £	2001 £
Press Standards Board of Finance Limited contribution	1,586,856	1,575,000

3. OPERATING SURPLUS/(DEFICIT)

	2002 £	2001 £
This is stated after charging:		
Depreciation of own assets	30,302	15,250
Hire of assets under operating leases:		
Land and buildings	62,500	46,250
Other	22,502	25,763
Auditors' remuneration:		
Audit services	10,000	9,870
Other Services	3,525	-

THE PRESS COMPLAINTS COMMISSION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

4. EMPLOYEES

	2002 No.	2001 No.
The average weekly number of employees during the year was as follows:		
Commissioners (of whom 7 were unpaid)	16	16
Office staff	12	14
	<u>£</u>	<u>£</u>
Staff costs (including directors) consist of:		
Wages and salaries	813,910	798,474
Social security costs	65,516	57,731
Other pension costs	38,302	37,983
	<u>917,728</u>	<u>894,188</u>

5. DIRECTORS' REMUNERATION

	2002 £	2001 £
Commissioners' stipends	74,610	103,500
Highest paid director	110,192	-
Chairman's remuneration – salary	93,663	160,482
	<u>278,465</u>	<u>263,982</u>

In 2001 Lord Wakeham was the Chairman as well as the highest paid director. In February 2002 he resigned as Chairman to be replaced by Prof. Robert Pinker, however, he was still the highest paid director in 2002.

6. TAX (CHARGE)/CREDIT ON SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

	2002 £	2001 £
UK corporation tax at the rate of 30% (2001 – 30%)	(3,662)	6,840
Adjustment in respect of prior years	-	1,038
Current tax (charge)/credit	<u>(3,662)</u>	<u>7,878</u>
Timing differences, origination and reversal	(7,306)	(480)
Increase/decrease in tax rate	(1,457)	-
Adjustment in respect of prior years	4,453	-
Deferred tax (note 10)	<u>(4,310)</u>	<u>(480)</u>
Total tax (charge)/credit	<u>(7,972)</u>	<u>7,398</u>

The tax assessed for the period is higher/lower than that resulting from applying the standard rate of corporation tax in the UK: 19% (2001 – 30%).

THE PRESS COMPLAINTS COMMISSION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

6. TAXATION (continued)

The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	19,081	(90,017)
Tax (charge)/credit at 19% thereon	(3,625)	27,005
Effects of:		
Expenses not deductible for tax purposes	(8,350)	(14,380)
Capital allowances in excess of depreciation	7,118	-
Movement in short term timing differences	-	998
Other deferred tax movements	188	-
Late adjustment to profits	-	(4,079)
Rate difference on Corporation Tax/Marginal Relief	1,007	(2,704)
Prior period adjustments	-	1,038
Current tax (charge)/credit for period	(3,662)	7,878

7. TANGIBLE FIXED ASSETS

	Computer equipment £	Office furniture and equipment £	Total £
Cost			
At 1 January 2002	75,200	112,005	187,205
Additions	59,000	2,302	61,302
At 31 December 2002	134,200	114,307	248,507
Depreciation			
At 1 January 2002	46,640	107,273	153,913
Charge for the year	28,895	1,407	30,302
At 31 December 2002	75,535	108,680	184,215
Net book value			
At 31 December 2002	58,665	5,627	64,292
At 31 December 2001	28,560	4,732	33,292

THE PRESS COMPLAINTS COMMISSION LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

8. DEBTORS

	2002 £	2001 £
Corporation tax recoverable	6,840	6,840
Prepayments and accrued income	23,927	21,585
	<u>30,767</u>	<u>28,425</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank overdrafts	146,845	84,097
Trade Creditors	19,145	56,412
Corporation tax	3,662	-
Other taxation and social security	23,106	18,535
Accruals and deferred income	29,850	45,713
	<u>222,608</u>	<u>204,757</u>

10. PROVISION FOR LIABILITIES AND CHARGES

Movement on deferred taxation balance in the period.

	Deferred taxation £
At 1 January 2002	480
Charge to profit and loss account (note 6)	4,310
At 31 December 2002	<u>4,790</u>

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

	Provided		Unprovided	
	2002 £	2001 £	2002 £	2001 £
Pension accrual	(2,632)	-	-	-
Capital allowances in excess of depreciation	7,422	480	-	-
	<u>4,790</u>	<u>480</u>	<u>-</u>	<u>-</u>

THE PRESS COMPLAINTS COMMISSION LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

11. OBLIGATIONS UNDER OPERATING LEASES

	Land and buildings 2002 £	Other 2002 £	Land and buildings 2001 £	Other 2001 £
The following amounts fall due within one year under leases which expire:				
In less than one year	-	-	-	13,208
In two to five years	-	12,146	-	9,735
After five years	62,500	-	62,500	-
	<u>62,500</u>	<u>12,146</u>	<u>62,500</u>	<u>22,943</u>

THE PRESS COMPLAINTS COMMISSION LIMITED

ADDITIONAL INFORMATION
Year ended 31 December 2002

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.

THE PRESS COMPLAINTS COMMISSION LIMITED

DETAILED INCOME AND EXPENDITURE ACCOUNT
Year ended 31 December 2002

	2002		2001	
	£	£	£	£
INCOME		1,586,856		1,575,000
ADMINISTRATIVE EXPENSES				
Rent, rates and maintenance	96,949		84,553	
Light and heat	4,141		2,932	
Insurance	2,844		2,112	
Travel, entertainment and public relations	155,681		238,220	
Telephone	23,788		21,852	
Legal and professional	180,425		237,860	
Bank charges	2,779		3,353	
Publication of reports	36,150		89,820	
Newspapers and publications	13,749		18,776	
Depreciation:				
Computer equipment	28,894		14,067	
Office furniture and equipment	1,407		1,183	
Wages, salaries and related costs	917,727		894,188	
Sundry expenses	88,859		49,658	
		<u>(1,553,393)</u>		<u>(1,658,574)</u>
Operating surplus/(deficit)		33,463		(83,574)
Interest receivable		360		584
Interest payable		<u>(14,742)</u>		<u>(7,027)</u>
Surplus/(deficit) on ordinary activities before taxation		19,081		(90,017)
Tax on (charge)/credit on surplus/(deficit) on ordinary activities		<u>(7,972)</u>		<u>7,398</u>
Surplus/(deficit) on ordinary activities after taxation		<u>11,109</u>		<u>(82,619)</u>