

**Broadcasting Standards  
Commission**

**Financial Accounts**

**1 April 2003-28 December 2003**

# Commission Information

## **Members of the Commission Until 28 December 2003**

Lord Dubs of Battersea, Chairman  
Suzanne Warner, Deputy Chairman  
Strachan Heppell  
Sally O'Sullivan  
The Rt. Rev Richard Holloway  
Kath Worrall  
David Boulton  
Maggie Redfern  
The Rev Rose Hudson-Wilkin  
Uday Dholakia  
Geoff Elliot

## **The Director**

Paul Bolt \*  
Norman McLean #

## **Registered Address**

7 The Sanctuary  
London  
SW1P 3JS

## **Auditors**

The Comptroller and Auditor General  
The National Audit Office  
157-197 Buckingham Palace Road  
London  
SW1W 9SP

## **Bankers**

Lloyds TSB Bank plc  
Westminster

\* From 1 April to 12 October 2003

# From 13 October to 28 December 2003

# Foreword

The Accounting Officer on behalf of the Commissioners present their report and the audited financial statements for the period 1 April 2003 – 28 December 2003. This is the last set of accounts for the Broadcasting Standards Commission (the Commission) as its operations ceased on 28 December 2003. As noted later, the functions of the Commission and its net liabilities at that date, were subsequently transferred to the Office of Communications (Ofcom). The accounts have been prepared in a form directed by the Secretary of State for Culture, Media and Sport.

## Principal activities

Statutory powers for the Broadcasting Standards Commission are contained in the Broadcasting Act 1996. Under the Act, the Commission was required to draw up a Code of Practice on fairness and privacy and on the portrayal of violence, sexual conduct and matters of taste and decency in broadcasting services, to monitor public attitudes on these subjects, to undertake relevant research and to consider and make findings on complaints about programmes.

## History of the Organisation

The Commission came into effect on 1 April 1997 and one of its first activities was to draw up a code of guidance on fairness and privacy. The number of complaints about standards in broadcasting has increased continually from 1997/98 (around 2,600) to over 3,300 for the period from 1 April-28 December 2003. During that time an extensive programme of research and monitoring was carried out into audience and public attitudes towards standards in broadcasting.

## Transfer of functions to the Office of Communications (Ofcom)

The White Paper, '*A New Future for Communications*', proposed a single new regulatory body and single regulatory framework for the communications sector, which has now become the Office of Communications.

Ofcom replaces five regulatory bodies, including the Broadcasting Standards Commission. The other bodies are the Radiocommunications Agency, the Office of Telecommunications (Of tel), the Independent Television Commission, and the Radio Authority.

Ofcom was formally set up in July 2002 by paving legislation, the Office of Communications Act 2002. The Communications Act 2003 provided the statutory authority for the transfer of the functions of the five regulators to Ofcom. As a result, the assets and liabilities, together with the functions, of the Broadcasting Standards Commission transferred to Ofcom on 29 December 2003. The final accounts of the Commission are therefore presented on a going concern basis.

## **Business Review**

During the period under review, the Commission concentrated heavily on maintaining its various core activities with a view to transferring its functions to Ofcom at the end of 2003. It continued to reduce the time taken to complete fairness and privacy complaints and, despite an increase in the number of programmes complained about.

The Commission continued to maintain close links with the other broadcasting regulators: the Independent Television Commission and the Radio Authority.

Throughout 2003, the Commission worked closely with Ofcom, the Independent Television Commission, the Radio Authority, The Radiocommunications Agency and Ofjel to ensure that Ofcom was ready to take over responsibility for the regulation of the communications industry at the end of 2003. The Commission was represented on a wide range of working groups preparing for Ofcom.

There were two elements to this work, first to create the organisational structure for Ofcom, and second to appoint the staff that would work in the new regulator, the majority of which were drawn from the existing regulators. Twelve of the Commission's staff found posts in Ofcom.

It was also a very busy year in planning the close of the Commission on 28<sup>th</sup> December 2003, and an exit strategy was used to assist in this task.

## **Results**

The results of the Commission as required under paragraph 14 of Schedule 3 to the Broadcasting Act 1996 are shown on page 13. The Commission's grant, received under the provisions of Schedule 3 to the 1996 Act, amounted to £1,706,521 for running costs and £28,123 to fund the outstanding bulk pension balance into PCSPS.

## **Research**

The Commission was committed to a high level and wide range of research, some of it commissioned only by itself, but in the majority of projects with various partners. It continued to maintain a joint research programme with the ITC on audience attitudes, in delivering which the Commission's Research Director also acted in that capacity for the ITC. During the period, research was conducted into Broadcasting Standards Regulation; The Watershed; What Children Watch; Young People, Media and Personal Relationships; How Children Interpret Screen Violence; Dramatic Licence.

Expenditure on the research programme into audience and public attitudes was £ 90,320 which reflected the need for it to complement the Commission's other activities – research enabled the Commission to take into account public attitudes and concerns on the issues within its remit when it considered complaints, and it also informed broadcasters of those public attitudes and concerns.

### **Creditors/Suppliers Payment Policy**

All the Commission's creditors/suppliers were paid via the Broadcasting Standards Commission operated accounts. All valid bills were settled according to terms agreed with individual suppliers. These terms varied in practice between 7 and 30 days following the invoice, although every effort was made to ensure earlier payment where this was possible. In the period ended 28 December 2003, 89 % of invoices (other than those in dispute) were paid within 30 days of receipt or within such shorter period as contractually specified.

### **Fixed assets**

Details of the movements in the tangible fixed assets are set out in note 5 of the financial statements. As shown, there were no additions in the period and all assets had been fully depreciated.

### **Employees**

The Commission was aware of its statutory duty to support the employment of disabled persons where possible, in recruitment and by retention of employees who become disabled whilst in the employment of the Commission and generally through training and career development. A policy on diversity was followed by the Commission during the period.

### **Pension Scheme**

Employees remained members of the PCSPS until 28 December 2003 when they no longer became eligible either through the transfer of employment to Ofcom or leaving the organisation.

### **Members of the Commission and the Director**

The members of the Commission who served during the period are shown on the inside front cover. The main responsibilities of the Members was to ensure that the Commission fulfilled its statutory obligations under the Broadcasting Act 1996. The Director has been designated the Accounting Officer for the Commission.

### **Auditor**

The Comptroller and Auditor General is the auditor of the Commission's Accounts under Schedule 3 of the Broadcasting Act 1996. The fee for the 2003 audit was £10,000.

### **Important Events Since the Balance Sheet Date (28 December 2003)**

The Commission ceased to exist as a broadcasting regulator on 28<sup>th</sup> December 2003. Ofcom assumed these powers on 29 December 2003 as set out in the Communications Act 2003. Subsequent to 28 December 2003, Norman McLean continued to act as the Commission's Accounting Officer although the

post of Director was formally discontinued. This facilitated the formal discharge of accounting and reporting duties.

The report of the Commission was approved for the Commission by the Accounting Officer on 9 July 2004 and signed on its behalf by:

**Norman McLean**

Accounting Officer

*Broadcasting Standards Commission*

# Statement of the Commission's and the Director's responsibilities for the financial statements

Under paragraph 14 of Schedule 3 to the Broadcasting Act 1996, the Commission is required to prepare a statement of accounts for each financial year in the form and on the basis directed by the Secretary of State for Culture, Media and Sport, with the approval of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of the Commission's state of affairs at the year end and of its income and expenditure and cash flows for the financial year. For 2003, the requirement is to prepare a set of accounts for the final accounting period for the Commission.

In preparing its accounts the Commission is required to

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume the Commission will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director of the Broadcasting Standards Commission as the Accounting Officer for the Commission. His relevant responsibilities as the Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies Accounting Officer Memorandum and in his letter of appointment as Accounting Officer for the Commission.

## Statement on Internal Control

### 1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Commission's policies, aims and objectives, set by the Commission, whilst safeguarding the public funds and Commission assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. I am accountable not only to the Commission (a Non-Departmental Public Body) on these matters but also to the Department for Culture, Media and Sport, the Government Department responsible for the Commission.

## 2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Commission's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control was functioning throughout the period ended 28 December 2003, up to the transfer of functions to Ofcom on 29 December 2003, and accords with Treasury guidance.

## 3. Capacity to handle Risk and the Risk and Control Framework.

The key corporate objectives identified in the Commission's Business Plan for the period ended 28 December 2003 were accompanied by an assessment of risk and how to manage the risk. These were reviewed at regular intervals during the year and reported on to the Commission at monthly Board meetings. A review of risk management and effective systems of internal control took place in September 2002 and was carried forward into 2003. As a result, more detailed and systematic management information reports on the processing of work were introduced for the purpose of internal control. A paper on the management of the Commission in the run up to Ofcom, primarily devoted to risk management, was submitted to the Commission and approved in October 2002. It was reviewed regularly, primarily to ensure sufficient staff were retained to fulfil the Commission's regulatory duties up to the point functions were transferred to Ofcom.

A session on risk management was held during the period, attended by a range of staff, during which the Commission's corporate objectives were discussed along with associated risks and a control strategy for each of the significant risks. Consequently, information on risk management was a key factor in the Commission's Business Plan for the period ended 28 December 2003 which was approved by the Commission in March 2003. Risk management and internal control featured on a regular basis at senior staff meetings during the year, and these elements were included in material on corporate governance within the Commission.

In addition, the Commission developed an exit strategy during 2003, which identified a range of tasks requiring completion to enable functions to be transferred to Ofcom and to plan for an orderly winding up of the Commission. This was constantly updated and progress reviewed at each monthly Board meeting.

The Commission's core risk management process was its annual Business Plan, the preparing of which involved all Commissioners and all staff. For 2003 it was extended by the paper (referred to earlier in this statement) addressing the range of risks in managing the Commission prior to Ofcom and how to meet those risks. In this context, the greatest risk to the Commission in the completion of its work was the potential departure of staff in the face of uncertainty over employment prospects in Ofcom. In the event, sufficient staff remained at the Commission until the end in order to complete all the relevant tasks and organise an orderly winding-up of the organisation.



Subsequent to 28 December 2003, staff were maintained within Ofcom tasked with overseeing the final settlement of liabilities and discharging formal accounting and reporting duties.

#### 4. Review of Effectiveness

As Accounting Officer, I am also responsible for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control was informed by the work of the internal auditors and the executive managers within the Commission who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Commission and its Audit Committee.

The Audit Committee reported to the Commission concerning internal control. The Commission contracted out its internal audit function to Deloitte and Touche, who operated to standards defined in the Government Internal Audit Manual. During the period they submitted one report, which includes an independent opinion on the adequacy and effectiveness of the Commission's system of internal control together with recommendations for improvement.

**Norman McLean**

Accounting Officer

*Broadcasting Standards Commission*

# **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

I certify that I have audited the financial statements under the Broadcasting Act 1996. These financial statements comprise the Income and Expenditure Account, Balance Sheet, Cash Flow Statement and related notes and have been prepared under the historical cost convention and the accounting policies set out in Note 1 to the financial statements.

## **Respective responsibilities of the Commission, the Director and Auditor**

As described in the Statement of the Commission's and the Director's Responsibilities, the Commission and the Director are responsible for the preparation of the financial statements in accordance with the Broadcasting Act 1996 and directions made by the Secretary of State thereunder, and for ensuring the regularity of financial transactions. The Commission and Director are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and are guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Broadcasting Act 1996 and directions made by the Secretary of State thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Commission has not kept proper accounting records or if I have not received all the information and explanations I require for my audit.

I review whether the statement on the system of internal control reflects the Commission's compliance with Treasury's guidance, "Corporate governance: statement on internal control". I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the entity's corporate governance procedures or its risk and control procedures.

## **Basis of audit opinion**

I conducted my 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, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Commission and Director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

# Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Broadcasting Standards Commission at 28 December 2003 and of the deficit, total recognised gains and losses and cash flows for the period then ended, and have been properly prepared in accordance with the Broadcasting Act 1996 and with the directions made thereunder by the Secretary of State for Culture, Media and Sport, and;
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

**John Bourn**

**Comptroller and Auditor General**

**12 July 2004**

**National Audit Office**

**157-197 Buckingham Palace Road**

**Victoria**

**London**

**SW1W 9SP**

The maintenance and integrity of this website is the responsibility of the Ofcom Accountable Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

**Income and expenditure account  
for the 9 months to 28 December 2003**

	Note	<u>9 MONTHS To</u> <u>28 Dec 2003</u> £	<u>YEAR TO</u> <u>MARCH 2003</u> £
<b><u>INCOME</u></b>			
HMG grant received	2	1,706,521	2,197,000
Other operating income		39,153	60,916
DCMS Pension receipt	2 & 3e	28,123	1,577,000
		<u>1,773,797</u>	<u>3,834,916</u>
<b><u>EXPENDITURE</u></b>			
Salaries and Wages	3	979,396	1,217,567
Transfer to fund PCSPS pension fund liability	3(e)	-	1,605,123
Administrative expenses	4	731,143	1,069,294
Notional Costs: Cost of Capital		97	8,990
		<u>1,710,636</u>	<u>3,900,974</u>
Operating (Deficit)/surplus after notional costs		63,161	(66,058)
Interest receivable		4,055	3,028
Redundancy Payable		(276,973)	
(Deficit)/surplus		(209,757)	(63,030)
Reversal of Notional Costs		97	8,990
(Deficit)/surplus for the financial year		<u>(209,660)</u>	<u>(54,040)</u>
Retained surplus brought forward		122,810	176,850
Retained (deficit)/ surplus carried forward		<u>(86,850)</u>	<u>122,810</u>

The Commission had no recognised gains or losses in the nine months to 28 December 2003 other than those noted above.

The notes on pages 1 to 2 form part of these accounts.

BALANCE SHEET  
as at 28th DECEMBER 2003

	Note	<u>28th DEC 2003</u>	<u>31st MARCH</u> <u>2003</u>
		£	£
<b>Fixed Assets</b>			
Tangible assets	5	-	-
<b>Current assets</b>			
Debtors & prepayments	6	179,642	178,512
Cash at bank and in hand		164,429	142,084
		<u>344,071</u>	<u>320,596</u>
<b>Creditors : Amounts falling due within one year</b>	7	<u>(430,921)</u>	<u>(197,786)</u>
<b>Net current assets/(liabilities)</b>	*	<u>(86,850)</u>	<u>122,810</u>
<b>Total assets less current liabilities</b>		<u>(86,850)</u>	<u>122,810</u>
<b>Income &amp; expenditure account</b>		<u>(86,850)</u>	<u>122,810</u>

\* Net liabilities of £86,850 were transferred to the Office of Communications on 29 December 2003  
The notes on pages 1 to 23 form part of these accounts

The financial statements were approved for the Commission by the Accounting Officer on 9 July 2004  
and signed on its behalf by:

**Norman McLean**  
*Accounting Officer*  
Broadcasting Standards Commission

Cash Flow Statement for the period ended 28 December 2003

	9 months to	Year to
	28-Dec	31-Mar-03
	£	£
Net cash inflow from operating activities	18,290	67,341
Returns on investments		
Interest received	<u>4,055</u>	<u>3,028</u>
Increase in cash	22,345	70,369
Reconciliation of operating deficit to net cash flow from operating activities		
Operating surplus after notional costs	63,161	(66,058)
Depreciation of tangible fixed assets	-	1,606
Redundancy Payable	(276,973)	-
Decrease/(Increase) in debtors	(1,130)	59,534
Increase in creditors	233,135	63,269
Reversal of notional costs	<u>97</u>	<u>8,990</u>
	<u>18,290</u>	<u>67,341</u>

The notes on pages 1 to 23 form part of these accounts

# Notes to the financial statements 28 December 2003

## I Accounting policies

### ***Basis of accounting***

The financial statements are drawn up in accordance with a direction given by the Secretary of State for Culture, Media and Sport, with the approval of the Treasury and in accordance with the Broadcasting Act 1996 (para 14 [1&2] of Schedule 3). The financial statements are prepared under the historical cost convention and in accordance with the requirements of the Companies Act 1995 and Accounting Standards issued or adopted by the Accounting Standards Board so far as these requirements are appropriate. While the accounts direction requires the balance sheet to be prepared under the historical cost convention modified by the inclusion of fixed assets at their value to the business by reference to current costs, the Commission believes that for 2003 the modified historic costs are not materially different to the historic costs shown in the balance sheet. This is the last set of accounts for the Commission and they cover the 9 month period 1 April-28 December 2003 (see also going concern note below).

### ***HM Grant received***

This consists of the grant received from the Request for Resources for the Department for Culture, Media and Sport, (RfR1) and is accounted for on a receivable basis.

### ***Research and development***

Research expenditure is taken into account in the financial year to which it relates.

### ***Fixed assets***

Expenditure on tangible fixed assets is capitalised for each item the cost of which exceeds £1,000.

### ***Depreciation***

Depreciation is provided on all capitalised tangible fixed assets at rates calculated to write-off the cost or valuation of each asset evenly over their expected useful lives as follows:

Office Equipment, Fixtures and Fittings	4 years
Computer equipment	3 years

### ***Operating Leases***

It is the policy of the Commission to obtain items of major office machinery on operating leases to cover maintenance costs and frequent replacement by the most advanced equipment.

### ***Pension costs***

Past and present employees are covered by the provisions of the PCSPS, which are described at note 3e below. The defined elements of dependents benefits are unfunded and non-contributory except in respect of dependents benefits. The Commission recognizes the expected costs of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for future benefits is a charge on the PCSPS. (In respect of the defined contribution elements of the schemes, the Commission recognises the contributions payable for the year). There is a separate scheme statement for the PCSPS as a whole.



# Notes to the financial statements 28 December 2003

## *Going Concern*

The passage of the Communications Bill was completed on 17 July 2003. Arising from this legislation, the functions of the Broadcasting Standards Commission were transferred to the new communications regulator, Ofcom, on the 29 December 2003. The Commission's assets and liabilities were transferred in full to Ofcom at the same date. As functions and assets and liabilities were transferred to Ofcom, the accounts for 2003 are prepared on a going concern basis.

# Notes to the financial statements 28 December 2003

<b>2 HMG grant received</b>	<b>9 months to 28 Dec 2003</b>	<b>2002-03</b>
	<b>£</b>	<b>£</b>
Grant received from Department for Culture, Media and Sport	1,706,521	2,197,000
Amount received from DCMS for bulk pension transfer	28,123	1,577,000
	<b>£</b>	<b>£</b>
<b>3 Salaries and wages</b>		
<b>a) Commissioners' Remuneration</b>	<b>183,874</b>	<b>269,930</b>
The Rt. Hon. The Lord Dubs of Battersea (70)	39,723	52,270
taxable benefits	516	516
Compensation payment	4,895	-
Pension entitlement	1,948	1,411
<b>Total</b>	<b>47,082</b>	<b>54,197</b>
Lady Warner (60)	29,967	39,500
Pension entitlement	3,029	2,592
<b>Total</b>	<b>32,996</b>	<b>42,092</b>
The emoluments of the Commissioners (including taxable benefits)	<b>£</b>	<b>£</b>
David Boulton (68)*	12,687	16,720
Taxable benefits-TV, Video	588	588
-Travel and Subsistence	2,335	16,432
<b>Total</b>	<b>15,610</b>	<b>33,740</b>
Uday Dholakia (46)	12,687	16,720
Taxable benefits-TV, Video	479	479
<b>Total</b>	<b>13,166</b>	<b>17,199</b>
Geoff Elliott (59)	12,687	16,720
Compensation payment	10,116	-
<b>Total</b>	<b>22,803</b>	<b>16,720</b>
Strachan Heppell CB (68)	12,687	16,720
The Rev Richard Holloway (70)	12,687	16,720
Rev Rose Hudson-Wilkin (43)	12,687	16,720
Taxable benefits-TV, Video	693	693
<b>Total</b>	<b>13,380</b>	<b>17,413</b>
Professor Merfyn Jones (56)	-	11,147~
Maggie Redfern (54)	12,687	16,720
Compensation payment	10,116	-
<b>Total</b>	<b>22,803</b>	<b>16,720</b>
Sally O'Sullivan (54)	12,687	16,720
Taxable benefits-TV, Video, Satellite	956	956
<b>Total</b>	<b>13,643</b>	<b>17,676</b>
Kath Worrall (58)	12,687	16,821

Compensation for the remainder of fixed term contracts were paid to Lord Dubs, Geoff Elliott and Maggie Redfern.

# Notes to the financial statements 28 December 2003

\* The Commission has provided £2,335 in respect of liabilities of Income Tax and Class1 National Insurance Contributions on benefits in kind (travel and subsistence) paid to David Boulton for the period 2003 (£16,432 provided for in 2002/03 and prior years)

~ Appointed 1 May 2002, resigned 31 December 2002

## b) Senior employees

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior staff members of the Broadcasting Standards Commission were as follows:

	9 months to 28 Dec 200	2002-03
The Director's (Paul Bolt) salary (50) Resigned 12/10/03	43,269	75,063
taxable benefits		
Pension entitlement *	-	-
	27,586	25,334
The Deputy Director's (Norman McLean) salary (55) Appointed Director and Accounting Officer 13/10/03	56,732	61,501
taxable benefits	1,528	1,528
Pension entitlement *	36,452	26,088

\*Both the Director and Deputy Director are members of the PCSPS Classic Scheme.

## Salary

i) Salary includes gross salary; performance pay or bonuses ; overtime; reserved rights to London Weighting or London allowances; recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation.

## Pension

ii) Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (**classic**, **premium** and **classic plus**). New entrants after 1 October 2002 may choose between membership of **premium** or joining a good quality "money purchase" stakeholder based arrangement with a significant employer contribution (**partnership pension account**).

### (a) Classic Scheme

Benefits accrue at the rate of 1/80<sup>th</sup> of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

# Notes to the financial statements 28 December 2003

## (b) Premium Scheme

Benefits accrue at the rate of 1/60<sup>th</sup> of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at the rate of 3/8ths the member's pension (before any commutation). On death on service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are bought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

## (c) Classic Plus Scheme

This is essentially a variation of *premium*, but with the benefits of service before 1 October 2002 calculated broadly as per *classic*.

Pensions payable under *classic, premium and classic plus* are increased in line with the Retail Prices Index.

## Benefits in Kind

(iii) The monetary value of benefits in kind covers benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. Mr Norman McLean had the use of a television, video and satellite system.

	<b>9 months to 28 Dec 2003</b>	<b>2002-03</b>
	<b>£</b>	<b>£</b>
<b>c) Staff costs (including Commissioners' remuneration)</b>		
Salaries and wages	777,911	1,008,499
Employers National Insurance Contributions	75,092	102,549
Agency/Temporary Staff	19,770	9,641
Superannuation (includes employer contributions to the PCSPS)	106,623	96,878
<b>Sub Total</b>	<b>979,396</b>	<b>1,217,567</b>
Redundancy	276,973	-
<b>Total</b>	<b>1,256,369</b>	<b>1,217,567</b>
<b>d) The average number of employees for the year (excluding Commissioners) was</b>	<b>9 months to 28 Dec 2003</b>	<b>2002-03</b>
Complaints handling	9	10
Administration	4	4
Communications	3	2
Research	1	1
Management	4	4
Total	21	21
<b>e) Pension Costs</b>		

Prior to 1 October 2002 the Commission operated an unfunded non-contributory pension scheme for all eligible employees to provide

# Notes to the financial statements 28 December 2003

retirement and related benefits analogous to the Principal Civil Service Pension Scheme (PCSPS). In addition, members paid contributions of 1.5 per cent of pensionable earnings, mainly towards the cost of providing benefits for their widow(er) after death.

With effect from 1 October 2002 the existing members and eligible employees have been transferred to the PCSPS. This is an unfunded multi-employer defined benefit scheme but the Broadcasting Standards Commission is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2003, employers' contributions of £106,623 were payable to the PCSPS (2002-03 £46,593) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. Rates will remain the same next year, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

The initial transfer cost of £1,577,000 was funded by a grant from the Department for Culture, Media and Sport and a further grant of the £28,123 balance was paid in 2003.

During the planning for the transfer of the Commission's functions to Ofcom, some Commission staff were given the option to apply for early severance. As a result four members of staff took early severance from the Commission on 28 December 2003. The estimated cost of early severance has been accrued for in the Income and Expenditure Account.

<b>4 Administrative expenses</b>	<b>9 months to 28 Dec 2003</b>	<b>2002-03</b>
	<b>£</b>	<b>£</b>
Research	90,320	264,793
Commissioners' travel and subsistence	66,385	75,623
Hospitality	2,343	11,158
Staff travel and subsistence	5,051	7,066
Communications	73,875	81,980
Rent, rates and service charge	280,613	388,368
Depreciation	-	1,606
TV, video and computer costs	20,888	16,147
Stationery	24,149	33,481
Postage, telephones and fax	27,224	35,795
Sundry staff costs	49,445	25,845
Cleaning and maintenance	33,513	49,980
External Auditor's remuneration	10,000	6,000
Legal, accounting and consultancy costs	26,620	42,740
Operating leases	10,691	15,943
Bad or doubtful debts	60	-
Miscellaneous	4,418	12,466
Taxation	(303)	303
Ofcom related costs	-	-
Staff Services	5851	-
<b>Total</b>	<b>731,143</b>	<b>1,069,294</b>

# Notes to the financial statements 28 December 2003

<b>5 Tangible fixed assets</b>	<b>Office equipment Fixtures, fittings</b>	<b>Computer equipment</b>	<b>Total</b>
<b>Cost</b>			
At 1 April 2003 & 28 December 2003	£ 53,177	£ 155,427	£ 208,604
<b>Depreciation</b>			
At 1 April 2003 & 28 December 2003	53,177	155,427	208,604
<b>Net book value</b>			
At 1 April 2003 & 28 December 2003	-	-	-

<b>6 Debtors</b>	<b>28 Dec 2003</b>	<b>31 March 2003</b>
	£	£
Debtors	103,594	56,731
Prepayments and accrued income	76,048	121,781
Total	179,642	178,512

<b>7 Creditors: Amounts falling due within one year</b>	<b>28 Dec 2003</b>	<b>31 March 2003</b>
	£	£
Other creditors	20,814	34,543
Accruals	63,202	97,231
Provision for Widows Pension Fund refunds	69,932	66,012
Redundancy payable	276,973	-
Total	430,921	197,786

<b>8 Obligations under operating leases *</b>	<b>Office Equipment 28 Dec 2003</b>	<b>31 March 2003</b>
Amounts payable in the next year on operating leases which expire:		
	£	£
Within one year	-	6,147
Within two to five years	-	19,459
	<b>Land and Buildings 28 Dec 2003</b>	<b>31 March 2003</b>
	£	£
Within one year	252,625	252,625
Within two to five years	-	249,857

\* See note 1- Accounting Policies- Operating Leases.

# Notes to the financial statements 28 December 2003

## 9 Notional costs

Notional costs of capital have been calculated at 3.5% of the average capital employed. (2002-03 6%)

## 10 Note of Related Party Transactions

Recognising the principles underlying the Financial Reporting Standard (FRS8) concerning related party transactions, the Commissioners make the following statement:

As a matter of policy and procedure, the Commissioners declare any direct interests in matters concerning the Commission, avoid influence and exclude themselves from any relevant processes and proceedings within the Commission. There are corresponding arrangements to recognise interests and avoid possible conflicts of interest relating to staff.

There are no Commissioners who are members of any bodies related to which the Commission has made decisions, and no Commissioners' family members have such interests. The Commission dealt with no business in which Commissioners or staff stood to benefit or where they had a material interest or influence.

Recharges have been received by the Commission from Ofcom during the period to cover the cost of services and staff seconded to help establish Ofcom.

The Commission is a non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS). The DCMS is regarded as a related party.

## 11 Financial Instruments

The Commission has no borrowings and relies on Departmental grants for its cash requirements and is therefore not exposed to liquidity risks. It also has no material deposits and all material assets and liabilities are denominated in sterling, therefore it is not exposed to interest rate risk or currency risk.

## 12 Post Balance Sheet Event

Following the formal closure of the Commission (on 28<sup>th</sup> December 2003), functions have transferred to Ofcom and staff either migrated or exited. All assets and liabilities of the former Commission have also transferred to Ofcom. Although the Commission has ceased formally staff within Ofcom have administered the final accounting and reporting tasks. Norman McLean remains the Accounting Officer and oversees residual financial actions.