

Company Registration No. 02538908

**THE PRESS COMPLAINTS COMMISSION
LIMITED**

Report and Financial Statements

31 December 2004

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THE PRESS COMPLAINTS COMMISSION LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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THE PRESS COMPLAINTS COMMISSION LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir Christopher Meyer KCMG (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
Adam Phillips
Eve Salomon
Dianne Thompson
Bishop John Waine KCVO

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
Whittington House
Alfred House
London WC1E 7EA

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 2004.

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.

RESULTS

The Commission had a surplus of £82,599 (2003 - £13,645 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

Trading review

The Commission received 3,618 complaints in 2004 - broadly the same as the previous year when it received 3,649. The Commission's primary aim is to resolve possible breaches of the press Code of Practice. In 2004, possible breaches of the Code fell by 7% to 382 cases - a welcome sign that standards of newspaper and magazine reporting continue to improve. The Commission negotiated offers to resolve all but 2% of these cases. Other complaints were made under the Code but did not involve a breach of it. In total - including those that involved possible breaches of the Code - the Commission made 900 rulings under the Code of Practice, of which 56% related to accuracy and 27% to privacy. The Commission dealt with all cases in an average of 17 days in 2004 - the same as the previous year - although the time taken to deal with a complaint where a ruling was required rose slightly from 34 days to 37.

The Commission upheld complaints in 8 cases where it was not possible to resolve the matter. 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 two open city meetings; 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 - 60 % 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 2004 there were 17 members (2003 - 15).

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 throughout the year and who are also the Commission members, were as follows:

Sir Christopher Meyer KCMG (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 (appointed 1 January 2004)
Adam Phillips (appointed 31 August 2004)
Prof. Robert Pinker BSc(Soc) MSc(Econ) (resigned 31 July 2004)
Eve Salomon (appointed 1 January 2004)
Dianne Thompson
Bishop John Waine KCVO

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

Deloitte & Touche LLP 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

Mary Francis *ME Francis*

Dr Arthur Hearnden OBE *Arthur Hearnden*

Directors
27 April 2005

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 2004 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.

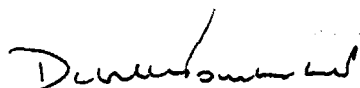
Basis of audit opinion

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 2004 and of its surplus 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

12 May 2005

THE PRESS COMPLAINTS COMMISSION LIMITED

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 December 2004

	Note	2004 £	2003 £
INCOME	4	1,655,005	1,714,300
Administrative expenses		<u>(1,546,983)</u>	<u>(1,714,411)</u>
OPERATING SURPLUS (DEFICIT)	5	108,022	(111)
Interest receivable		1,111	543
Interest payable	8	<u>(1,442)</u>	<u>(5,457)</u>
SURPLUS (DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		107,691	(5,025)
Tax on surplus (deficit) on ordinary activities	9	<u>(25,092)</u>	<u>(8,620)</u>
SURPLUS (DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION		82,599	(13,645)
Retained deficit brought forward		<u>(145,984)</u>	<u>(132,339)</u>
Retained deficit carried forward		<u>(63,385)</u>	<u>(145,984)</u>

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 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	10	<u>47,609</u>	<u>55,733</u>
CURRENT ASSETS			
Debtors	11	23,667	27,318
Cash at bank and in hand		<u>34,106</u>	<u>34</u>
		57,773	27,352
CREDITORS: amounts falling due within one year	12	<u>(164,419)</u>	<u>(222,866)</u>
NET CURRENT LIABILITIES		<u>(106,646)</u>	<u>(195,514)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(59,037)	(139,781)
PROVISION FOR LIABILITIES AND CHARGES	13	<u>(4,348)</u>	<u>(6,203)</u>
TOTAL NET LIABILITIES		<u>(63,385)</u>	<u>(145,984)</u>
RESERVES			
Accumulated deficit		<u>(63,385)</u>	<u>(145,984)</u>

These financial statements were approved by the Board of Directors on 27 April 2005

Signed on behalf of the Board of Directors

Mary Francis

ME Francis

Dr Arthur Hearnden OBE

Directors

Arthur Hearnden

THE PRESS COMPLAINTS COMMISSION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

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 2004 there were 17 members (2003 - 15).

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 £63,385 (2003 - £145,984).

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 2004

4. INCOME

	2004 £	2003 £
Press Standards Board of Finance Limited contribution	<u>1,655,005</u>	<u>1,714,300</u>

5. OPERATING SURPLUS (DEFICIT)

	2004 £	2003 £
This is stated after charging:		
Depreciation of own assets	23,450	24,984
Hire of assets under operating leases:		
Land and buildings	62,500	62,500
Other	14,974	20,949
Auditors' remuneration:		
Audit services	9,724	10,310
Other services	<u>2,615</u>	<u>9,434</u>

6. EMPLOYEES

	2004 No.	2003 No.
The average number of employees during the year was as follows:		
Commissioners (of whom 7 were unpaid)	17	16
Office staff	<u>17</u>	<u>15</u>
	£	£
Staff costs (including directors) consist of:		
Wages and salaries	779,040	791,652
Social security costs	81,045	83,273
Other pension costs	25,796	46,121
	<u>885,881</u>	<u>921,046</u>

7. DIRECTORS' REMUNERATION

	2004 £	2003 £
Commissioners' stipends	96,615	102,432
Highest paid director	<u>156,250</u>	<u>108,750</u>
Aggregate emoluments	<u>252,865</u>	<u>211,182</u>

THE PRESS COMPLAINTS COMMISSION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Bank interest	<u>1,442</u>	<u>5,457</u>

9. TAX ON SURPLUS (DEFICIT) ON ORDINARY ACTIVITIES

	2004 £	2003 £
Current tax		
UK corporation tax at the rate of 19% (2004 - 19%)	27,378	7,207
Adjustment in respect of prior year	(431)	-
Current tax charge	<u>26,947</u>	<u>7,207</u>
Deferred tax		
Timing differences, origination and reversal	(1,855)	1,413
Deferred tax (note 13)	<u>(1,855)</u>	<u>1,413</u>
Total tax charge	<u>25,092</u>	<u>8,620</u>

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK: 19% (2003 - 19%).

The differences are explained below:

	2004 £	2003 £
Surplus (deficit) on ordinary activities before tax	<u>107,691</u>	<u>(5,025)</u>
Tax charge (credit) at 19% thereon	20,462	(955)
Effects of:		
Expenses not deductible for tax purposes	5,061	10,341
Capital allowances in deficit of depreciation	1,855	1,219
Other deferred tax movements	-	(2,939)
Rate difference on corporation tax/marginal relief	-	(459)
Adjustment in respect of prior year	(431)	-
Current tax charge for year	<u>26,947</u>	<u>7,207</u>

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THE PRESS COMPLAINTS COMMISSION LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

10. TANGIBLE FIXED ASSETS

	Computer equipment £	Office furniture and equipment £	Total £
Cost			
At 1 January 2004	143,536	121,396	264,932
Additions	7,760	7,566	15,326
	<u>151,296</u>	<u>128,962</u>	<u>280,258</u>
Depreciation			
At 1 January 2004	97,976	111,223	209,199
Charge for the year	17,596	5,854	23,450
	<u>115,572</u>	<u>117,077</u>	<u>232,649</u>
Net book value			
At 31 December 2004	<u>35,724</u>	<u>11,885</u>	<u>47,609</u>
At 31 December 2003	<u>45,560</u>	<u>10,173</u>	<u>55,733</u>

11. DEBTORS

	2004 £	2003 £
Other debtors	4,522	5,269
Prepayments and accrued income	19,145	22,049
	<u>23,667</u>	<u>27,318</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank overdraft	4,829	79,580
Trade creditors	72,475	40,074
Corporation tax	27,378	8,017
Other taxation and social security	30,589	55,504
Accruals and deferred income	29,148	39,691
	<u>164,419</u>	<u>222,866</u>

THE PRESS COMPLAINTS COMMISSION LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

13. PROVISION FOR LIABILITIES AND CHARGES

Movement on deferred taxation balance in the year.

	Deferred taxation £
At 1 January 2004	6,203
Credit to profit and loss account (note 9)	(1,855)
At 31 December 2004	<u>4,348</u>

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

	Provided		Unprovided	
	2004 £	2003 £	2004 £	2003 £
Capital allowances in excess of depreciation	<u>4,348</u>	<u>6,203</u>	<u>-</u>	<u>-</u>

14. OPERATING LEASE COMMITMENTS

	Land and buildings 2004 £	Other 2004 £	Land and buildings 2003 £	Other 2003 £
	The following amounts fall due within one year under leases which expire:			
In less than one year	-	-	-	9,735
In two to five years	-	14,452	-	3,233
After five years	62,500	-	62,500	-
	<u>62,500</u>	<u>14,452</u>	<u>62,500</u>	<u>12,968</u>