

Company Registration No. 02538908

**THE PRESS COMPLAINTS COMMISSION  
LIMITED**

**Report and Financial Statements**

**31 December 2003**

28/04/04  
AC02PCC3



**THE PRESS COMPLAINTS COMMISSION LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2003**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditors' report</b>	<b>5</b>
<b>Income and expenditure account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the accounts</b>	<b>8</b>

**THE PRESS COMPLAINTS COMMISSION LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2003**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Sir Christopher Meyer (Chairman)  
Matti Alderson  
Roger Alton  
Professor The Lord Chan MBE  
Edmund Curran  
Paul Dacre  
Jane Ennis  
Mary Francis  
Dr Arthur Hearnden OBE  
Vivien Hepworth  
Peter Hill  
Paul Horrocks  
Charles McGhee  
Prof. Robert Pinker BSc(Soc) MSc(Econ)  
Eve Salomon  
Dianne Thompson  
Bishop John Waine

**SECRETARY**

Tim Toulmin

**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 LLP  
Chartered Accountants  
Cambridge

## **THE PRESS COMPLAINTS COMMISSION LIMITED**

### **DIRECTORS' REPORT (continued)**

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

#### **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. Prof. Robert Pinker was the Acting Chairman from 1 February 2002 until 31 March 2003 when Sir Christopher Meyer was appointed Chairman.

#### **RESULTS**

The Commission had a deficit of £13,645 (2002 - £11,109 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**

##### **Trading review**

The Commission received 3,649 complaints in 2003 - an increase of 39% over the previous year - although there was a much smaller rise of 7% in the number of cases which raised a possible breach of the press Code of Practice. When dealing with possible breaches of the Code, the Commission's primary aim is to try to resolve the matter quickly and to the satisfaction of the person complaining. There was a 20% rise in the number of complaints that were successfully conciliated in 2003, and in total editors offered to resolve 96% of cases where there was a possible breach of the Code. The average time for the Commission to deal with all complaints was just 17 days - although the Commission's preferred measure is to consider the length of time that it took to deal with complaints where a ruling was required under the Code. This was just 34 days on average in 2003 - well within the Commission's self-imposed target of 40 days. All newspapers and magazines which were criticised for breaching the Code published the Commission's adjudication in full and with due prominence.

Other activities with which the Commission continued to be involved included: a proactive programme of public information including attending conferences and hosting an open city meeting; helping in the training of journalists; educating groups of people about how to use the Code; giving advice to editors about the Code and the Commission's case law; and liaising with counterpart organisations throughout Europe.

The Commission is funded generously by Pressbof, which in turn raises a levy on the newspaper industry. This ensures that the PCC's service is free of charge to those who use it, and costs nothing to the taxpayer. The Commission's independence is reinforced by the fact that the clear majority of its members have no connection with the newspaper and magazine publishing industry.

#### **INCORPORATION**

The company is incorporated under the Companies Act 1985 and is limited by guarantee, the liability of each member being limited to £1. At 31 December 2003 there were 15 members (2002 - 16).

#### **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.

**THE PRESS COMPLAINTS COMMISSION LIMITED**

**DIRECTORS' REPORT (continued)**

**DIRECTORS' INTERESTS**

The directors who have served during the year and who are also the Commission members, were as follows:

Sir Christopher Meyer	(Chairman)	(appointed 31 March 2003)
Matti Alderson		
Roger Alton		(appointed 1 March 2003)
Arzina Bhanji		(resigned 14 April 2003)
Professor The Lord Chan MBE		
Edmund Curran		
Paul Dacre		
Jane Ennis		(appointed 5 March 2003)
Mary Francis		
Philip Hall		(resigned 28 February 2003)
Dr Arthur Hearnden OBE		
Vivien Hepworth		
Peter Hill		(appointed 17 September 2003)
Paul Horrocks		
Prof. Robert Pinker BSc(Soc) MSc(Econ)		(appointed acting Chairman until 31 March 2003)
David Pollington		(resigned 31 December 2003)
Dianne Thompson		(appointed 14 April 2003)
Bishop John Waine		
Neil Wallis		(resigned 31 August 2003)


Charles McGhee and Eve Salomon were appointed as directors on 1 January 2004.

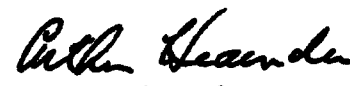
They have all undertaken to contribute such amounts as may be required, not exceeding £1 to the Commission's assets-if it should be wound up.

**AUDITORS**

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

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

  
Prof R Pinker  
Director BSc(Soc) MSc(Econ)  
28 April 2004

  
Dr A Hearnden OBE

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**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 2003 which comprise the income and expenditure account, the balance sheet and the related notes 1 to 14. 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 2003 and of its deficit for the year then ended, and have been prepared in accordance with the Companies Act 1985.

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
Cambridge

18 May 2004

**THE PRESS COMPLAINTS COMMISSION LIMITED**
**INCOME AND EXPENDITURE ACCOUNT**
**Year ended 31 December 2003**

	Note	2003 £	2002 £
<b>INCOME</b>	4	1,714,300	1,586,856
Administrative expenses		<u>(1,714,411)</u>	<u>(1,553,393)</u>
<b>OPERATING (DEFICIT) SURPLUS</b>	5	(111)	33,463
Interest receivable		543	360
Interest payable	8	<u>(5,457)</u>	<u>(14,742)</u>
<b>(DEFICIT) SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(5,025)	19,081
Tax on (deficit) surplus on ordinary activities	9	<u>(8,620)</u>	<u>(7,972)</u>
<b>(DEFICIT) SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(13,645)	11,109
<b>Retained deficit brought forward</b>		<u>(132,339)</u>	<u>(143,448)</u>
<b>Retained deficit carried forward</b>		<u>(145,984)</u>	<u>(132,339)</u>

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.



## THE PRESS COMPLAINTS COMMISSION LIMITED

BALANCE SHEET  
31 December 2003

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Tangible assets	10	55,733	64,292
<b>CURRENT ASSETS</b>			
Debtors	11	27,318	30,767
Cash at bank and in hand		34	-
		27,352	30,767
<b>CREDITORS: amounts falling due within one year</b>	12	(222,866)	(222,608)
<b>NET CURRENT LIABILITIES</b>		(195,514)	(191,841)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(139,781)	(127,549)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	13	(6,203)	(4,790)
<b>TOTAL NET LIABILITIES</b>		(145,984)	(132,339)
<b>RESERVES</b>			
Accumulated deficit		(145,984)	(132,339)

These financial statements were approved by the Board of Directors on 28 April 2004.

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 2003**

**1. INCORPORATION AND LIMITED LIABILITY**

The company is incorporated under the Companies Act 1985 and limited by guarantee, the liability of each member being limited to £1. At 31 December 2003 there were 15 members (2002 - 16).

**2. 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**

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 are recognised to the extent that it is regarded as more likely than not that they will be recovered. 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.

**3. GOING CONCERN**

At the balance sheet date, liabilities exceeded assets by £145,984 (2002 - £132,339).

The company meets its day-to-day working capital requirements, by continuing support by The Press Standards Board of Finance Limited (PRESSBOF) and PRESSBOF has confirmed that it is willing to support the company, for the forthcoming year.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of support by PRESSBOF.

**THE PRESS COMPLAINTS COMMISSION LIMITED**

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2003**

**4. INCOME**

	2003 £	2002 £
Press Standards Board of Finance Limited contribution	1,714,300	1,586,856

**5. OPERATING (DEFICIT) SURPLUS**

	2003 £	2002 £
<b>This is stated after charging:</b>		
Depreciation of own assets	24,984	30,302
Hire of assets under operating leases:		
Land and buildings	62,500	62,500
Other	20,949	22,502
Auditors' remuneration:		
Audit services	10,310	10,575
Other Services	9,434	3,525

**6. EMPLOYEES**

	2003 No.	2002 No.
The average number of employees during the year was as follows:		
Commissioners (of whom 6 were unpaid)	13	16
Office staff	13	12
	£	£
<b>Staff costs (including directors) consist of:</b>		
Wages and salaries	791,652	813,910
Social security costs	83,273	65,516
Other pension costs	46,121	38,302
	921,046	917,728

**7. DIRECTORS' REMUNERATION**

	2003 £	2002 £
Commissioners' stipends	102,432	168,273
Highest paid director	108,750	110,192
Aggregate emoluments	211,182	278,465

## THE PRESS COMPLAINTS COMMISSION LIMITED

NOTES TO THE ACCOUNTS  
Year ended 31 December 2003

## 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Bank interest	<u>5,457</u>	<u>14,742</u>

## 9. TAX ON (DEFICIT) SURPLUS ON ORDINARY ACTIVITIES

	2003 £	2002 £
<b>Current tax</b>		
UK corporation tax at the rate of 19% (2002 - 19%)	<u>7,207</u>	<u>3,662</u>
<b>Current tax charge</b>	<u>7,207</u>	<u>3,662</u>
<b>Deferred tax</b>		
Timing differences, origination and reversal	1,413	7,306
Increase/decrease in tax rate	-	1,457
Adjustment in respect of prior years	-	(4,453)
<b>Deferred tax (note 13)</b>	<u>1,413</u>	<u>4,310</u>
<b>Total tax charge</b>	<u>8,620</u>	<u>7,972</u>

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK: 19% (2002 - 19%).

The differences are explained below:

	2003 £	2002 £
(Deficit) surplus on ordinary activities before tax	<u>(5,025)</u>	<u>19,081</u>
Tax (credit) charge at 19% thereon	(955)	3,625
Effects of:		
Expenses not deductible for tax purposes	10,341	8,350
Capital allowances in deficit (excess) of depreciation	1,219	(7,118)
Other deferred tax movements	(2,939)	(188)
Rate difference on corporation tax/marginal relief	(459)	(1,007)
<b>Current tax charge for year</b>	<u>7,207</u>	<u>3,662</u>

## THE PRESS COMPLAINTS COMMISSION LIMITED

### NOTES TO THE ACCOUNTS Year ended 31 December 2003

#### 10. TANGIBLE FIXED ASSETS

	Computer equipment £	Office furniture and equipment £	Total £
<b>Cost</b>			
At 1 January 2003	134,200	114,307	248,507
Additions	9,336	7,089	16,425
At 31 December 2003	<u>143,536</u>	<u>121,396</u>	<u>264,932</u>
<b>Depreciation</b>			
At 1 January 2003	75,535	108,680	184,215
Charge for the year	22,441	2,543	24,984
At 31 December 2003	<u>97,976</u>	<u>111,223</u>	<u>209,199</u>
<b>Net book value</b>			
At 31 December 2003	<u>45,560</u>	<u>10,173</u>	<u>55,733</u>
At 31 December 2002	<u>58,665</u>	<u>5,627</u>	<u>64,292</u>

#### 11. DEBTORS

	2003 £	2002 £
Corporation tax recoverable	-	6,840
Other debtors	5,269	-
Prepayments and accrued income	22,049	23,927
	<u>27,318</u>	<u>30,767</u>

#### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank overdraft	79,580	146,845
Trade creditors	40,074	19,145
Corporation tax	8,017	3,662
Other taxation and social security	55,504	23,106
Accruals and deferred income	39,691	29,850
	<u>222,866</u>	<u>222,608</u>

**THE PRESS COMPLAINTS COMMISSION LIMITED**

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2003**

**13. PROVISION FOR LIABILITIES AND CHARGES**

Movement on deferred taxation balance in the year.

	Deferred taxation £
At 1 January 2003	4,790
Charge to profit and loss account (note 9)	1,413
	<hr/>
At 31 December 2003	6,203
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The amounts of deferred taxation provided and unprovided in the accounts are as follows:

	Provided		Unprovided	
	2003 £	2002 £	2003 £	2002 £
Pension accrual	-	(2,632)	-	-
Capital allowances in excess of depreciation	6,203	7,422	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	6,203	4,790	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

**14. OPERATING LEASE COMMITMENTS**

	Land and buildings 2003 £	Other 2003 £	Land and buildings 2002 £	Other 2002 £
	The following amounts fall due within one year under leases which expire:			
In less than one year	-	9,735	-	-
In two to five years	-	3,233	-	12,146
After five years	62,500	-	62,500	-
	<hr/>	<hr/>	<hr/>	<hr/>
	62,500	12,968	62,500	12,146
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