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01 - 08 - 00

Company Registration No. 0253908

Deloitte
& Touche

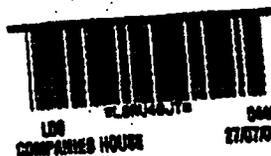
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PRESS COMPLAINTS COMMISSION
(Limited by guarantee)

Report and Financial Statements

31 December 1999

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR



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PRESS COMPLAINTS COMMISSION
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REPORT AND FINANCIAL STATEMENTS 1999

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REPORT AND FINANCIAL STATEMENTS 1999

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

The Rt. Hon. Lord Wakcham JP, DL, FCA	(Chairman)
Arzina Bhanji	
Lady Browne-Wilkinson	(resigned 24 February 1999)
Jim Cassidy	(resigned 16 September 1999)
Graham Collyer	(resigned 24 February 1999)
Sir Brian Cubbon GCB	
Paul Dacre	
John Griffith	(resigned 24 February 1999)
Philip Hall	
The Hon. Dominic Lawson	
Prof Robert Pinker BSc(Soc) MSc(Econ)	
Patricia Roberts Cairns	(resigned 30 July 1999)
Viscountess Runciman DBE	
Baroness Smith of Giltmorehill	
The Lord Tordoff	
The Rt. Rev. John Waine	
Alison Hastings	(appointed 24 February 1999)
Dr Arthur Hearnden OBE	(appointed 25 February 1999)
Malcolm Starbrook	(appointed 15 March 1999)
Russell Twisk	(appointed 1 August 1999)
John McGurk	(appointed 1 December 1999)

SECRETARY

Guy Black

REGISTERED OFFICE

1 Salisbury Square
London EC4Y 8JB

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

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PRESS COMPLAINTS COMMISSION
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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

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.

RESULTS

The Commission had a surplus of £469 (1998 - deficit of £28,146) for the year.

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

TRADING REVIEW

In 1999, just under 2,500 complaints were made to the PCC. Of those raising a possible breach of the Code, a significant majority were resolved directly between the editor and the complainant as a result of the Commission's intervention. This was done in record time with nearly three quarters of all complaints completed within thirty five working days.

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 1999 to give general advice to editors on ethical issues related to the Code.

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 lay members on the Commission 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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DIRECTORS' REPORT (continued)

YEAR 2000

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the Year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

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

21st June

2000



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STATEMENT OF DIRECTORS' RESPONSIBILITIES

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;
- 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 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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AUDITORS' REPORT TO THE MEMBERS OF

**PRESS COMPLAINTS COMMISSION
 (Limited by guarantee)**

We have audited the financial statements on pages 6 to 11 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 1999 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte + Touche

Chartered Accountants and
 Registered Auditors

24 July 2000

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**Deloitte
 Touche
 Tohmatsu**

Aberdeen, Belfast, Birmingham, Blackpool, Bristol, Cambridge, Cardiff, Crawley, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.
 Principal place of business at which a firm of partners' names is available: Stonecutler Court, 1 Stonecutler Street, London EC4A 4TQ.
 Authorized by the Institute of Chartered Accountants in England and Wales to carry on insurance business.

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PRESS COMPLAINTS COMMISSION
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INCOME AND EXPENDITURE ACCOUNT
Year ended 31 December 1999

	Note	1999 £	1998 £
INCOME			
Administrative expenses	2	1,439,587 (1,412,742)	1,207,300 (1,244,881)
OPERATING SURPLUS(DEFICIT)	3	26,845	(37,581)
Interest receivable		-	446
Interest payable		(5,826)	-
SURPLUS(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		21,019	(37,135)
Tax on surplus/(deficit) on ordinary activities	6	(20,550)	8,989
SURPLUS(DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION		469	(28,146)
Retained deficit brought forward		(97,587)	(69,441)
Retained deficit carried forward		(97,118)	(97,587)

All amounts derive from continuing operations.

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

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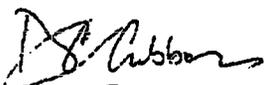
BALANCE SHEET
31 December 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Tangible assets	7	37,428	21,766
CURRENT ASSETS			
Debtors	8	14,062	21,246
Cash at bank and in hand		6	72
		14,068	21,318
CREDITORS: amounts falling due within one year	9	(148,614)	(140,671)
NET CURRENT LIABILITIES			
		(134,546)	(119,353)
TOTAL NET LIABILITIES			
		(97,118)	(97,587)
CAPITAL AND RESERVES			
Accumulated deficit		(97,118)	(97,587)

These financial statements were approved by the Board of Directors on *28 June* 2000.
Signed on behalf of the Board of Directors



The Rt. Hon. Lord Wakeham JP, DL, FCA



Sir Brian Cubbon GCB
Directors

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PRESS COMPLAINTS COMMISSION
(Limited by guarantee)

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NOTES TO THE ACCOUNTS
Year ended 31 December 1999

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. The directors consider that this financial support will continue for the foreseeable future and therefore that it is appropriate for the financial statements to be prepared on the going concern basis.

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

	1999	1998
	£	£
Press Standard Board of Finance Limited contribution	1,439,500	1,207,300
Other miscellaneous income	87	-
	<u>1,439,587</u>	<u>1,207,300</u>

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PRESS COMPLAINTS COMMISSION
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NOTES TO THE ACCOUNTS
Year ended 31 December 1999

3. OPERATING SURPLUS(DEFICIT)

	1999	1998
	£	£
<i>This is stated after charging:</i>		
Depreciation of own assets	17,084	8,744
Loss on disposal of computer equipment	13,615	-
Hire of assets under operating leases:		
Land and buildings	30,000	30,000
Other	20,029	19,674
Auditors' remuneration:		
Audit services	9,050	8,225
	<u> </u>	<u> </u>

4. EMPLOYEES

	1999	1998
	No.	No.
The average weekly number of employees during the year was as follows:		
Office staff	17	17
	<u> </u>	<u> </u>
	£	£
<i>Staff costs (including directors) consist of:</i>		
Wages and salaries	769,005	656,296
Social security costs	74,033	53,153
Other pension costs	42,687	38,781
	<u>885,725</u>	<u>748,232</u>

5. DIRECTORS' REMUNERATION

	1999	1998
	£	£
Commissioners' stipends	80,371	78,803
Chairman's remuneration - salary	155,687	98,492
	<u>236,058</u>	<u>177,295</u>

6. TAXATION

The tax charge/(credit) in the accounts is made up as follows:

	1999	1998
	£	£
UK corporation tax at the rate of 20% (1998 - 21.75%)	12,036	(7,256)
Adjustment in respect of prior years	8,514	(1,733)
	<u>20,550</u>	<u>(8,989)</u>

The tax charge is high owing to expenditure not deductible for tax purposes.

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NOTES TO THE ACCOUNTS
Year ended 31 December 1999

7. TANGIBLE FIXED ASSETS

	Computer equipment £	Office furniture and equipment £	Total £
Cost			
At beginning of year	68,458	111,307	179,765
Additions	46,361	-	46,361
Disposals	(68,458)	-	(68,458)
At 31 December 1999	<u>46,361</u>	<u>111,307</u>	<u>157,668</u>
Depreciation			
At beginning of year	54,843	103,156	157,999
Charge for the year	15,454	1,630	17,084
Disposals	(54,843)	-	(54,843)
At 31 December 1999	<u>15,454</u>	<u>104,786</u>	<u>120,240</u>
Net book value			
At 31 December 1999	<u>30,907</u>	<u>6,521</u>	<u>37,428</u>
At 31 December 1998	<u>13,615</u>	<u>8,151</u>	<u>21,766</u>

8. DEBTORS

	1999 £	1998 £
Corporation tax recoverable	-	8,989
Prepayments and accrued income	14,062	12,357
	<u>14,062</u>	<u>21,346</u>

All amounts shown under debtors fall due within one year.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Bank loans and overdrafts	92,422	97,996
Corporation tax	13,294	-
Other taxation and social security	9,290	-
Accruals and deferred income	33,608	42,675
	<u>148,614</u>	<u>140,671</u>

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NOTES TO THE ACCOUNTS
Year ended 31 December 1999

10. PROVISION FOR LIABILITIES AND CHARGES

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

	Provided		Unprovided	
	1999	1998	1999	1998
	£	£	£	£
Capital allowances in excess of depreciation	-	-	3,634	4,736

11. OBLIGATIONS UNDER OPERATING LEASES

	Land and buildings		Land and buildings	
	1999	Other 1999	1998	Other 1998
	£	£	£	£
The following amounts fall due within one year under leases which expire:				
In less than one year	-	-	-	10,353
In two to five years	-	29,477	-	8,379
After five years	30,000	-	30,000	-
	<u>30,000</u>	<u>29,477</u>	<u>30,000</u>	<u>18,732</u>

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ADDITIONAL INFORMATION
Year ended 31 December 1999

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 auditor's report thereon.

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DETAILED INCOME AND EXPENDITURE ACCOUNT
Year ended 31 December 1999

	1999		1998	
	£	£	£	£
INCOME		1,439,587		1,207,300
ADMINISTRATIVE EXPENSES				
Rent, rates and maintenance	65,526		66,044	
Light and heat	3,141		2,666	
Insurance	2,012		2,560	
Travel, entertainment and public relations	100,536		104,114	
Telephone	19,046		16,577	
Legal and professional	154,327		122,401	
Bank charges	2,634		6,566	
Publication of reports	50,243		37,898	
Newspapers and publications	19,722		24,443	
Depreciation:				
Computer equipment	15,454		6,706	
Office furniture and equipment	1,630		2,038	
Loss on disposal of fixed assets	13,615		-	
Wages, salaries and related costs	885,727		748,232	
Sundry expenses	79,129		104,636	
		<u>(1,412,742)</u>		<u>(1,244,881)</u>
Operating surplus/(deficit)		26,845		(37,581)
Interest receivable		-		446
Interest payable		<u>(5,826)</u>		-
Surplus/(deficit) on ordinary activities before taxation		21,019		(37,135)
Tax on surplus/(deficit) on ordinary activities		<u>(20,550)</u>		<u>8,989</u>
Surplus/(deficit) on ordinary activities after taxation		<u>469</u>		<u>(28,146)</u>