



report and accounts 1993/94

Assessment by the Board of Governors Review of Performance by the Director-General Report and Accounts



The BBC's purpose is to serve the public. It has an obligation not only to make programmes of quality and excellence, but also to offer the licence-payer value for money and to be fully accountable for its performance.

The goal of this Annual Report is to provide an open and self-critical review of how well the BBC met those obligations during the last year. Several important changes have been made to the Report's structure, all aimed at making it easier to understand.

The Annual Report and Accounts of the British Broadcasting Corporation for the year 1993/94 as submitted to the Secretary of State for National Heritage in accordance with Article 18 of the BBC's Royal Charter.

I Contents

The 1993/94 Annual Report has five key sections.

The Context provides some essential background information on the broadcasting environment in which the BBC operates as well as an explanation of the BBC's organisational structure. It also features a summary of the BBC's expenditure.

The Board of Governors in their Assessment offer an overview of the BBC's progress, reflecting the Governors' role as the trustees of the public interest.

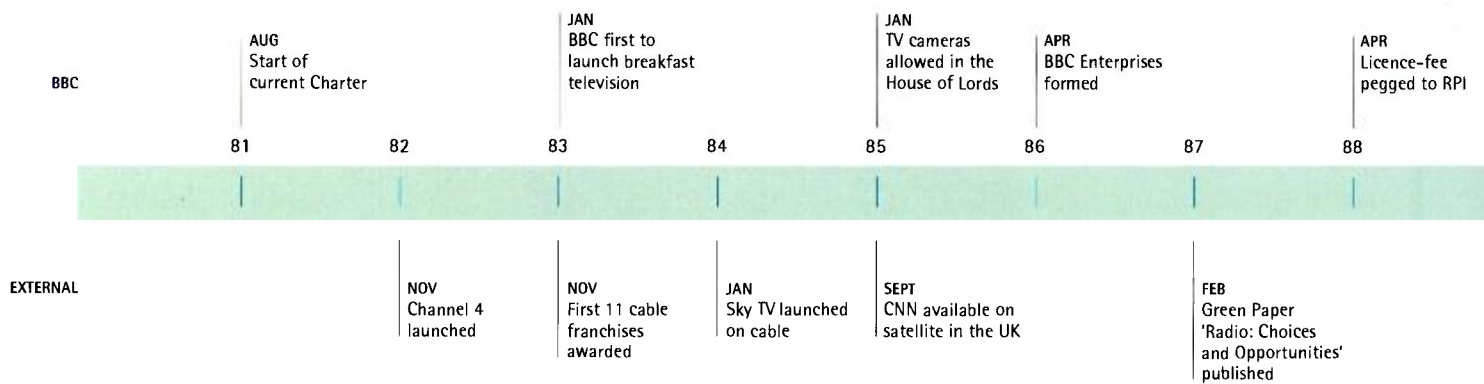
The Director-General's Review reflects the view of the Board of Management responsible for the day-to-day running of the BBC. The Review looks at the major issues affecting the Corporation, provides a detailed report of the BBC's performance in all areas of activity and sets out objectives for the year ahead.

The Financial Statements, audited by Coopers & Lybrand, provide a complete picture of how the BBC managed its financial affairs.

The Reference section contains additional information on the BBC's performance and a statement of compliance by the BBC Governors.

	1	
Context	2	The BBC in Perspective
	4	The Organisation of the BBC
	5	Financial Overview
BBC Board of Governors	6	
	7	Chairman's Foreword
	10	Governors' Assessment
Director-General's Review	16	
Overview	17	
Quality in Programmes	22	
	23	Network Television
	30	Network Radio
	35	News and Current Affairs
	40	Regional Broadcasting
	45	Education
	48	Science and Technology
	48	Editorial Policy
Efficiency and Finance	49	
Organisation and Management	55	
BBC Worldwide	58	
Financial Statements	63	Statement of Compliance with the Cadbury Code
	63	Statement of Responsibility
	64	Auditors' Report
	64	Statement of Accounting Policies
Home Services Group	67	Statement of Income and Expenditure
	68	Balance Sheets
	70	Cashflow Statement
	71	Notes to the Financial Statements
World Service	83	Statement of Income and Expenditure
	84	Balance Sheet
	85	Cashflow Statement
	86	Notes to the Financial Statements
Reference	89	Compliance
	90	Facts and Figures
	94	Councils and Committees
	95	Other

I The BBC in Perspective



The developments of the past year belong to a long-term programme of change.

Change began with the realisation that the ground on which the BBC stood was shifting. Broadcasting was poised to expand. There was the prospect of unprecedented competition from the commercial sector, including cable and satellite broadcasters. New technology promised a revolution in choice. People would inevitably spend a smaller proportion of their viewing and

listening time tuned to the BBC.

With its Royal Charter due to expire in 1996, the Corporation began to consider how it should fit itself for the 21st century. It embarked upon a challenging course of reform.

In 1988, a five-year efficiency plan was adopted, to cut overheads, reduce staff posts and vacate expensive premises. There was to be a greater use of outside services.

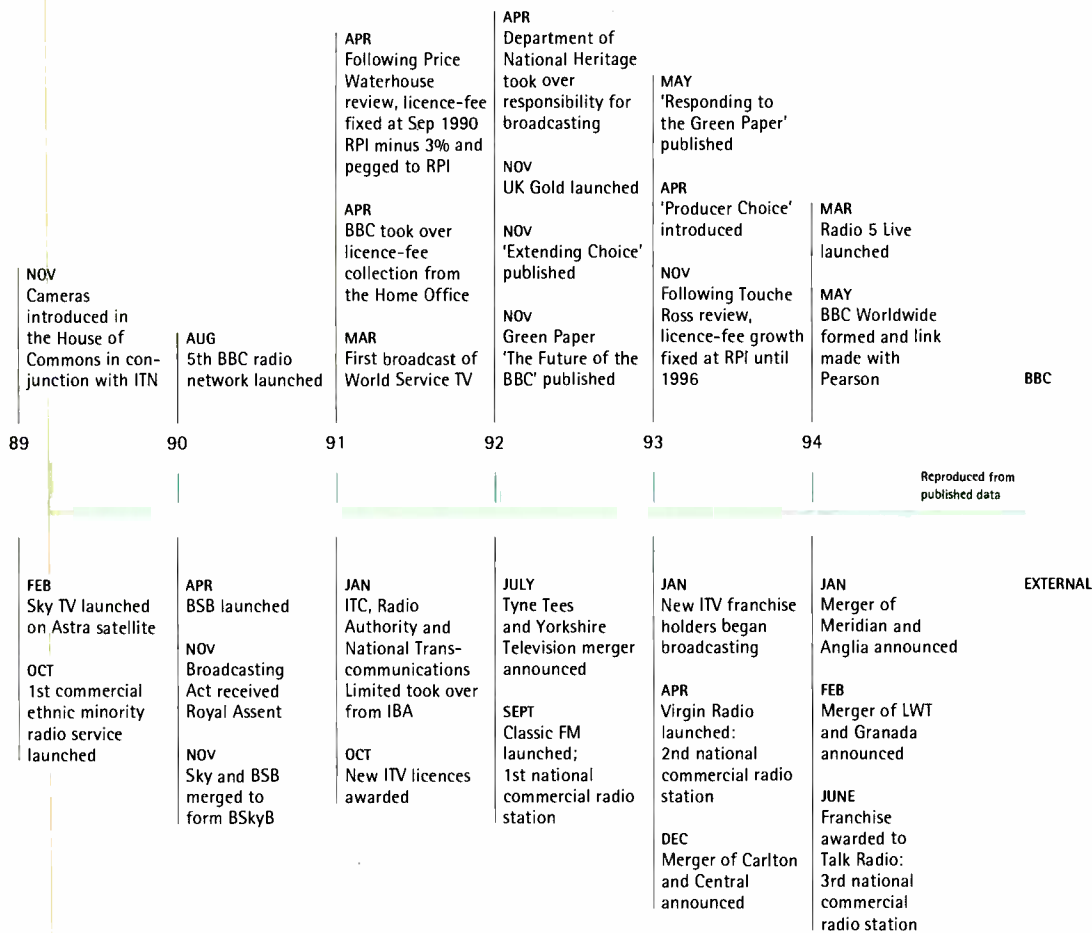
As the process of change began, new factors pressed in. First, the BBC was required by

the 1990 Broadcasting Act to commission 25% of programmes from independent producers. Capacity reductions were planned and implemented. Second, a period of real revenue growth came to an end. For several decades licence-fee income had increased (regardless of the level at which governments set the fee), both because of the growth in the number of homes with television and because of the transfer from black-and-white to colour. By the early 1990s that increase

had come to a halt.

The BBC sought to maximise its income from other sources. Profits from the sale of programmes, videos, books and magazines increased. Opportunities for commercial partnership were investigated. Most significantly, in 1991 World Service Television was launched - editorially a partner of World Service radio, but, in terms of funding, quite distinct. The BBC was preparing to compete in global markets.

The changing environment



meant that the BBC had to clarify its role and objectives as a public service broadcaster. In a document published in 1992, it defined its primary task as extending choice for all viewers and listeners. The BBC should aim to provide distinctive, high-quality radio and television, offering something for everyone, but paying special attention to those areas of broadcasting most at risk in a purely commercial marketplace.

At the same time, the moves towards greater efficiency

continued and the process became more systematic. By April 1993 the BBC had implemented its own internal market. Programme-makers were given budgets to buy facilities in-house or externally, whichever provided the better value. BBC service departments had to compete for business and, for the first time, real costs became apparent. By 1993 the BBC was also moving to improve its budgetary controls, cut central administration, assess performance in every

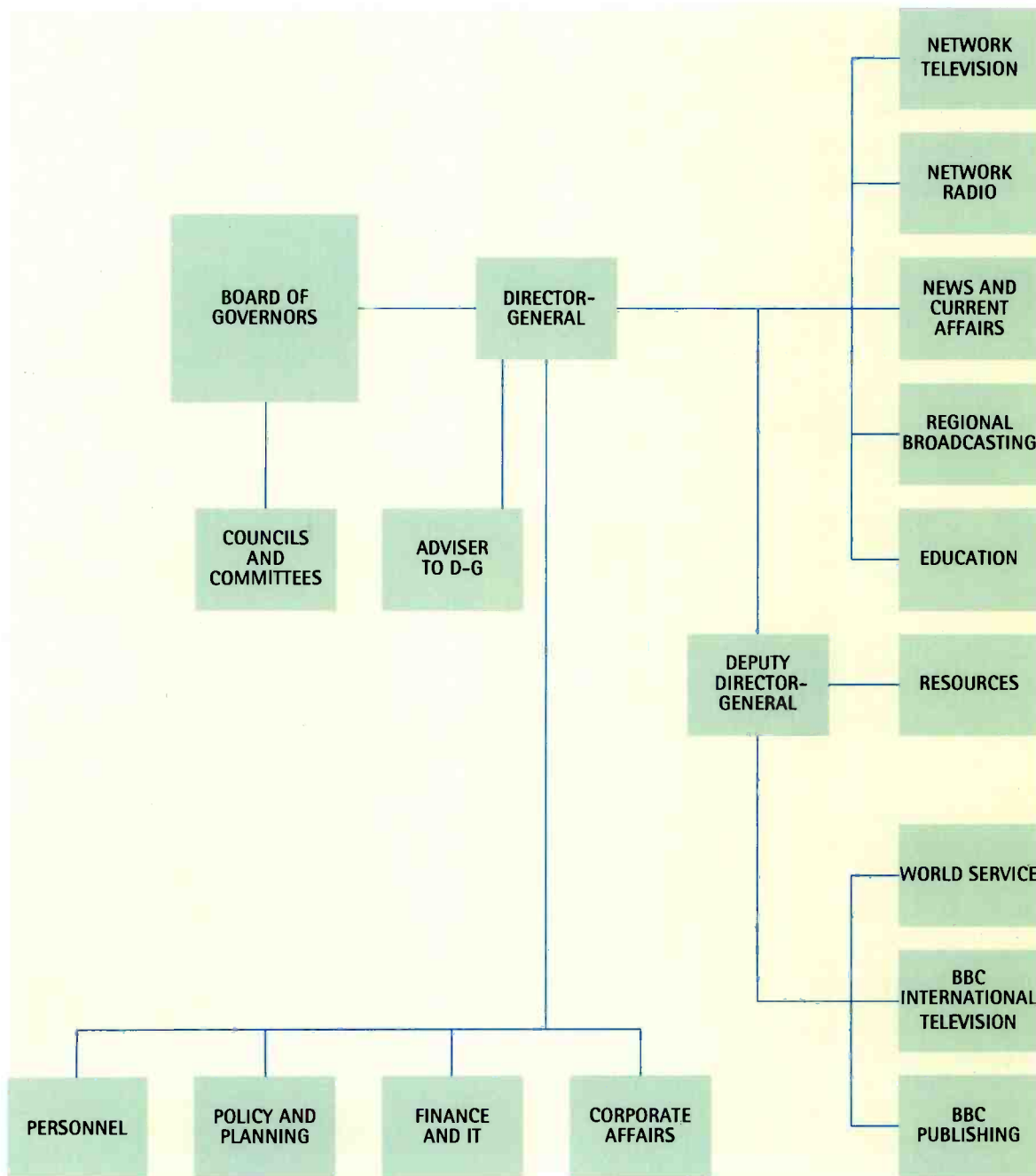
department and review the way it rewarded staff.

Change has produced results. Between 1989 and 1993 efficiency savings amounted to £180 million. Money was spent on introducing new programmes or improving existing ones. In television the benefits were spread widely – in drama, education, entertainment, documentaries and sport. Network radio increased its hours of transmission, produced more drama and launched Radio 5. Extra foreign news bureaux were

opened and more specialist journalists recruited. Although overall staff numbers had gone down, the BBC employed more people directly in programme-making.

Over the financial year just ended, the rate of savings has begun to accelerate. It is against this backdrop, of steady but quickening progress towards objectives developed in the late 1980s, that the Governors and the Director-General offer the following report on 1993/94.

I The Organisation of the BBC



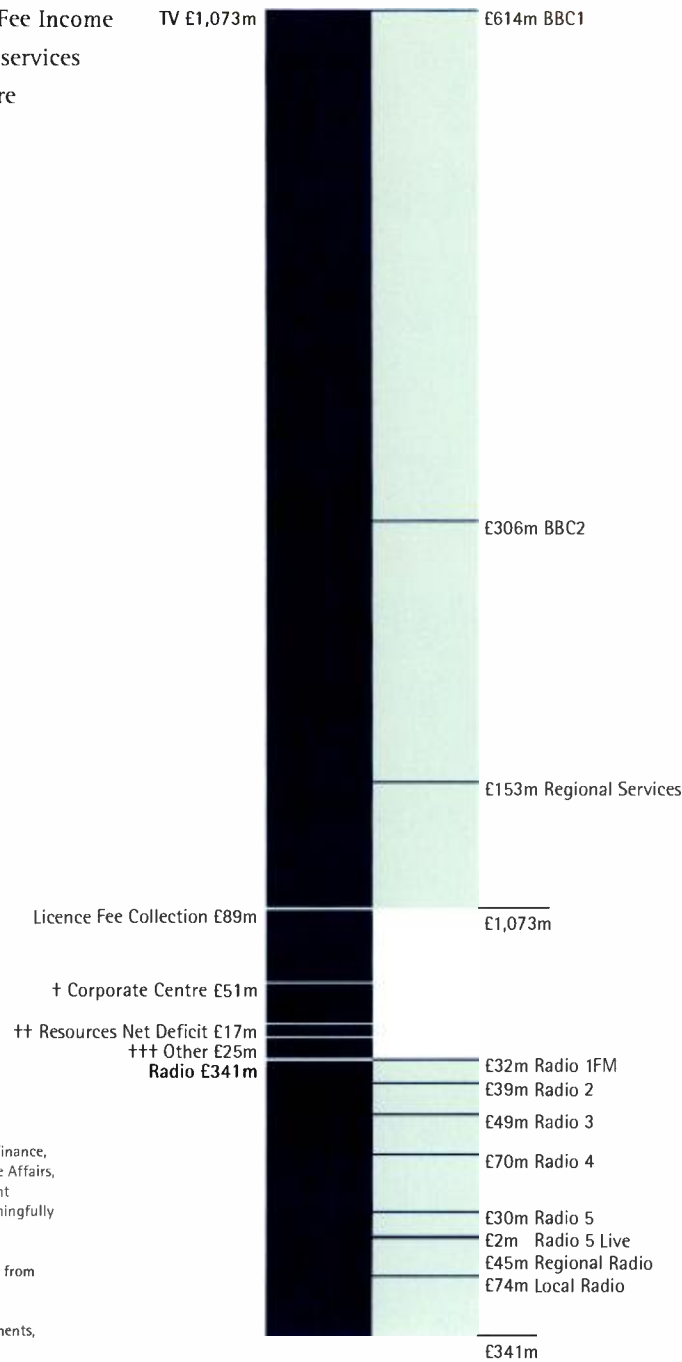
B B C W O R L D W I D E

BBC Worldwide has been created out of BBC Enterprises, World Service Television and World Service.

I Financial Overview

In 1993/94, BBC Licence Fee Income of £1,684 million funded services with operating expenditure of £1,596 million.

BBC Operating Expenditure 1993/94



†Corporate Centre contains Corporate Finance, Personnel, Policy & Planning, Corporate Affairs, Legal Adviser, research and development and expenditure which cannot be meaningfully charged against directorates.

††Resources Net Deficit includes deficits from resources, transmission and services.

†††Other comprises exchange rate adjustments, surpluses and deficits from property management and asset disposals, corporate provisions and other accounting adjustments.



I Chairman's Foreword

The modern BBC is the inheritor of a great tradition of quality, artistic talent, honest accurate reporting and above all independence. We must maintain and enhance this tradition while fitting the BBC for the fast-changing and competitive world into which we have been thrust.

For time does not stand still. The old, talented but rather leisurely BBC simply does not fit into the multi-national competitive business of today. But the ideals and quality which fashioned that BBC are more relevant than ever. They stood like beacons in the old broadcasting world. They will shine as brightly in the new.

The Governors have never doubted that for the BBC to survive in anything like its present form, changes would need to be far-reaching and to affect every area. And they would have to be effected fast. The timetable was set by the rapid pace of change elsewhere in broadcasting and accelerated by the need to replace our Charter, which expires in 1996. As I write, the Government will shortly publish a White Paper outlining the future of the BBC for the next decade.

We have had to demonstrate that our performance justifies a universal service paid for by the licence fee. Our objective has been to create the best-managed corporation in the public sector without sacrificing the historic values of our output. Three recent productions, *Middlemarch*, the bi-media coverage of the Prague Festival, and the events of D-Day, demonstrate that the BBC's flair, skill and inspiration flourish undimmed.

I BBC Board of Governors

Standing left to right:

Sir David Scholey CBE

Lord Nicholas Gordon Lennox KCMG KCVO

Sir Kenneth Bloomfield KCB

Bill Jordan CBE

Dr Jane Glover

Dr Gwyn Jones

Janet Cohen

Seated left to right:

Shahwar Sadeque

Lord Cocks Vice-Chairman

Marmaduke Hussey Chairman

Margaret Spurr

Sir Graham Hills

This last year has seen the implementation of a series of vital and far-reaching policy initiatives. The application has been uncomfortable, but the benefits for the viewer and listener will be increasingly obvious.

A radical examination of our overheads, financial systems and resource base, conducted during the past year, will throw up very substantial annual savings in excess of £100 million. An unsustainable overdraft has already been dramatically reduced. Over the years ahead there will be significant investment in more and better programmes.

There has already been increased investment in our news and current affairs. Over the last two years we have employed 290 more journalists, whereas elsewhere in the media their numbers have been reduced. These substantial improvements flow directly from the programme of reforms. No one has suggested how else they could have been achieved.

The whole media industry is in a period of great change. The ITV companies, following the application of the 1990 Act, are subject to take-over bids. Sky Television, with the cable industry in its wake, bounds forward, competing for audiences and advertising revenue with ITV, Channel 4 and the national newspapers. Major public companies are now fighting to hold or increase their share of a declining market.

As the ITC have already pointed out, quality may suffer.

In an intensely competitive scene, the BBC stands out as the only stable element with clear objectives: independence, quality and value for money. We can therefore approach the Charter negotiations with some confidence. It is a more heartening prospect for the Corporation, both in the United Kingdom and across the world, than appeared likely in the 1980s.

The hard work and difficulties of the last few years now present the BBC with a glittering opportunity to consolidate its role as an international broadcaster.

We have the archives, the brand name and a wealth of talent, and we are already a net exporter. Our name stands high, especially in Europe. When I was in Prague last year, the Chamber of Deputies halted an important debate to pay tribute to the organisation that has "kept alive the flame of truth in the last 50 dark years".

No one disputes that the collapse of the communist empire was fuelled by access to western television and radio, particularly the World Service. Mr Rupert Murdoch was right to say that "advances in television technology have proved an unambiguous threat to totalitarian regimes everywhere. They cannot escape the eagle eye of BBC, ITV, CNN and Sky". It was therefore disappointing when he chose to remove

BBC television news from China and replace it, not with Sky News, but American films.

The world opportunity remains. The appetite for accurate news and quality television and radio is growing fast; we will supply it. We have reorganised the BBC to meet the international challenge. World Service Television will shortly match in coverage and quality the service provided over the years by World Service radio.

In the seven years I have been with the BBC we have often wondered what were our most dangerous threats. There are said to be three.

First, the political. I have never believed in that. Governments of whatever hue will require a publicly-funded BBC to be efficient - of course. Some politicians will always try to influence the BBC editorially - of course. I don't blame them for trying. I only blame ourselves if we give way, and I do not think most people in political life expect us to. Fundamentally they respect the independence of the BBC and wish to retain it.

Second, there is the competitive threat. That is more dangerous. We now have many more competitors. But they are constrained by the need to sell their products, create profitable businesses and pay dividends.

The licence-fee frees us from these constraints and imposes on us the obligation to provide an alternative service to commercial broadcasting -

a service of quality and diversity, with challenging programmes in peak periods. It is an obligation I believe we can meet.

Finally, there is the threat that the BBC will not itself have the determination and strength to face the future - self-inflicted wounds are always the most dangerous.

An historic institution must never let outdated ways and customs clog its joints, lest they become arthritic. If it does not keep in step with the changing world, it inevitably becomes antiquated and of no contemporary relevance.

We have moved fast and we have made some mistakes. It won't be easy, but overall we have created a marvellous opportunity for the BBC both at home and abroad.

I am confident we have the courage and will to seize it.

Marmaduke Hussey Chairman

Far-reaching reforms continue to revitalise the BBC. We see the signs of a new creative purpose and the emergence of a more efficient and cost-effective organisation, able to make better use of its income and resources. We welcome the reorganisation of the BBC's international operations to support its drive to be a major global broadcaster in the satellite age.

I Governors' Assessment

I Introduction

Eighteen months ago, the BBC adopted a new strategy. Its basis was the belief that commercial broadcasting would continue to expand, but that the range of programming might well contract as broadcasters sought to maximise revenue with safe and familiar formats. We therefore argued that a publicly-funded BBC should seek to provide distinctive, high-quality services that complement, rather than emulate, commercial schedules.

In last year's Annual Review, the Governors observed that the BBC was in the early stages of transition. A new Director-General, John Birt, building on the foundations laid by his predecessor, Michael Checkland, had begun to introduce far-reaching reforms, transforming both the programme strategy and the management of the BBC. It was too early to judge the outcome. We did, however, review and endorse the management's detailed plans to implement change.

We also set six additional objectives. Progress toward achieving them is reported in the Director-General's review.

During the year since our last report, we have continued to monitor the progress of the reforms. We have also kept under review the range of issues affecting the BBC's service to the public - not only editorial issues but financial performance, employment strategy and fair trading in commercial activities.

We have laid particular emphasis on listening to our audiences. We have attended public meetings in different parts of the United Kingdom. We have begun a programme of Governors' seminars on matters of concern to viewers and listeners, the first of which was on crime. And, for the first time, the three National Broadcasting

Councils, in Scotland, Wales and Northern Ireland, and the new English National Forum, have reviewed regional programme services and reported to the Governors. We have continued to pay close attention to audience research, complaints and correspondence.

We have also ensured that the BBC complies with statutory requirements and internal guidelines and policies. Details are provided in the reference section on page 89.

The culmination of the Governors' year is the annual spring conference with the Board of Management, when the Director-General and his colleagues present and the Governors consider a comprehensive review of performance and proposals for the year ahead. Our assessment follows.

I Assessment

I Review of Programme Strategy

Over the last year, the management has conducted a review of the BBC's services with the purpose of developing a programme strategy. The review considered each type of programme in terms of the more distinctive schedules we have said we wish to create. The conclusions seek to guide but not to inhibit - to define the repertoire, but to leave interpretation to the programme-makers.

Although the results will not be published until the autumn, the defining principles of the review, and many of its early recommendations, have already begun to influence programme-making.

As a result, but also because of a greater confidence throughout the organisation, there are the unmistakable beginnings of a new creativity and imaginative purpose. The BBC is doing the

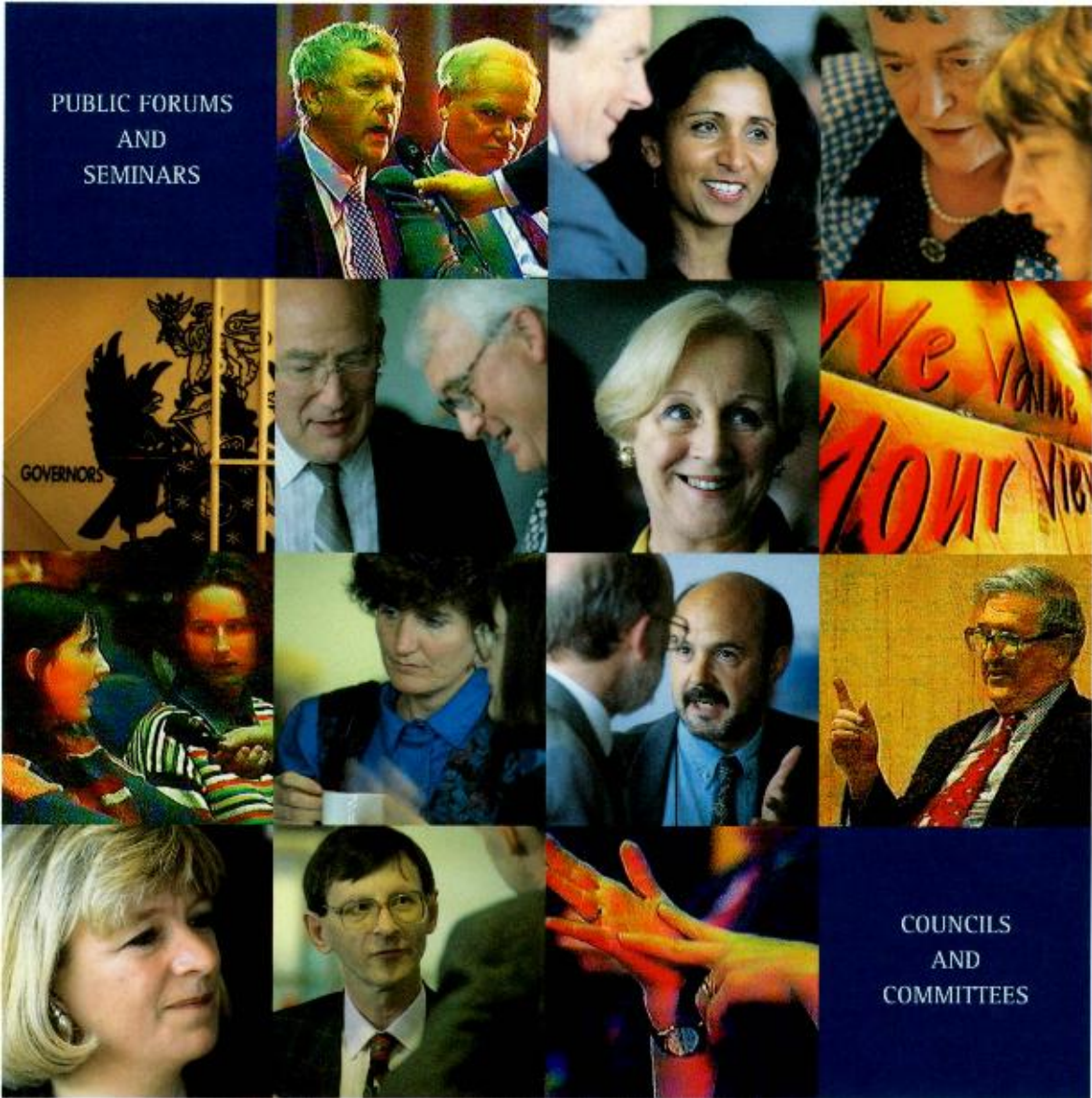
things it used to do, such as *Middlemarch*. It is doing what it should always be doing, such as giving young talent its head. And it is returning to a practice not seen for 30 years - proclaiming television and radio as partners. Witness the radio programmes trailed on television, television programmes trailed on radio and an evening schedule broadcast simultaneously on BBC2 and Radio 4.

The search for new ideas and broader audiences must never divert the BBC from a traditional responsibility to make challenging programmes in the realm of ideas: philosophy, politics, the arts and sciences. Over the next year, we look to the BBC to mount substantial programmes in all these areas.

I Radio

In the face of growing competition, both national and local, and the consequent decline in audience share, Network Radio is seeking to ensure that its quintet of channels offer a truly distinctive service - each providing a genuine alternative to the commercial sector, each reaching a significant proportion of its target audience.

Two of the five networks are undergoing substantial change. One is Radio 5, which, after three years as a network blending education, sport, children's programmes and other material, has taken on what we believe will prove a more coherent character as a news and sport network. The proposal arose from the Governors' decision in 1992 not to proceed with a news network on the Radio 4 long wave frequency until satisfactory reception could be assured to listeners on FM - though underlying all these changes is the loss of two frequencies as a result of the Government's wish to discourage simulcasting.



PUBLIC FORUMS
AND
SEMINARS

GOVERNORS

COUNCILS
AND
COMMITTEES

1	2	3
4	5	6
8	9	10
12	13	14

I Public Forums and Seminars

During the year, Governors attended a series of public meetings in order to capture first-hand the views of the BBC's audience. The Board was represented in Belfast by Sir Kenneth Bloomfield (11), the National Governor for Northern Ireland. Also in attendance were members of the National Broadcasting Council.

The BBC's treatment of crime is a matter of concern for many licence-fee payers. To debate the issue, the

Governors sponsored a day-long seminar, which gave a broad selection of people – both experts and ordinary members of the public – the opportunity to air their views. Among those present were Mary Tuck, criminologist (3), Polly Toynbee (12), David Hutchinson, General Advisory Council (13), Dr Bhupinder K. Sandhu, English National Forum (2), Margaret Spurr, Governor (6) and Richard Ayre, Controller Editorial Policy (10).

We realise that the outcome is still not wholly satisfactory, because of the knock-on effects suffered by schools programmes, Radio 3 and Radio 4.

Radio 1 has also been refocused. Whilst welcoming the more distinctive music policy and the leavening of witty, intelligent speech, we recognise that the change has been accompanied by a significant loss of audience share. But we do not forget that the network's audience has in fact been declining over a longer period of time, with the explosion of stations in what is the most fiercely competitive sector of the radio market.

The withdrawal of *Today in Parliament* from Radio 4 FM and the arrival of *Test Match Special* on Radio 4 Longwave reflect the need to differentiate the two frequencies. The changes to the afternoon schedule, on the other hand, seek to attract a larger audience to a looser kind of format. No network can survive unless it cultivates new listeners, but changes to the schedules should be welcome to existing listeners too. We are determined that Radio 4 should remain a high-ground network, appreciated by its audience for that reason.

We have no doubt that changes in BBC Radio are necessary if the BBC is to continue providing the public with a service worthy of the licence-fee, and we believe the changes we have outlined are in the right direction. At the same time, we know that many listeners are not yet persuaded of their validity. The sails have been set. We may need the tiller from time to time in the year ahead.

I Television

Television schedules are more fluid, its audiences more itinerant, and so the significant changes in the tone and ambition of BBC1 and BBC2 have proved less controversial. We were pleased by the return of the classic novel to British television, and by the successful transfer to BBC1 of some of the rich comedy ideas first developed on BBC2 and radio. We remain concerned by the patchiness of the BBC's popular drama.

Over the last year, perhaps the pre-eminent issue of public concern has been on-screen violence. This spring, the Governors received a detailed internal report from the Managing Director of Network Television, who made it clear that particular care is being taken in this area. During the coming six months the incidence and nature of violence on BBC screens will be monitored. If necessary, our published guidelines will be further tightened.

We have also turned our attention to the coverage of crime. Crime reporting and reconstruction, particularly of violent crime, may be contributing to a widespread fear of crime disproportionate to the actual risks. At a major seminar in early June 1994, BBC managers and programme-makers debated these issues with experts and representatives of the audience. We will publish the proceedings of the seminar and the BBC's response.

I News and Current Affairs

The special responsibilities of BBC News and Current Affairs have been discussed by the Governors on a number of occasions over the past year. Investment in specialist journalism and a commitment to reporting what is significant have greatly improved the quality of the output. But in recent months we have thought again about our news values, first in response to the charge that broadcast news agendas are unduly narrow (a charge we believe to have widespread public support) and second in the face of a range of press stories that have delved into the private lives of public figures.

Last September, the Governors asked that steps be taken to broaden the range of subjects covered in BBC bulletins. We are pleased to see the progress already made, particularly the sharp increase in international coverage and the greater interest in science and technology.

We have no doubt that the justification for many recent media intrusions into private lives has been prurient sensation rather than the public interest. Occasionally, in the heat of the journalistic chase, the BBC has itself made mistakes. We continue to demand of BBC journalism the traditional qualities of independence, authority, scepticism and detachment.

I Education

The bi-media Education Directorate is a year old. We believe it has maintained the BBC's role as the standard-setter in educational broadcasting, and begun a number of interesting experiments in the use of new technology. But we are aware that our response falls some way short of the challenge we now wish to set the BBC, namely to address the learning needs of the whole of society, harnessing

the new interactive technologies with traditional broadcasting techniques. The Governors believe BBC Education should be the most significant area of growth over the year ahead and beyond.

I Regional Broadcasting

For three years the BBC has been committed to moving significant proportions of network production out of London, to create a richer and more faithful picture of the United Kingdom on the networks.

This spring, the BBC brought forward detailed proposals to increase network production in the regions from broadly a fifth of output to broadly a third. This is a highly encouraging development, which should produce a welcome breadth of drama, music and arts and factual programming, especially from Scotland, Wales and Northern Ireland. The Governors will closely monitor performance against targets and report annually on spend and hours by service and by region.

We have been encouraged to see the continuing increase in the quality of regional journalism, confirmed to us in the reports of the National Broadcasting Councils and the English National Forum. We agree it can be further improved. We endorse their belief that there should be broader coverage of the cultural life of the nations and the regions of England. Finally, we accept the Councils' view that the BBC in Scotland, Wales and Northern Ireland needs to schedule programmes more effectively to give proper weight to both network output and output made for regional audiences. We welcome the management's initiative to conduct a review of regional programming during the autumn, and have asked that it should address all three of these issues. The review will also identify how the BBC can provide a fuller service of regional news, especially after 7p.m.

I BBC Worldwide

In May 1994, the BBC's international operations were radically restructured. World Service, BBC International Television and BBC Publishing now sit together, poised to provide a coherent set of services to each part of the world. The common thread through all our international services must be the objectivity, authority and independence long associated with the World Service.

Over the next couple of years, the BBC will launch satellite services in Europe, the Americas and the Far East. The BBC will commit its production skills and programme archive. Pearson, whom we are delighted to have as partners, will add invaluable commercial and marketing expertise.

These are significant developments. They confirm the BBC's intention to become a major international broadcaster in the satellite age. For the BBC and for the United Kingdom, the cultural and economic stakes are high.

I Efficiency

Just over a year ago, the BBC introduced internal trading between producers and resource suppliers. It was and remains a controversial change, but we have no doubt it has been successful. Savings of over £100 million have been made for direct investment in programmes. Substantial further savings are expected over the next two years.

Last summer, the Department of National Heritage asked the consultants Touche Ross to assess the BBC's efficiency and to make recommendations on the level of the licence-fee until 1996. On the basis of their report, the Government decided that the licence-fee should rise with the retail price index until the end of 1996, allowing the BBC's efficiency savings, which were recognised to be substantial, to be reinvested in programmes.

I Summary

We said last year that the pattern of reform at the BBC was as ambitious as any recently attempted in Britain, in either the public or the private sector. A year on, much has already been achieved, to the enormous credit of all who work for the BBC.

This is no time to ease up. But it is time for a change of emphasis. The key initiatives to drive reform have now been identified and launched and the months ahead should be devoted to implementation. This has been our overriding consideration in agreeing the following 1994/95 objectives for the Board of Management.

- I Implement the findings of the Programme Strategy Review, and especially improve popular drama on television
- I Develop a domestic and international education policy that addresses both learning and training needs
- I Ensure full opportunity is given to implement the strategies agreed during the last year
- I Improve the effectiveness of line management
- I Effect, both among staff and outside the BBC, a wider understanding of the BBC's strategy and a better understanding of the changes already achieved
- I Strengthen the relationship with staff
- I Make progress in implementing both the international strategy and the regional strategy
- I Establish and implement an IT strategy such that a new generation of financial systems will be in operation within two years
- I Develop a 10-year perspective on the BBC's future

BBC BOARD OF
MANAGEMENT



Our response to increasing competition must be distinctive, high-quality programmes. Our duty to the public is to make efficient use of public money, give full rein to programme-making talent and increase our commercial resources.

I Director-General's Review Overview

No-one at the BBC underestimates the difficulties of change. Change is painful, embraced only because the risks it brings are far fewer than the risks of doing nothing, and worthwhile only if it helps secure the best values of the institution.

The best values of the BBC lie in a dedication to programme quality – to stylish, original broadcasting that holds an audience enthralled, to the crafted programme, on the face of it effortless, but in fact the product of infinite teamwork and care. The year has been rich in such programmes.

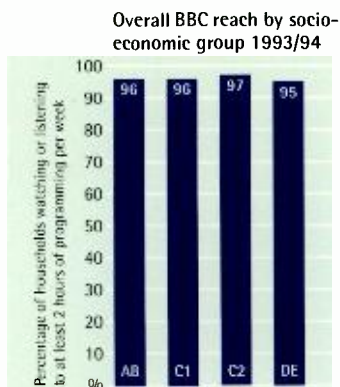
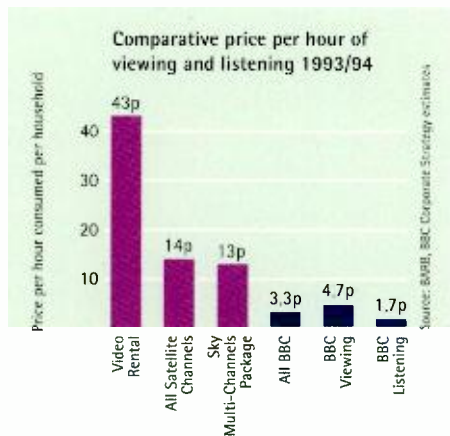
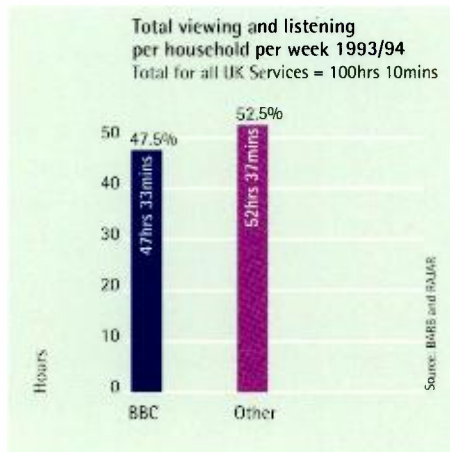
Screen One, Between the Lines and *The Buddha of Suburbia* lent a new verve to our contemporary drama, just as *Middlemarch* proved master of an older idiom, the classic serial. And we continued to demonstrate our recent strength in comedy with Ruby Wax, *One Foot in the Grave* and the team from *Have I Got News For You*.

From Africa, George Alagiah brought a succession of significant and disturbing reports. From Norway, *Panorama* revealed how Israel and the PLO made peace. And candour came to politics in *Thatcher – The Downing Street Years* and *The Benn Tapes*.

1	2	3
4	5	6
7	8	9
10	11	12
13	14	

I BBC Board of Management

- | | |
|---|--|
| <p>1 John Birt
Director-General</p> <p>2 Robert Phillis
Deputy Director-General and Managing Director, World Service</p> <p>3 David Hatch
Adviser to the Director-General</p> <p>4 Will Wyatt
Managing Director, Network Television</p> <p>5 Liz Forgan
Managing Director, Network Radio</p> <p>6 Ronald Neil
Managing Director, Regional Broadcasting</p> <p>7 Tony Hall
Managing Director, News and Current Affairs</p> | <p>8 Margaret Salmon
Director of Personnel</p> <p>9 Rod Lynch
Managing Director, Resources</p> <p>10 Dr John Thomas
Managing Director, BBC Enterprises</p> <p>11 Patricia Hodgson
Director of Policy and Planning</p> <p>12 Rodney Baker-Bates
Director of Finance and Information Technology</p> <p>13 Colin Browne
Director of Corporate Affairs</p> <p>14 Dr Eurfron Gwynne Jones†
Director of Education
†attends Board meetings but not a Board member</p> |
|---|--|



For a week in March, politics and the arts gave place to science. And all year round new standards were set in sport, from the breathtaking innovations of the Winter Olympics to the hopes and despairs of *Fantasy Football League*.

These are but a few of many marvellous and inventive programmes broadcast during the year. We want to maintain the values these programmes represent, but to add other values too. Efficiency, accountability and good administration are the hallmark of excellence in any modern organisation. They are no longer the preserve of the private sector but an obligation that comes with the privilege of public funding. The year has been marked by achievements in all these areas.

I The Changing Face of Broadcasting

The BBC retains a remarkable hold on the attention of the public. Ninety-six per cent of all households watch and listen to the BBC for at least two hours a week. The average household watches or listens to BBC programmes for 48 hours a week - at a cost of just 3p per hour.

Over the year, though, the BBC's share of total viewing and listening fell by two percentage points. Broadcasting has no immutable laws, and an expanding market need not entail a matching loss of share. But I have no doubt that the sheer scale of the current expansion will lead all the established broadcasters to lose share over time. In 1993/94 alone, the radio market welcomed 11 new commercial local stations and a new national pop service. There were ten further satellite television channels, and the number of homes subscribing to cable or satellite rose to 3.4 million.

Sensing the challenge, ITV has put the emphasis on entertainment, and Channel 4 has developed a more commercial schedule. These are natural courses for commercial broadcasters. Neither is right for the BBC.

I Distinctive Programmes

The BBC will concentrate on the kind of broadcasting most at risk in a commercial marketplace – original entertainment, intelligent news and current affairs, a comprehensive service of education and the full reflection of our national culture. These are the BBC's historic broadcasting strengths, by which our audiences judge us, and where they believe we lead the field.

Over the last 12 months, in a far-reaching review of our programmes, we have asked a single set of questions in every part of the BBC. Do we offer range and diversity as well as quality? Are we distinctive? Are we attracting the best artists and performers, the most able programme-makers? Above all, are we serving the needs of our audiences?

By the autumn, the BBC will have a detailed programme strategy, a compass for the future. But we will always wish to take new bearings, as audience tastes develop and change. This year, we have invited a cross-section of the public to join the UK's largest survey of viewers and listeners. There is a balance to be struck: our audiences must know that their voices will be heard and we must understand their needs; programme-makers must also have confidence to draw on their best ideas and instincts.

I Investment in Programmes

Using resources efficiently is a duty that comes with public funding. It is also an imperative if we are to remain a creatively dynamic institution.

Last summer, the Department of National Heritage commissioned an independent review by Touche Ross and concluded that the BBC had approached its savings targets "rigorously and effectively". It was a welcome acknowledgement of

the difficulties and sacrifices entailed in overhead and resource capacity reductions. It was also a mark of faith in the introduction last April of a new system – Producer Choice – enabling BBC programme-makers to buy their own resources and putting BBC resource-suppliers into competition with the outside market.

That faith was justified. During 1993/94, the BBC made efficiency gains of over £100 million. Capacity has been matched more closely to demand, without jeopardy to the core craft skills so vital to the health of British broadcasting.

The savings have already been put to work. We have reduced our borrowings sharply and invested an additional £50 million in programmes. Forecast savings should allow us to put a further £60 million into programmes in 1995/96 and £120 million in 1996/97. The spoils of Producer Choice have been hard won. But they will enrich BBC radio and television for the rest of the decade.

I A Fair Employer

Programme investment counts for nothing without the people to make the programmes. We need the ability to attract and retain the best – and that goes for every part of the programme-making team.

All who work at the BBC feel a pride in what we do and a belief in public service broadcasting. This – not financial reward – is why many of the most talented people in broadcasting are already at the BBC or want to work here.

But if we are to pay our staff fairly and competitively, we need flexibility – conditions of service that are tailored to each area of activity and pay that reflects performance.

It is not a licence to work people unreasonably. Decency and understanding, the

recognition that individuals must have proper protections, are equally essential to a balanced employment policy. But we remain determined to create the conditions in which the brightest and best can afford to bring their talents to the BBC, and where our programme departments and facility-providers can match costs elsewhere.

I An International Broadcaster

We plan to increase our commercial revenues for reinvestment in production. This spring, the BBC took an ambitious step towards that goal.

Over 60 years, the World Service has established an unparalleled reputation for trustworthiness in international radio. Over the last three years the commercially-funded World Service Television has grown steadily and with increasing confidence at its side. We stand on the brink of enormous opportunity, with the chance to take a leading role in international satellite broadcasting.

Creativity and proven quality are priceless assets, but insufficient, alone, to propel the BBC into a competitive, highly-capitalised global market. For commercial skills, experience and capital we have formed a strategic alliance with Pearson plc, one of Britain's most respected media companies.

This spring, as we announced the alliance with Pearson, we brought our international television activities, both programme sales and broadcast services, into a new grouping, BBC Worldwide, alongside our publishing businesses and the World Service. The implementation of our international strategy is a major challenge for the year ahead and beyond.

As I write, we expect very shortly the publication of a White Paper on the future of the

BBC. It is a future we have tried ourselves to shape. We have a clear programme philosophy, and we have begun to transform our management and organisation to realise it. We are well-prepared for the renewal of the BBC Charter and the competitive challenges ahead.

Over the next 12 months, we will focus still more sharply on those challenges. A start has been made, with a strategy for digital transmission. But as traditional technological boundaries become blurred, and broadcasting and telecommunications converge, the BBC must develop rapidly and imaginatively. Our touchstone will be the continuing obligation to serve the needs and interests of the licence-fee payer, in the way the BBC is uniquely equipped to do.



John Birt Director-General

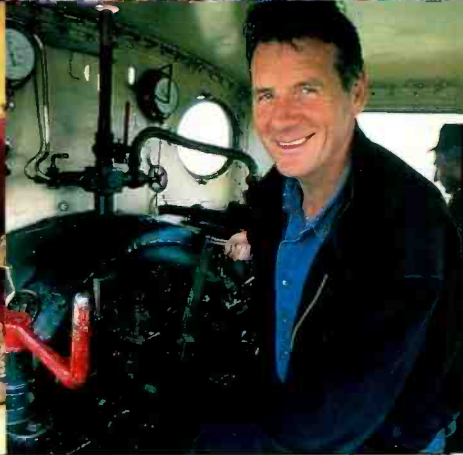
I Programmes which contribute to the public's high rating of the BBC:

Row 1 Information	Row 2 Education
1 Newsbeat	1 Children's Hospital
2 Sarajevo - A Street Under Siege	2 The Reith Lectures
3 File on Four	3 Numbertime
4 Question Time	4 Great Railway Journeys
Row 3 The public's ratings	
Row 4 Entertainment	Row 5 Culture
1 Harry Enfield's Television Programme	1 Network East
2 Rough Guide to the Americas	2 Sister Wendy's Grand Tour
3 Live Concerts on radio	3 Design Awards - Paul Smith
4 The Wrong Trousers	4 Video Diaries

Row 1
Row 2
Row 3
Row 4
Row 5

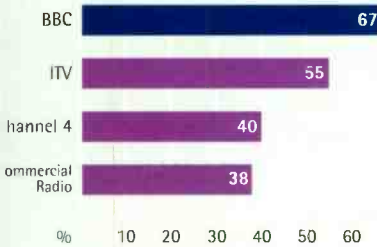


nd File on Four investigated
 serious doubts
guilty parents
 the victims of this cover-up
parents' claim



INFORMATION

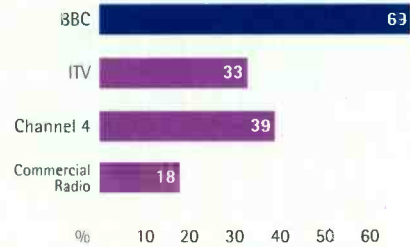
% of respondents saying broadcasters are excellent or very good at providing "a responsible, trustworthy and balanced coverage of news and current affairs"



Source: RI survey April 1994

EDUCATION

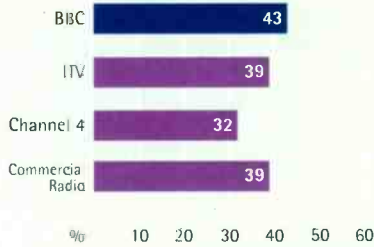
% of respondents saying broadcasters are excellent or very good at providing "informative programmes that help you learn more about the world around you"



Source: RI survey April 1994

ENTERTAINMENT

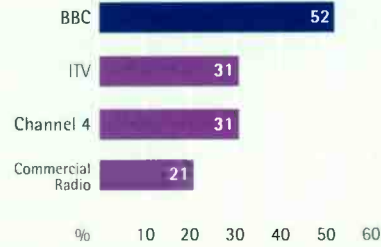
% of respondents saying broadcasters are excellent or very good at providing "fresh and original programmes which you find entertaining and enjoyable"



Source: RI survey April 1994

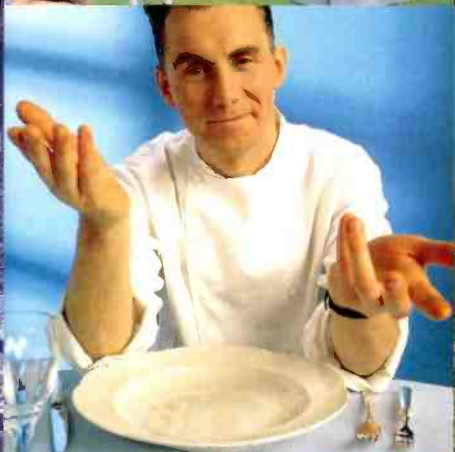
CULTURE

% of respondents saying broadcasters are excellent or very good at providing "programmes that accurately reflect all about us as a nation - our traditions, our arts and the full range of every day life in Britain today"



Source: RI survey April 1994





Entertainment

The BBC has continued to produce original comedy. In an average week, around 27 million people watched at least half an hour of the BBC's television comedy. 63% of those who are regularly surveyed by BARB on the subject rated these programmes as "extremely" or "very" enjoyable or interesting. Over the Christmas holiday, BBC programmes made up nine out of the ten most watched programmes, of which four came from BBC Comedy.

Situation comedy continued to excel.

Established series such as *Keeping Up Appearances*, *One Foot in the Grave*, *Last of the*

Summer Wine and *Birds of a Feather* maintained large and appreciative audiences.

The award-winning *Absolutely Fabulous* transferred from BBC2 to BBC1 and attracted, on average, over 10 million viewers. Amongst our new comedies, *Goodnight Sweetheart* won a following of nearly nine million; *Honey For Tea*, on the other hand, failed to engage its viewers.

1993/94 saw notable achievements in other forms of comedy, too. Ben Elton made a spirited return as *The Man From Auntie*, and Alexei Sayle and Ruby Wax performed with exuberance. Newman and Baddiel's new show ... *in Pieces* was particularly popular with younger audiences, as was *The Smell of Reeves and Mortimer*. Frank Skinner and Steve Coogan made promising BBC debuts, and Dawn French expanded her range of roles yet further in *Murder Most Horrid*. New talent was introduced to BBC2 from Radio 4 on the satirical news show *The Day Today*.

In March 1994 Nick Park was awarded an Oscar for his plasticine animation *The Wrong Trousers*, which continued Wallace and Gromit's adventures in a crime thriller. It became an instant classic and was the first-ever BBC programme to win an Oscar.

In 1992/93, we reported a fitful performance for the BBC's light entertainment and variety, with the notable exception of *Noel's House Party*. While that continued its strong run in 1993/94, we also reinvigorated the schedule with new shows, including *How Do They Do That?* and *Do The Right Thing*. This was a welcome start to the task of finding attractive and original new formats for early- and mid-evening entertainment on BBC1.

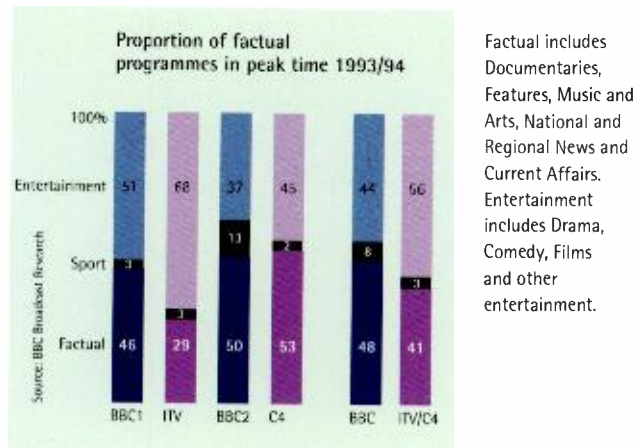
1	2	3	4
5	6	7	8
9	10	11	12
13	14	15	16
17	18	19	20

BBC1 and BBC2's range of peak-time UK-made programmes.

- 1 Single Plays/TV Films A Foreign Field
- 2 Drama Series Casualty
- 3 Drama Serials To Play the King
- 4 Long Running Serials EastEnders
- 5 Situation Comedy Birds of a Feather
- 6 Other Comedy The Man from Auntie
- 7 Quiz and Panel Shows Have I Got News For You
- 8 Family/People Shows Noel's House Party
- 9 Sport Pilkington Cup Final
- 10 National News/Regional News Reporting for Nine O'Clock News/Inside Ulster
- 11 Current Affairs Newsnight
- 12 Consumer Affairs Watchdog
- 13 Arts The Late Show
- 14 Hobbies and Leisure Rhodes around Britain
- 15 Natural History Wildlife on One
- 16 Science Et Medical Horizon
- 17 Human Interest 999
- 18 Religious Programmes Songs of Praise
- 19 Music – Contemporary Later with Jools
- 20 Music – Classical Pavarotti in Central Park

Factual Programmes

Throughout the year, the BBC brought to the screen a wide range of high-quality factual programmes, covering the arts, science, religion, natural history, politics and other issues of human interest. In an average week, 33 million people watch the BBC's documentaries and features for at least half an hour. These programmes account for



an increasing proportion of BBC1's output, making up more than four out of ten programmes in peak time. Half of BBC2's peak-time schedule is factual programming.

One of the highlights of the year was David Attenborough's *Life in the Freezer*, produced by the BBC's Natural History Unit in Bristol. More than ten million people were enthralled by the wildlife of the Antarctic, its beauty captured by superb camera-work. Closer to home, we increased our coverage of Britain's natural history with series such as *Nature Detectives*.

BBC Television showed an unrivalled range of documentaries. The history series *Timewatch* offered strong programmes about Mao Zedong, Lee Harvey Oswald and *The Stolen Child*, the story

of 200,000 Polish children stolen by the Nazis during World War II. *Cracking the Code* told the human stories behind breakthroughs in genetics, while *One Foot in the Past* brought Britain's architectural heritage to our screens. A prima ballerina, a poet, a comedian, an actor, an author and a journalist gave personal accounts of their *Great Railway Journeys*. *Inside Story* brought us detailed portraits of British Rail, British food and the British traffic jam.

Whilst our features continued to explore the general and leisure interests of the audience, it was the year of documentaries about ordinary people. *Children's Hospital* gave heart-warming and sometimes heart-breaking stories of young patients from the Sheffield Children's Hospital. *Sarajevo: A Street under Siege* followed the lives of Moslem, Croat and Serb families in one street. Every weekday for five months, it was filmed and edited on the spot by a French production team and transmitted by satellite from Sarajevo to be broadcast the same day, with little or no commentary. *Video Diaries* continued to give insight into the lives and views of people in Britain. This year's series included *Major, Miners and Me* about a miner's wife fighting for her husband's job. It won the Prix Niki Documentary Award.

Amongst our religious programmes, *Songs of Praise* was relaunched with two regular presenters, more music and a Christmas special from Bethlehem. Producer Choice allowed the programme's outside broadcast contract to be put out to tender, producing savings which paid for these programme improvements. *Songs of Praise* remains the only religious programme regularly appearing in peak time on British television. *Heart of the Matter's* viewing figures were up on

1992/93 and its presenter, Joan Bakewell, won the Dimbleby award at BAFTA, in recognition of her contribution to religious broadcasting over the years. The major challenge for the year ahead is to explore new ways of reflecting different beliefs and cultures.

Music and Arts

BBC Television has continued its cultural patronage of classical and contemporary music, literature, theatre, the visual arts and dance. 1993/94 was a particularly strong year for dance, with *Dance for the Camera*, four films commissioned jointly by the BBC and the Arts Council, and the provocative *Strange Fish*, with DV8 Physical Theatre.

In classical music, *Opéra Imaginaire*, a six-part series of animated interpretations of great arias co-produced with Pascavision, won the MIDEM award for innovation. In 1993 we broadcast more concerts from the Proms than ever before. For the first time all 11 concerts shown on television were broadcast live and the Proms appeared on BBC1 as well as BBC2. Interviews and rare archive material from 1913 to 1978 examined *The Art of Conducting*. There were audiences of three million and two million respectively for *Pavarotti in Central Park* and the *Winter Gala* from Covent Garden.

In popular music, Smashie and Nicey (Harry Enfield and Paul Whitehouse) looked back at *30 years of Top of the Pops*, and *Tales of Rock & Roll* traced the origins of *Peggy Sue* and *Heartbreak Hotel*. We intend to broaden further the range of our coverage of music on television.

One outstanding programme in the literary field was *Arena's* exploration of the life of Graham Greene. *The Graham Greene Trilogy* included

readings by Sir Alec Guinness and rare archive footage of Kim Philby describing how he recruited Greene to be a wartime spy. It won the award for Best Documentary from the Broadcasting Press Guild. Other literary lives were illuminated in a series of films from *Bookmark*, including *The Vampire's Life*, which described the life and voodoo-haunted work of best-selling novelist Anne Rice. *Late Books* broke with *The Late Show's* past by using a readers' panel. We continue to look for other ways of engaging the interests of the broad reading public.

Last year we promised more programmes about poetry. *Poems on the Box* introduced unscheduled 90-second appearances of poems between programmes, with readings by contemporary poets, recordings of great voices from the past and celebrity voices reading personal favourites. *Poets' News* gave individual poets five minutes for their interpretations of the day's news. *Re-verse* contained an anthology of classic readings and interviews with 20th century poets. We promised more coverage of the theatre too – *Late Theatre* began regular reviews and discussions and we continue to televise the major theatrical awards.

The visual arts produced some original programmes. *Off the Wall* attempted an unusual approach by taking a major exhibition to the Byker estate in Newcastle. People from the estate toured Britain to choose the exhibits. In *The Bigger Picture*, Billy Connolly described the history of Scottish painting in a series that coincided with an exhibition of the same name at the Glasgow Museums.



Opéra Imaginaire



Torvill and Dean

| Sport

BBC Television covered more than 50 different sports in 1993/94, reaffirming the BBC's position as the terrestrial broadcaster with the most thorough commitment to sport. In an average week, 21 million people watch sport on the BBC. The Winter Olympics in Lillehammer was one of the year's

highlights; the BBC's coverage was technically inventive and informative, too, providing features explaining the finer points. The finals of the ice dance, with Torvill and Dean, drew 24 million viewers - the UK's largest television audience for any single programme since the current measurement system began.

Improved graphics and new camera angles continued to enhance the technical quality of our television sport. In cricket, we improved the quality of pictures from the stump camera and we now have seven different angles for slow-motion action replays. *Match of the Day* offered coverage of top League and Cup football, with perceptive analysis by Alan Hansen, Trevor Brooking and Desmond Lynam.

There were more specialist sports programmes, too. *On the Line* investigated issues ranging from safety standards to drug abuse by Diego Maradona. The documentary *Torvill and Dean* showed the tensions and intensity of preparations for the couple's comeback. And *Fantasy Football League*, an idea developed on Radio 5, developed a cult following with two million viewers. Guest team managers have included Lennox Lewis, Peter Cook, Roy Hattersley - and Basil Brush in his first television appearance in 13 years.

We succeeded in renewing our contracts to

cover rugby, motor racing and open golf, but lost the Ryder Cup contract to BSkyB. In an increasingly competitive broadcasting world, rights costs will rise faster than our income and we need to plan an approach to our sports coverage that recognises what we will be able to afford in the future.

| Children's Programmes

The past year has seen a marked rise in competition for younger viewers, particularly from cable and satellite services offering a high proportion of cartoons. The menu which the BBC offers to children has become noticeably different from that provided by other broadcasters. It has more factual programmes, original drama and pre-school programmes. Twenty-one million people watch the BBC's children's programmes for at least half an hour in an average week. But competition for this audience presents a challenge for the BBC if it is to continue to reach Britain's children with a wide range of stimulating programmes.

This year marked the 35th anniversary of *Blue Peter*, long one of the icons of our programming for children. *Here's One I Made Earlier* celebrated the programme's history with material from the archives and interviews with people who had appeared on the programme as children. More than eight million viewers watched the second award-winning series of Mary Norton's *The Borrowers*.

New offerings during the year included a Saturday morning magazine programme *Live and Kicking* and a junior consumer programme *Short Change*. *It'll Never Work* took an alternative look at the world of invention, technology and science.



Blue Peter

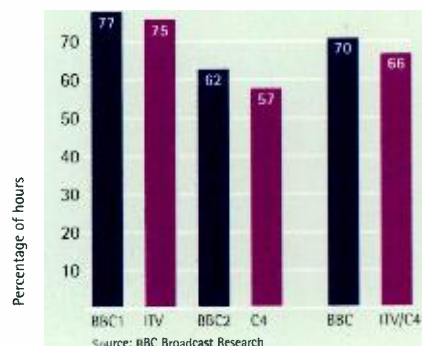
| Range of Programmes

In *Extending Choice* we promised to deliver a wide range of high-quality programmes. In 1993/94, BBC Television showed greater diversity in its peak-time programming than other terrestrial broadcasters. As competition in television increases, we shall continue to defend the public service nature of our schedules. Alongside drama and entertainment, we shall keep subjects such as religion and the arts at accessible and regular times. BBC1 and BBC2 will offer complementary scheduling to maximise choice for our audiences.

| UK Production

We are committed to the production of new programmes in the UK. In 1993/94 BBC1 and BBC2 both showed a larger proportion of new home-grown programmes in peak time than other major broadcasters. The proportion of repeats in peak time declined sharply from the unacceptably high levels in summer 1993.

Commitment to UK production
New UK-made output in peak time 1993/94



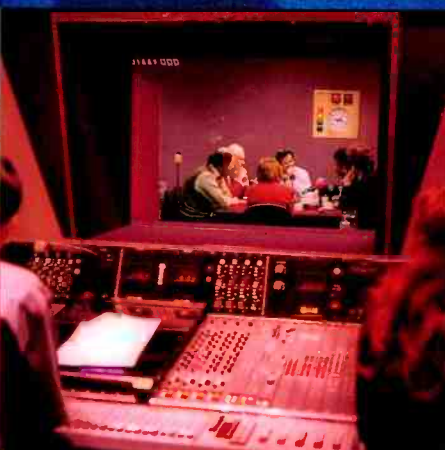
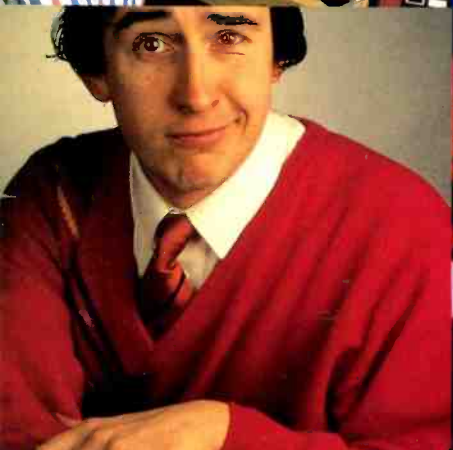
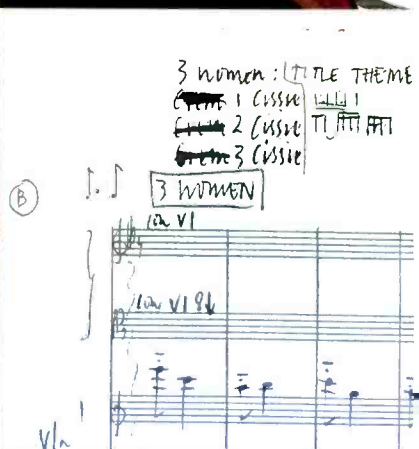


Verona
Strasbourg
Nantes
European tour
vorsprung durch technik
Munich
Marseille

U2 on tour



that's nice
and now to your letters
why not call us
hmm
ho ho ho
ta ta for now



secretary....it does of course contain secret information and must remain under lock and key.....I called Francis and set the tape recorder so she could listen. I was sitting listening myself when Carol came down and ..er..beckoned me away and so I went upstairs and discovered that Joshua was picking up my telephone call to Francis on his radio, so obviously there is a transmitter bug in my room....whether put there by the CIA, MI5, the Post Office or the KGB I do not know, but it was absolute confirmation.



over the last and it's Moorcroft Boy and In to the Red comes down at the last fence now for the long run in it's Moorcroft Boy from Miiinnehomaa and a loose horse Miiinnehomaa has the inside berth Just Soon on the outside as Richard Dunwoody hits the front on Miiinnehomaa Just So finishing strongly Fiddlers Pike still there e Miiinnehomaa still there Miiinnehomaa and Just So in a desperate set to Just So and Miiinnehomaa is just twenty five yards from the Grand National Miiinnehomaa wins it



All five BBC radio networks have unique roles to play in providing the listening public with choice – by complementing rather than competing with market-driven commercial broadcasters. In pursuing this aim, we took steps to differentiate Radio 1FM from commercial pop music stations and transformed Radio 5 into Radio 5 Live, with its round-the-clock news and sports format.

Network Radio

The increasing competitiveness of the television market place has been widely recognised. What is less well-acknowledged is the gathering pace of change in radio. Since 1983, the number of independent radio stations has increased from 42 to over 130. In 1993/94, the BBC also faced competition for the first time from two national commercial networks. Over the ten-year period, BBC Network Radio's share of listening has declined from 66% in 1983 to 44% in 1993/94. Last year's loss was 5%.

Competition in radio will intensify further. As it does, it will be important for the BBC to clarify the purpose of each of its radio networks. Each must have a clear public service role, offering distinctive programmes to a wide audience. We need to have realistic and achievable goals for the

1	2	3	4
5	6	7	8
9	10	11	12
13	14	15	16
17	18	19	20

Network Radio – distinctive services providing an alternative to commercial radio

Radio 1FM

- 1 John Peel
- 2 Steve Wright and the Posse
- 3 U2's European Tour
- 4 Mark Tonderai – late-night ragga, house and hip-hop

Radio 2

- 5 Terry Wogan
- 6 Sujata Barot
- 7 The Jimmy Young show
- 8 Sheridan Morley

Radio 3

- 9 Brian Kay's Sunday Morning
- 10 Derek Jarman's Blue – a unique collaboration with Channel 4
- 11 Tom Stoppard's Arcadia
- 12 Radio 3 – patron of new music

Radio 4

- 13 Knowing Me, Knowing You Alan Partridge (Steve Coogan)
- 14 Start the Week
- 15 The Benn Tapes
- 16 Arena Radio Night – a joint broadcast with BBC2

Radio 5/5 Live

- 17 Trevor Brooking's Football Night
- 18 The Grand National
- 19 Allan Little, News Correspondent
- 20 Radio 5 Live launch

networks individually and as a whole, which take into account, for example, that in London Radio 1FM already has nine competitors playing popular music.

To encourage an independent programme-making sector for radio, the BBC has introduced voluntary targets for independent productions. In 1993/94 we broadcast 718 hours, exceeding our first published target of 600 hours. The radio independent sector is still in its infancy but it was heartening that three independent productions for BBC networks won Sony awards this year.

I Radio 1FM

Radio 1FM should be a clearly public service network in the most competitive sector of the radio market. Over recent years, Radio 1 has been losing younger listeners and gaining older ones. The average age of its audience rose over a ten-year period, from 24 in 1983 to 30 in 1993.

During 1993/94, nine new young presenters joined the station. A new emphasis was placed on 1990s' music of all types. Mark Tonderai, Apache Indian and Steve Edwards introduced a new range of Afro-Caribbean and Asian music to the network, with better representation on the daytime playlist.

Radio 1FM is also bringing greater variety to younger audiences, with more live music, comedy, social-action and other informative programming. A large choice of live music was broadcast during the year. Prince performed in the Concert Hall in Broadcasting House and U2's European tour was covered extensively. *Sound City* in Glasgow involved more than 30 bands and was the biggest live music festival ever staged by Radio 1FM. *The Simon Mayo Morning Show* and *The Emma Freud Show*, in particular, have broadcast live sessions,

including *Sly and Robbie's Caribbean Christmas*; Phil Collins in rehearsal; and Squeeze and Texas from the BBC's studios in Maida Vale.

Radio 1FM's comedy included Simon Munnery portraying Alan Parker, "Britain's most left-wing man", in *29 Minutes of Truth*; other comedians highly-appreciated by the audience included Armando Iannucci, Paul Merton and Jeremy Hardy, who also appeared on Radio 4.

The network led or took part in ten social-action campaigns during the year. These tackled areas such as unemployment and drugs and attracted almost 58,000 telephone calls. Radio 1FM's audiences clearly appreciated these programmes, and in 1994/95 we will set up a permanent base for the social-action Helpline. Radio 1FM also covered religion in an innovative way with *The Big Holy One*, which included features like *Heretic Of The Week* and *What the Actress Said To The Bishop* – an actress quizzing a bishop about his faith.

Over the next year we will consolidate the changes on Radio 1FM that have been made during 1993/94, and make vigorous attempts to attract the younger audience.

I Radio 2

Radio 2 had a strong year, maintaining its share of listening despite increased competition. Older listeners tuned in for longer. It now serves the over-50 audience successfully with a schedule which is very different from those of commercial stations. More than a third of its broadcasts consist of speech, covering documentaries, religion, news, current affairs, arts, entertainment and comedy. In an average week, more than 10% of Radio 2's broadcasts are live music programmes. Radio 2 began to make more use of the BBC's

unique sound archive during 1993/94 and more is planned.

Radio 2's Seasons highlighted the range of the network's programming: *World of Dance* featured five concerts built around the Bolshoi ballet season; *World of Faith* included a Cliff Richard gospel concert; *The Best of British Week* celebrated British popular culture; and *Live Music Week* led up to the 40th anniversary of *Friday Night is Music Night*. The network devoted an entire day to celebrating the 75th anniversary of the RAF, with live shows from RAF bases around the world and from the Royal Festival Hall.

Audience research showed that Afro-Caribbean and Asian listeners were critical of the lack of representation of their cultures on Radio 2. The network responded by introducing its first regular Asian presenter, Sujata Barot, and new music programmes including *Black Voices* and *Bombay Mix*.

During the year, Radio 2 recognised that it could not schedule all the performance time available from the BBC Big Band and fulfil its remit to offer a wide range of specialist music. As a result, the Big Band has now ceased to be a staff orchestra, but will continue to play for Radio 2 as well as take on outside engagements.

The next challenge for Radio 2 is to attract the generation that grew up with the pop music of the 1960s and 1970s as it reaches 50, developing programmes which appeal to this age group but which do not alienate existing and devoted listeners.

Radio 3

During 1993/94 Radio 3 succeeded in revealing its treasures to a new and wider audience while maintaining the high profile of its innovative work. Programmes such as *Brian Kay's Sunday*

Morning, In Tune and *On Air* have brought new listeners to the network. Radio 3 has also developed lively programming to attract the younger music-lover, with *The Music Machine*, presented by 22-year-old Tommy Pearson.

Radio 3 is the UK's major patron of classical music. In 1993/94 the network commissioned new work from composers including John Tavener, Michael Nyman and Sir Harrison Birtwistle. The BBC Symphony Orchestra mounted *Ikons*, a Tavener festival at Westminster Abbey, Westminster Cathedral and the Barbican. The BBC National Orchestra of Wales gave the first performances of works by Schnittke and Firsova.

The network maintained the unique range of live and specially-recorded programming which accounts for almost half of the music it plays. Radio 3 invested £29 million in such broadcasts during 1993/94.

The greatest part of this investment was in the BBC's orchestras, which received critical praise throughout the year. New funding from S4C and the Welsh Tourist Board will enable the renamed BBC National Orchestra of Wales to build on its recent high achievements. The BBC Philharmonic served the North of England with a wide range of orchestral concerts and developed imaginative education projects. Despite the continuing uncertainty surrounding the merger of the BBC Scottish Symphony Orchestra with the orchestra of Scottish Opera, the BBC SSO maintained its high standards and won the Gramophone contemporary music award for its recording of the music of James MacMillan. We hope that the merger will be carried out speedily and effectively to build a better, stronger and bigger orchestra for Scotland.

Major events in Radio 3's year included the season of music composed in *Terezin*, the Nazi

concentration camp for musicians; *Polska!*, a celebration of Polish culture; and the 1968 season looking at the arts in a year of youth and revolt. Derek Jarman's *Blue*, a personal exploration of death, AIDS and his own fight against blindness, was a unique collaboration with Channel 4. *King Lear* was a triumph, with The Renaissance Theatre Company starring Sir John Gielgud supported by an extraordinary cast of many of Britain's leading actors and actresses.

Radio 4

Radio 4 had a stable year - both in its programming and in the size of its audience. Ninety-six per cent of its schedule remained unchanged. Long-running strands such as *Start The Week* continued their success, and others, such as *Just a Minute* with Paul Merton and Stephen Fry, were refreshed with new stars.

Radio 4 won almost a quarter of the awards at the 1994 Sony Radio Awards, including nine out of a possible total of 12 for news and current affairs. It won all three awards for documentaries and features: *Jack's Last Tape*, which chronicled the final months of Jack Trevor Story's life using his own audio-taped autobiography, was described by the judges as "...radio documentary-making at its best." The network won all three awards for comedy, too.

Over the years, Radio 4 has adapted its schedules skilfully and introduced innovation gradually. This year, an audience double the network's average for a Saturday night listened to the *Arena Radio Night* experiment with BBC2. *The Moral Maze* and *The Benn Tapes* brought clear voices and strong opinions to the network. 6.30 p.m. on a Thursday is now established as a showcase for young comedy, including *Knowing*

Me, Knowing You, *Jeremy Hardy Speaks to the Nation* and *Paris, London*; this new comedy has increased Radio 4's audience share. Drama, most of which has traditionally been broadcast in the afternoon, is being scheduled late at night as well, bringing with it a new, younger audience more evenly-spread across Britain. Ensuring that the network is attractive to a range of listeners remains a goal for 1994/95.

But some programmes and scheduling changes have caused audience hostility. We promised last year to develop new ideas for the mid-afternoon and to increase the amount of live radio. *Anderson Country* had a controversial reception and changes have already been made to improve its appeal. *Test Match Special* was transferred to Radio 4 long wave during the year as one result of a policy encouraged by the Government to vacate frequencies for commercial radio.

Fans of live cricket on the BBC mourned the sad death of Brian Johnston. His warmth, humour and spontaneity will be missed by viewers, listeners and his broadcasting colleagues.



Brian Johnston

Radio 5 and Radio 5 Live

At the end of 1993/94 Radio 5 closed to make way for the launch of the BBC's news and sport network, Radio 5 Live. The new network was designed to bring together the BBC's complementary strengths in news and in sport, giving us the capacity to broadcast breaking news stories and to carry major sports events live. It aims to attract new audiences to BBC Radio.

Under the strong leadership of its Controller Pat Ewing, Radio 5 increased its audience right up

to its closure, largely through its sports coverage, as audiences for its children's and youth programmes remained small in absolute terms. Many of Radio 5's innovative programmes moved to other networks. Its sports successes, including award-winning reporting and commentary by John Inverdale and John Rawling, have continued with Radio 5 Live. *They Think It's All Over* and *Fantasy Football League* have been taken up by BBC Television.

A major challenge for BBC News and Current Affairs and for Network Radio during 1993/94 was to bring Radio 5 Live to air. The new 24-hour network had a smooth launch within six months of first being announced – a considerable achievement given the scale of the task. As the network continues to establish itself, we must ensure that Radio 4 and Radio 5 Live provide distinct and complementary services to the listener.

I News and Current Affairs

Journalism of the highest quality on television and radio is central to the BBC's public service commitment. In 1993/94 we produced 5,500 hours of news and current affairs programmes and, in any one week, more than 33 million people tune in to our television news programmes for 30 minutes or more. The BBC is internationally renowned for its news coverage, and its operations around the world make it a powerful global news provider.

I Overseas News

1993/94 saw a series of significant developments in Europe and in Africa, and the BBC dedicated considerable airtime and expertise to explaining them in detail to our audiences.

The election of Nelson Mandela as South Africa's first black president was, perhaps, the biggest international story of the year – and one of the most important of the decade. The BBC has committed considerable effort to reporting events in South Africa for over 20 years, and we were able to draw upon the experience and authority of our correspondents based in the country to cover the historic developments of the past year. Tragically, John Harrison, our Southern African Correspondent, through whose eyes we had watched the democratic process develop, died in a road accident only weeks before that process reached its culmination.

Elsewhere in Africa, George Alagiah brought us the first disturbing reports of tribal massacres in Burundi; and the BBC was at the forefront of reporting the horrific events in Rwanda.

In Europe, the BBC is the only broadcasting organisation to have maintained a continuous presence in Bosnia throughout two years of bitter

fighting. The fact that our journalists work for both media – radio and television – has given us advantages over other broadcasters, and the quality of the BBC's journalism in Bosnia has been recognised by numerous awards. In Russia, bi-media correspondents analysed President Yeltsin's difficulties and the rise of Russian nationalism. Radio 4's *Today* programme won an award for its reporting of the White House siege. A sad reminder of the risks that go hand-in-hand with newsgathering came with the death of the cameraman Rory Peck while filming the battle around the Ostankino Television Station. His distinguished work as a freelance had graced many a report from the world's war zones.

We recognise the challenge BBC News and Current Affairs faces from international competitors like CNN and Sky News. In October 1993 we signed a formal agreement with ABC News to work together in a newsgathering partnership. We have broadened our international base by opening new bureaux in Rio, Kiev and Cairo and by enlarging our teams in India and Moscow.

UK News

Our team of political correspondents covered a year of incident, emotion and occasionally fevered speculation with authority and objectivity. We do, however, need continually to be wary of attaching too much significance to the political manoeuvrings of a single day, which can sometimes displace items of longer-lasting importance.

In last year's Annual Review, we recognised the need to improve our coverage



MOSCOW C4 10 93

liberate all strongholds

President Yeltsin and his Government are already making good use of their total control of the electronic media to stress this bloodshed is all the parliament's fault.





1	2	3	4
5	6	7	8
9	10	11	12
13	14	15	16
17	18	19	20

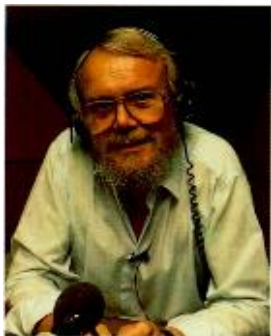
News and Current Affairs – reporting significant events to a broader audience

- 1 Middle East peace accord
- 2 Nine O'Clock News
- 3 Martin Bell reporting from Sarajevo
- 4 South Africa's first democratic election
- 5 Coverage of the Russian White House siege from Radio 4's Today programme
- 6 Breakfast with Frost
- 7 Subtitling of Assignment
- 8 Chief News Correspondent Kate Adie, in Bosnia
- 9 Princess Diana announces a reduction in public appearances
- 10 Question Time
- 11 Panorama
- 12 In the Red
- 13 Live coverage from the House of Commons
- 14 Rory Peck, cameraman (1956–93)
- 15 The newsroom in Television Centre
- 16 News programmes on Radio 4
- 17 Thatcher – The Downing Street Years
- 18 The Money Programme
- 19 Newsround – news contribution to children's television
- 20 John Harrison, correspondent (1946–94)

of the whole of the United Kingdom. We made progress in this, particularly in the range of items on the *Six O'Clock News* on television and on *Today* and *PM* on Radio 4. *Newsbeat*, which this year celebrated 20 years on Radio 1, carried special regional features. Other initiatives included *Breakfast News' On the Road* and *Newsnight's* regional debates. We now have more correspondents and producers based in the regions.

Increasing the range of technical skills of our staff, or multi-skilling, has proved beneficial. On 18 November, for example, a Russian factory ship ran aground seven miles off the coast of Lerwick in the Shetlands. A three-hour rescue operation was mounted in storm-force winds and there was widespread fear of pollution. BBC Scotland provided the pictures and Andrew Cassell, our Scotland Correspondent, edited them himself, recorded a voice-over and sent the whole report down to London. It led the *One O'Clock News*.

In a year of several sad losses, that of Brian Redhead particularly moved many of our listeners. He was mourned by his colleagues, by regular contributors to the *Today* programme, including many politicians who had faced his vigorous interviewing in the studio, and above all by his audience. More than 6,000 listeners wrote to *Today* to express their grief.



Brian Redhead

| Interviewing

In last year's Annual Review, the Board of Governors asked management "to ensure that the BBC's interviewers maintain standards of proper courtesy while rigorously testing the position of interviewees".

By strengthening our newsgathering operations, locally and internationally, we were able to provide authoritative coverage of a broader spread of issues and events. We tried to make current affairs more accessible to a wider audience, and at the same time place greater emphasis on the truly important issues of the day. We aimed for higher standards of journalism, balancing the need for persistent investigation with respect for privacy and courtesy.

During the year our presenters and reporters have made a sustained effort to ensure greater courtesy, particularly trying to avoid interruptions. Although research shows that viewers and listeners are concerned about courtesy, it also reveals that more than half of the audience believes that the BBC is not testing politicians sufficiently. In 1994/95 we will continue to pay close attention to the overall production and planning of our interviews, aiming to increase their rigour, to be testing as well as courteous.

| Current Affairs

In 1993/94, a revitalised *Panorama* broke a number of major stories. In the early hours of Thursday, 9 September 1993, in Suite 119 of the Bristol Hotel in Paris, an historic agreement was struck between Abu Ala, Yasser Arafat's envoy, and Uri Savir, representing Israel. The only journalist in the hotel at the time was *Panorama's* Jane Corbin. At 5 a.m. Mr Savir gave her an interview. The following Monday, *Panorama* broadcast its report – *The Norway Channel*. Other notable editions during the year included *The Case of India One*, alleging police corruption, and *The Manager*, covering claims of mismanagement at Tottenham Hotspur. *Assignment* broadcast a number of memorable reports from around the world: *Let Her Die* focused on the problems of female infanticide and abortion in India; *The Disposables* highlighted the situation of poor and underprivileged children in Colombia. On radio, *File on Four's* authoritative investigations included an acclaimed report on the intimidation of witnesses in criminal trials.

Current affairs programmes also devised new formats to attract new viewers and listeners. We launched *Here and Now* to bring current affairs to a wider audience. This was one benefit of the savings in News and Current Affairs, achieved through Producer Choice, which were ploughed back into programming. Another innovative series, *In The Red*, broadcast in the week before the Budget, took a group of ordinary people from Bristol on a journey of discovery through the economy, setting them the problem of how they would save £5 billion if they were the Chancellor of the Exchequer.

The efficiency savings funded a number of new programmes on contemporary politics, too. *Thatcher - The Downing Street Years*, a powerful and compelling account of recent British politics, won the Broadcasting Press Guild's award for the best documentary series and was one of the highlights of the BBC's year.

| Subtitling

Three million people in the UK suffer from serious hearing difficulties. The BBC has promised to subtitle half of all its television broadcasts by 1998, and over the last 12 months we have increased the proportion covered from 25% to 30%. June 1993 saw the launch of the subtitling of *Newsnight* and *Westminster Live*, and from March 1994, six current affairs programmes have been subtitled. Live subtitling increased from 10 to 25 hours per week, including all news flashes, the Budget in November, and the signing of the Middle East peace agreement in Washington.

Our largest-ever investment in regional journalism and the forging of closer links between radio and television resulted in a noticeable improvement to the quality and depth of our coverage. The contribution made by the regions to network broadcasting will be substantially increased over the next three years.

| Regional Broadcasting

The BBC's audience is made up of many distinct and diverse groups. We have an obligation to serve them all and to recognise their differing needs and the expectations they have of their BBC. In every area of programming in every region, we need to learn more about them, both those who already listen and watch and those who do not. Mirroring the Programme Strategy Review in our network programmes, in 1994 we are assessing across the UK what range of regional programmes – information, culture, entertainment – the BBC should provide. During 1994/95 we will develop and begin to implement a new programme strategy for each region based on this better understanding of the audience's needs. It will be informed by improved audience research.

| Regional Journalism

This year saw the largest investment ever in the BBC's regional journalism. 170 new journalist posts were created, entirely funded by internal savings, to enhance the quality and authority of our regional reporting. These included 41 regional specialist correspondents working across both local radio and regional television. In every main centre, we now have specialists in local government, regional politics, industry and business, health, education and the environment. This investment has already had a significant impact on our regional journalism.

Journalism of a particularly high quality was achieved by BBC Northern Ireland's coverage of the Shankill bombing, Greysteel murders, Hume-Adams talks and the Downing Street declaration - reporting which was, as ever, sure-footed.

Fittingly, the Royal Television Society recognised 25 years of achievement for BBC Northern Ireland's journalism with a special award.

We continued to improve the editorial content of the nightly regional television news programmes which are watched by 26 million people each week. We now need, similarly, to enhance the production quality of these programmes.

The quality of both the journalism and the production in the weekly regional current affairs programmes across the UK has been strengthened. They now focus more closely on analysis and debate of the major issues facing each region. There is a solid track record of original revelatory journalism. The award-winning *Focal Point* from BBC Scotland became the first programme to televise a criminal trial in Britain. Following up regional current affairs programmes with phone-in debates on BBC local radio has increased during 1993/94, taking advantage of our unique link between regional television and local radio.

1993/94 was a particularly good year for BBC local radio. We increased the proportion of speech in our broadcasts from 70% to 80%, making the service more distinctive and improving its quality. BBC local radio's weekly reach increased from 20% of the population to 22%, with more than ten million listeners. Three-quarters of all our stations increased or maintained their audience reach. But with almost 60% of our listeners over 55 years of age, we still have to find ways of serving the whole community with our local radio. In particular, we will be examining how to improve audiences for CWR in Coventry and Warwickshire, Wiltshire Sound, Radio Sussex/Surrey, Radio Berkshire, Three Counties Radio and GLR in London, which faces the

strongest competition of any BBC local radio station.

As with network news, in 1994/95 we intend to increase our ability to cover regional news stories live. We will also build on the firm foundation of our regional specialists and develop in our programmes a greater understanding of their regions and the issues and trends that most affect them.

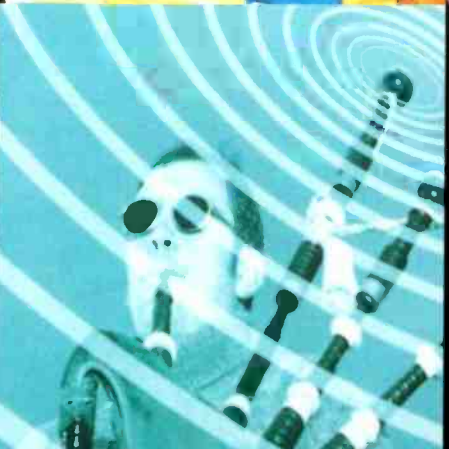
| General Programming in the National Regions

Radio Scotland became the first station based outside London to win the Sony National Station of the Year award – a remarkable achievement and a well-deserved recognition of the successful relaunch of the station under its new head. Its average weekly audience is up by 100,000 to over one million listeners. Radio Wales also gained more listeners after increasing its speech content and is second only to Radio 1FM in audience size in Wales. Radio Cymru reached more Welsh-speakers in 1993/94. Radio Ulster has maintained its impressive weekly reach of more than 30% of its potential audience.

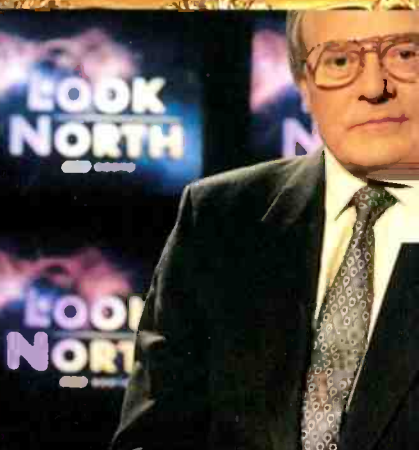
On television, BBC Scotland reduced the volume of its general programming to concentrate on quality, reaping the benefits with *Ex-S*, its popular culture series which won a BAFTA award; and *The Loch*, a first venture into natural history programming. In Wales, the focus has been on expanding the quantity of English-language programmes. BBC Wales' new Arts department launched a magazine programme with a unique style, *The Slate*, which in its first year won two BAFTA awards and praise and support from the arts community in Wales. But we must make sure that high standards of quality are achieved in all



reidio
reidio



94.3fm
89.1fm
90.7fm
37.3fm
96.9fm



Bore
da.
Rydach chi'n gwrandu a

1	2	3	4
5	6	7	8
9	10	11	12
13	14	15	16
17	18	19	20

Regional Broadcasting – programmes for both network and regional television and radio

- 1 Gourmet Ireland BBC Northern Ireland
- 2 BBC North's coverage of the Bristol ordination of women priests
- 3 Increasing speech on regional and local radio
- 4 Mark Radcliffe BBC North
- 5 The Cormorant BBC Wales
- 6 Antiques Roadshow BBC South
- 7 Pobol y Cwm BBC Wales
- 8 Brian Rowan, Chief Security Correspondent BBC Northern Ireland
- 9 Liz Green and Stephen LeFevre Radio Leeds
- 10 Radio Scotland – Sony National Station of the Year
- 11 Rab C Nesbitt BBC Scotland
- 12 The Bigger Picture BBC Scotland
- 13 Blood Et Belonging BBC Wales
- 14 Local radio
- 15 Love Lies Bleeding BBC Northern Ireland
- 16 News studio Newcastle
- 17 A Question of Sport BBC North
- 18 Gardeners' World BBC Midlands and East
- 19 Pebble Mill location crew
- 20 Radio Cymru

our English-language television programmes in Wales. *William Jones*, winner of five BAFTA awards, was the first Welsh-language drama from BBC Wales other than *Pobol y Cwm* for six years. BBC Northern Ireland launched the Province's only children's strand, *Over the Wall*, and established a local sports magazine, *The Back Page*, which gives attention to women's and minority sports as well as to the more traditional and popular games.

In all three national regions, there is a need for more systematic monitoring of the range and quality of both English and Celtic language regional programming. Co-ordination and planning of the scheduling of regional programming with the television networks has improved. But we must do more to ensure regional programmes are broadcast at accessible times without at the same time unbalancing network schedules and marginalising key network programmes.

Regional Contribution to the Networks

We are committed to reflecting national and local identities in every aspect of our programming, not solely in regional programmes but also in those made for the whole network audience. During 1993/94, programmes produced by the regions for our networks have included some of the BBC's



Sir Anthony Hopkins
in *Selected Exits*

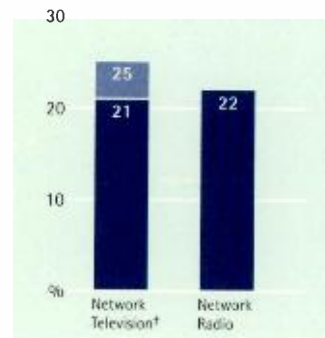
highlights of the year: *Life in the Freezer*, *Selected Exits*, *The Bigger Picture*, *Jack's Last Tape*, *On The Line*. However, the proportion of spending on transmitted network programmes produced by the regions was only between 20% and 25% on radio and television.

The BBC agreed a new regional policy in April 1994. As a result, network production in the regions is to rise from broadly a fifth to broadly a third of output by 1997/98. This will entail moving £75m of annual production spending into the regions.

In particular, network spending in the national regions is to increase by at least two-thirds. A third of all drama will be produced outside London; spending on music and arts in the regions will more than double; expenditure outside London on children's programmes will quadruple; light entertainment will double its regional spend; and over a quarter of weekly current affairs will be produced from the regions.

The implementation of the new policy is a major challenge for Regional Broadcasting and the other programme directorates. An important element will be to encourage the development of a large and creative body of independent producers outside London. The BBC will be working with the independent producers' association, PACT, to help bring this about.

Proportion of network programme spending commissioned from outside London and the South East 1993/94



†25% of the expenditure on network television programmes was represented by commissions placed with the regions. This figure includes approximately 5% commissioned from the regions but contracted to independent producers based in London. Editorial control of these programmes remained in the regions. The figure does

not include programmes commissioned by in-house London departments from regionally-based independents (approximately 1%). Adjusting for these would alter the proportion to 21%. The figures reflect where commissions have been placed and do not necessarily indicate the locality in which the programmes were made.

Our schools programmes remained pre-eminent in the classroom, and educational and informative programmes featured more widely in peak-time schedules than ever before. But we must develop a broader approach to education for all parts of the community – and take full advantage of the opportunities offered by multi-media.

| Education

In April 1993, BBC Education was launched as a directorate encompassing radio, television and educational publishing across the full range of formal and continuing education.

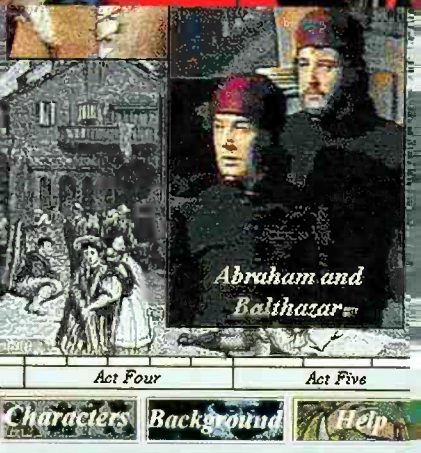
Nine out of the ten most-watched primary school series were made by the BBC. *Numbertime* brought a new approach to pre-school mathematics, using graphics, animation, songs, rhymes and numbers. This year, as last year, seven out of the ten most popular secondary schools programmes were made by BBC Schools. *Short Circuit*, a science series, won the Royal Television Society's award for the best secondary school series.

Educational and informative programmes should have a place at the heart of our schedules. In 1992/93 only 5% of the BBC's continuing education and training programmes on television were shown at peak time. Since the creation of the new directorate, we have increased this to 30%. Outstanding educational programmes have included *Drive*, with its safer-driving message aimed particularly at young men, and *Living with the Enemy*, a series giving practical help on dealing with conflict between parents and teenagers. BBC Education has led Corporation-wide initiatives, the first of which was *Fun and Learning* for pre-school children in autumn 1993.

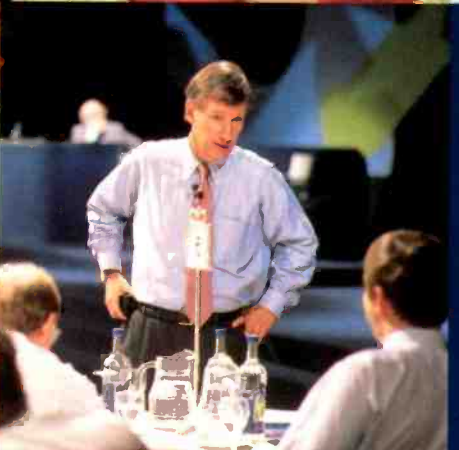
BBC Education launched a multi-media computer technology initiative in 1993/94 with programming such as *The Big Byte* on Radio 5 Live and *The Net* on BBC2. The BBC Networking Club, announced in spring 1994, will supply back-up information to BBC programmes, allow interactive debates with BBC programme-makers and provide low-cost access for our audiences to



Italianimo!
ISS



$x^3 + Bx^2 + Cx + D$
current debate
quantum mech
relativity
unification of phys



1	2	3	4
5	6	7	8
9	10	11	12
13	14	15	16
17	18	19	20

BBC Education – radio, television and educational publishing

- 1 Funky Black Shorts – ten-minute dramas celebrating new black talent
- 2 The Net – computer technology on BBC2
- 3 Short Circuit – science and society
- 4 Japan 2000
- 5 Eve Strikes Back – self-defence for women
- 6 Blooming Bellamy
- 7 Italianissimo!
- 8 In the News
- 9 The Ancient Mariner
- 10 Eggshells and Thunderbolts – religious knowledge on CD-i
- 11 Tales from Europe
- 12 Romeo and Juliet on CD-ROM
- 13 Seven out of the ten most watched secondary school series in 1993/94 were made by the BBC
- 14 History File
- 15 Tom Peters – Management Revolution and Corporate Reinvention
- 16 Open University – over 2,000 programmes a year
- 17 The Big Byte – digital technology on radio
- 18 Come Outside – exploring nature
- 19 Hard Times
- 20 Go For It! – special needs teaching

international computer networks.

The BBC transmitted over 500 radio programmes and more than 1,500 television programmes for the Open University. In July 1993, an OU series, *A Picture of Health?*, was shown on BBC2 during peak time as a showcase for the University. We offer our congratulations to the Open University, which celebrated its 25th anniversary in April 1994.

BBC Select was set up to use the night hours not occupied by BBC1 and BBC2 to provide encrypted commercial subscription services. Its financial performance has been disappointing and, as a result, we have redirected it to work with educational and community organisations broadcasting specialist night-time programmes at no cost to the licence-fee payer.

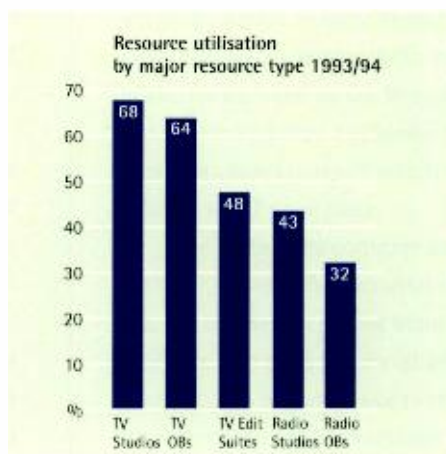
Having successfully established itself as a directorate in 1993/94, BBC Education's major task in 1994/95 will be to identify the educational needs and interests of all sections of the community and respond effectively to them. This will involve all parts of the BBC. We want to make the best use of terrestrial, cable and satellite, video, audio, CD-ROM and other main non-broadcast options. We will also need to improve our understanding – with improved research – of how well the BBC's educational programmes and services reach their intended audience.

Eurfron Gwynne Jones, the BBC's Director of Education, will retire in August 1994 after 27 years of distinguished service to BBC Education, and to science education in particular. We are greatly in her debt, and delighted that the Royal Television Society made her a special award to reflect a lifetime's contribution to educational broadcasting.

The creation of an internal market for the BBC's facilities, resources and services has been a success, despite some initial resistance. By reducing over-capacity, it delivered direct efficiency savings of over £100 million. Our market-testing initiative was also productive, leading to substantial reductions in overheads and allowing an even larger proportion of our income to be dedicated to programme-making.

Resources

More generally, by revealing the full cost of resources, Producer Choice has encouraged BBC programme-makers to reduce their requirements for resources, exposing significant over-capacity in some of our facilities and services. As a result, we have made capacity reductions during the year. In London, these have been principally in film services, production design and graphics. We have also closed design units with insufficient amounts of regular work in Northern Ireland, the North and the South. Even allowing for transfers into BBC Resources, there was a net reduction of over 700 staff posts in the directorate in 1993/94. Despite these cuts and the opportunity to use outside facilities, our programme-makers still conduct nearly 90% of their business with BBC Resources, both in London and in the regions. Utilisation of our major facilities has remained close to target in most areas. BBC Resources almost achieved its budgeted operating deficit for the year, missing this target by an amount equivalent to less than 0.5% of its turnover. This was a remarkable achievement by the directorate in its first year of having to win all of its income through trading.



Definitions

- TV Studios, days in production and preparation (excluding refurbishment and statutory maintenance)
- TV outside broadcast vehicles (OBs), days in production, rig/de-rig and travel (excluding statutory maintenance)
- TV edit suites, hours in production (versus 16 hours per day, 7 days per week)
- Radio studios, hours in production (versus 16 hours per day, 7 days per week)
- Radio OBs, days in production, rig/de-rig and travel (excluding statutory maintenance)



BBC Resources – a broad range of craft skills

- 1 Television studio
- 2 Outside broadcast vehicle
- 3 Scene painting
- 4 Costume
- 5 Sound
- 6 Post production
- 7 Wardrobe
- 8 Set design
- 9 Sound transfer
- 10 Radio studio

A contingency reserve of £30 million had been set up for the first year of the new system. It remained unused.

In 1993/94, we launched an ambitious market-testing programme. This involved exposing over 70 overhead and support services to market pressures by three different means: competitive tendering; allowing customers the freedom to purchase from inside or outside the BBC; and setting efficiency targets through detailed comparisons with the costs of other providers of similar services. Annual cost reductions in overhead areas of more than £50 million across the BBC have been included in the 1994/95 budget. The greatest savings from market-testing have not come from reduced costs through contracting for services from suppliers outside the BBC – but rather from reductions in the level of demand from BBC customers once the costs of their requirements have been fully understood.

The BBC defined a new property strategy in December 1993. This aims to cut our stock of buildings by one million square feet by



1997 and is targeted to produce savings thereafter of at least £10 million a year. The disposal programme for buildings and sites is already well underway.

The Engineering Division within Resources also made large efficiency gains in 1993/94. During the year a study by Coopers & Lybrand found the BBC's transmission costs to be substantially less than the equivalent charges to ITV and Channel 4.

BBC Resources is growing into an organisation which focuses more on its customers – primarily BBC programme-makers. It is working to improve the pricing and quality of its services relative to those of its competitors. Increasing the skill of BBC Resources managers and the involvement of BBC staff will be crucial if it is to achieve these goals.

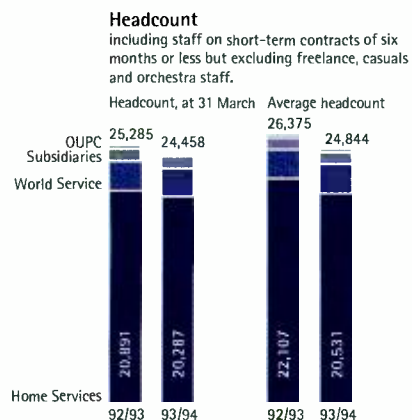
The major challenge for BBC Resources in 1994/95 is to break even. This will require cutting an additional £87 million during the year from its costs, a reduction of more than 10%. This will be achieved by further reducing capacity and by introducing more competitive conditions of service.

Efficiency

In July 1993 the Department of National Heritage commissioned an independent review by Touche Ross to assess what progress the BBC had made in meeting the financial targets identified by Price Waterhouse on behalf of the Government in 1990; what scope there was for additional savings; and whether the licence-fee should continue to be linked to the retail price index. Following the review, the Secretary of State for National Heritage congratulated the BBC on its progress and announced “the consultants had found that the BBC has pursued opportunities to make savings and efficiency improvements in a rigorous and effective manner”. The licence-fee was indexed to the retail price index for the next three years, providing a sound base for the BBC's financial planning over that period; the elimination of the BBC's borrowing requirements by the end of 1996; and the opportunity for substantial efficiency savings to go into improving programmes.

We achieved productivity and efficiency gains of over £100 million in 1993/94. Across the BBC, there were over 1,500 redundancies. Staff numbers in the BBC's licence-fee funded operations were down by some 600 (3%) on last year. Within this overall figure, there was a reduction of over 900 (8%) jobs in resources, services and central overhead activities, while programme production staff actually increased by approximately 300 (4%) to accommodate some of our investment in new programmes.

Efficiency savings of 9% were assumed by Touche Ross in 1994/95, with 3.5% in each of the two following years. We are aiming to achieve further major efficiency savings which will meet or exceed the Touche Ross assumptions: over £100 million in each of 1994/95 and 1995/96.



The BBC's initial moves to make itself more efficient were largely through Corporation-wide exercises such as the Overheads Review, which will have cut the costs of overhead activities substantially in both central and programme directorates by 1996/97. In preparation for Producer Choice, the Resources Study identified the scale of the BBC's over-provision of major types of production facility and led to reductions and closures that brought capacity more closely in line with expected demand from BBC programme-makers. This year, as we have explained, the trading relations introduced through Producer Choice have already put additional pressure on costs and brought large savings.

Despite these advances, the internal market for many resources and services cannot be perfect. Some types of service are natural monopolies and with others the outside market has not yet developed to offer competing services. The next phase of making the BBC more efficient will require regular, sophisticated comparative information about all areas of our costs and the ability to plot cost trends over time. The BBC's systems are being developed to meet these information needs. The key to continuing production efficiency will be a highly-informed decision by the channel controller at the point of commissioning.

Financial Control

At the end of March 1993, the BBC had spent its operating reserves of previous years and moved into borrowing. Independent production was growing, increasing the BBC's outflow of cash. These two factors, combined with the reduced level of certainty caused by the introduction of Producer Choice, made it important to strengthen our financial controls.

Early in the year we introduced tighter cash management and set efficiency targets for 1994/95 to influence future commissioning. The quality of financial staff was strengthened throughout the BBC, and there was a renewed emphasis on financial training and efforts to make the BBC's financial systems more compatible with the new trading environment under Producer Choice. A new Head of Internal Audit was appointed and the role of internal audit was redefined. We identified the quality of financial forecasting as an area requiring improvement throughout the BBC in 1994/95.

We increased our licence-fee income by reducing collection costs from 5.8% of licence-fee income in 1992/93 to 5.3%. We estimate that evasion was reduced from 8.0% to 7.2% of the potential licence-fee. Our goal is to continue to reduce the combined cost of evasion and collection in the coming years.

Financial Results

In 1993/94, we achieved an operating surplus, before restructuring costs, of £122 million. This was an impressive improvement on the restated figure for the previous year, a surplus of £5 million. The restatement was needed to show the 1992/93 accounts on the full-cost basis we have adopted from 1993/94, operating under Producer Choice. The surplus was a result of improved commercial income, higher licence-fee revenue and the unused £30 million reserve which had been set aside as a contingency for the first year of Producer Choice. Restructuring costs were £53 million, approximately half the level of 1992/93. We cut our borrowings (including savings stamps and World Service) to £63 million, £51 million lower than at the end of 1992/93.

Despite the financial pressures of licence-fee growth linked to the level of inflation and rising costs driven by an ever more competitive market, the BBC's financial position is much stronger at the end of the year than it was at the beginning.

Financial Highlights

	1993/94	1992/93 as restated
	£m	£m
Licence-fee income	1,684	1,598
Profit from subsidiaries	17	11
Operating surplus before restructuring costs	122	5
Restructuring costs	(53)	(101)
Borrowings (including savings stamps and World Service)	(63)	(114)

Funding Extra Programmes

During the year, a combination of efficiency savings, reductions in licence-fee evasion and collection costs, and improved commercial income allowed the BBC to fund extra programmes and programme enhancements. The efficiency and other gains also funded costs rising faster than the retail price index, including sports rights, talent costs and staff pay. Specific developments paid for in 1993/94 included: Radio 5 Live, *Here and Now*, political memoirs; additional regional journalists; comedy on Radio 1FM; more television entertainment; Sunday morning children's television and Sunday tea-time drama; and a major contribution to the cost of covering the Winter Olympics. 1994/95 will also be a year of substantial programme enhancement with a further investment in new programmes of over £50 million.

From 1995/96, continuing efficiency and other initiatives will allow us to create a Programme Strategy Fund to finance new ideas arising from the Programme Strategy Review. Through the Fund, we will invest an additional £60 million in programmes in 1995/96 and an additional £120 million in 1996/97 over and beyond current budgets and planned developments. The benefits of Producer Choice will be seen in the form of new and original programming across a range of subjects and throughout our networks on radio and on television for the rest of this decade.

Efficiency savings will also enable us to increase capital investment in the BBC (excluding subsidiaries and World Service) from £86 million in 1993/94 to £130 million in 1995/96.

Director-General's Review *Organisation and Management*

Financial Systems

Over many years, different systems have been developed in different parts of the BBC. During the past year, the increasing demand for detailed and speedy information highlighted new requirements for comparability and communication between systems. Mismatching information between directorates occurred, and internal invoicing backlogs built up. These problems were overcome, but with difficulty. Our systems need to evolve to eliminate the current difficulties and to enable us to identify more precisely further opportunities for efficiency. In parallel, we need a coherent approach to data collection across the BBC, with common definitions and shared information on the performance of different areas.

We are now planning a fundamental redesign of the BBC's financial systems. Short-term solutions have been introduced where possible, particularly to improve corporate reporting and to introduce electronic trading between directorates. The development of an overall strategy for our information technology is an important priority for 1994/95, although it will take until the end of 1995/96 before the integration of financial systems across the BBC can take place to a substantial degree.

Organisational Changes

In January 1993 we announced several changes to the BBC's organisational structure. We wanted to ensure equal treatment – to create a level playing-field – for independent programme-makers and outside facility and service providers. We also wanted a structure which would allow BBC managers to concentrate on their main tasks: channel controllers on commissioning and scheduling; programme heads on the production of programmes; and resource managers on providing up-to-date and efficient resources of high quality.

Separating the responsibilities for commissioning programmes from their production is now almost complete in Network Television, Network Radio and in the regions. Remaining areas will be addressed during 1994/95. The Charter for Independents was agreed with PACT, the independent producers' body, and published in July 1993. It sets out a commitment to give independent producers up-to-date information on the BBC's programme strategy, direct access to commissioners, clear contact points within the BBC and a new system for appeals if they feel unfairly treated. No such appeals have yet been made. The BBC has met all of its statutory and published targets for independent production. As we promised last year, we contracted a market research firm to carry out a survey of in-house and independents' views on their satisfaction with the BBC's commissioning process. 75% thought the process was fair and actions are in train to address the areas of shortcoming.

The formation of the Resources directorate brought together around half the BBC's staff – about 10,000 people – previously in six separate directorates, and some £740 million in turnover. Bill Denny led this process before his retirement,

By rationalising the BBC's structure at every level, we became a more clearly-defined and responsive organisation. Managers in programme departments now devote their energies exclusively to making programmes, leaving managers in resources to concentrate solely on providing the best services to support them. Changes to our pay and benefits philosophy are designed both to attract the best people and to ensure that our internal services are competitively priced.

a fitting conclusion to 37 years of outstanding service to the BBC's engineering and operations. In September 1993, a single division was established for all London production resources, including television, radio and news and current affairs. All the BBC's asset and property management and all in-house support services were put together for the first time in the Services Division. Across the Resources directorate, 230 departments have been amalgamated into 65 operational units.

We will reduce the size of the corporate centre from over 1,000 people in 1992/93 to below 200 people by the end of 1994. Significant progress has already taken place, both by devolving services to directorates and by reducing staff numbers. The centre – Finance, Personnel, Policy & Planning, Corporate Affairs and Legal – is now concentrating on strategy, policy and performance review. Corporate management and governance costs, which include the cost of the centre, accounted for 3.2% of all BBC spending in 1993/94.

Three-year budgets have been introduced from 1993/94, linked into a three-year programme commissioning cycle. New Board of Management committees have been instituted: Commercial and Business; Technical; and Capital Expenditure. A Programme Committee will be launched in the Autumn once the Network Programme Strategy Review has concluded. The first year of Performance Review is now complete.

Managing People and Reward

In 1994/95 every member of BBC staff is to receive a proper appraisal, agree personal objectives and discuss his or her individual training and development needs. This is already happening for more than half of the staff in News and Current

Affairs and Network Radio. Regional Broadcasting and Resources have plans for making rapid progress towards this goal.

We have equalised pay and benefits between short-term and continuing staff contracts to ensure fairness of treatment for all staff. We are phasing in more flexible basic pay systems which link performance more closely to reward. In addition, corporate conditions of service are being devolved to directorates so that they can be designed to meet their local needs. We are, however, retaining a core of corporate-wide employment conditions to ensure that fair and proper employment standards are maintained. Implementing the new pay and conditions of service will be a major challenge in 1994/95.

Excessive use of short-term contracts has been highlighted as an issue during 1993/94. Between a quarter and a half of staff in the programme directorates are on short-term contracts, with over 50% in Wales. Every directorate is reviewing its current practice and reducing unnecessary use of these contracts.

Management Effectiveness

Our survey of staff last year demonstrated the urgent need for improved communication within the BBC and for more effective management at every level. We have made a commitment that all members of staff will be invited to meetings with their managers at least once each month. We discussed the BBC's goals with staff and considered their response at a series of workshops, which have been attended so far by over 7,000 staff.

The staff survey also showed that in many areas our staff do not feel involved in decision-making. Over 40 projects have been set up during the year to involve small teams of staff in addressing specific problems in their own areas. One group in Engineering, for example, reduced

the average number of visits to the Oxford transmitter by 20% whilst maintaining a normal level of service.

We have made some progress in improving management effectiveness, but there is still much left to do. Management training is a priority. We have designed a development programme for our top 250 managers which will start in summer 1994. The BBC's MBA programme has been introduced and single courses from the programme are now available to all managers. Basic training programmes have been improved, and the Centre for Broadcast Skills and Training at Wood Norton has been relaunched. However, in 1994/95 we will need to analyse each individual's training needs more thoroughly across the BBC.

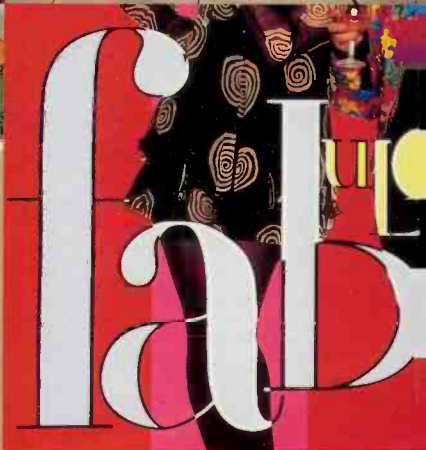
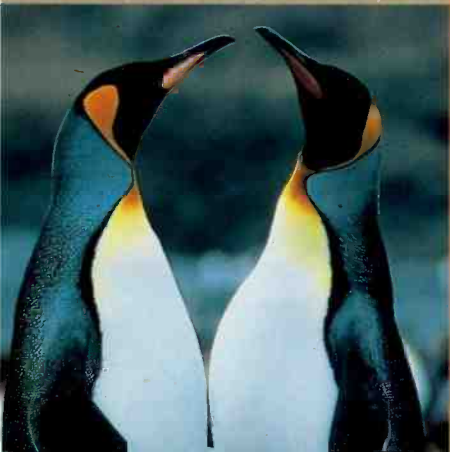
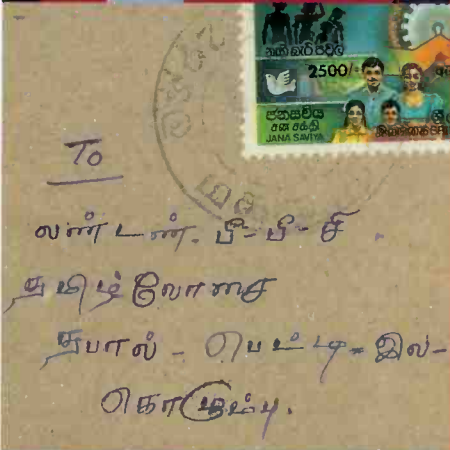
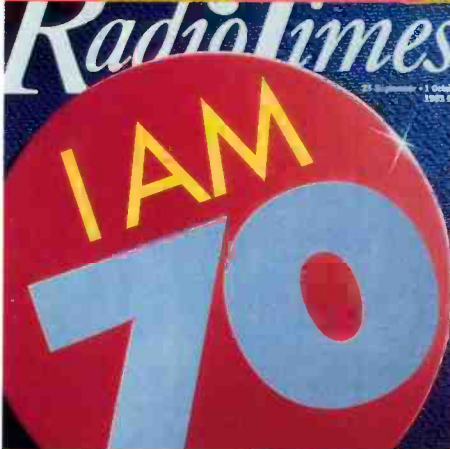
Equal Opportunities

We have made progress towards our equal opportunity targets. The proportion of women at all management levels has increased. Network Television has made particular headway against its gender targets at senior levels and was awarded two National Regional Training awards for its equal opportunities initiatives. Its example shows that vigorous management action can help the achievement of equal opportunities goals. Four directorates are now exceeding their targets for staff from ethnic minorities.

We need to address our weak performance against gender and ethnic minority targets in Regional Broadcasting and Resources. The relatively small numbers of women graduating in engineering and further contractions in the size of the workforce bring special difficulties in some areas of Resources. In 1994/95 we will review the levels of our employment of disabled people; and the representation of ethnic minorities at senior levels.

1	2	3	4
5	6	7	8
9	10	11	12
13	14	15	16
17	18	19	20

- 1 The new BBC Worldwide – World Service, BBC International Television and BBC Publishing
- 2 Ranking Miss P – soul and reggae
- 3 BBC Worldwide – the six regions
- 4 Increased hours of radio broadcasting for the Albanian and Chinese Services
- 5 Mr Blobby
- 6 New European television services
- 7 Delia Smith's Summer Collection – non-fiction best-seller
- 8 Batman on tape
- 9 Radio Times' 70th Anniversary
- 10 Latins in the USA
- 11 The Archers merchandise
- 12 Noddy merchandise
- 13 The World That Came In From The Cold in Tamil – 14,000 letters
- 14 Absolutely Fabulous on video
- 15 World Service Television
- 16 BBC Top Gear magazine
- Programme Sales
- 17 Life in the Freezer
- 18 Between the Lines
- 19 House of Eliott
- 20 Nomads of the Wind





Director-General's Review *BBC Worldwide*

In Spring 1994 we set out an ambitious plan for the BBC's future role in international broadcasting. Building on the World Service's and World Service Television's reputation we intend to become one of the leading international players in satellite-delivered television services, bringing the best traditions of British broadcasting to new audiences world-wide.

To this end, we have formed a global strategic alliance with one of Britain's most respected media companies, Pearson plc, whose experience in publishing, television and news includes ownership of Penguin, Longman, Thames Television and the Financial Times. This alliance represents a ground-breaking combination of private sector funding with BBC-branded and BBC-editorially-controlled services.

At the same time, we have reshaped the structure of our international and commercial activities under the board of BBC Worldwide, chaired by the Deputy Director-General. These operations are now organised into three separate directorates: BBC World Service, providing the BBC's international radio services and news programming for World Service Television; BBC International Television, bringing together all our international television activities, both programme sales and the provision of international broadcasts (including World Service Television); and BBC Publishing, taking responsibility for books, videos, magazines and licensing. BBC Worldwide will provide a fully co-ordinated approach for the first time to the BBC's international and commercial activities. To make co-operation easier, each of the three BBC Worldwide directorates will use the same six regions to group its activities: Europe; the former Soviet Union and South-West Asia; the Americas; Africa and the Middle East; South Asia; and Asia-Pacific.

BBC Enterprises' and World Service Television's activities will be assigned shortly to the new BBC Worldwide directorates.

The establishment of BBC Worldwide as a new vehicle for all our international and commercial activities followed a year in which the World Service boosted its audience and BBC Enterprises enjoyed increased revenues in programme sales and publishing. World Service Television suffered temporary setbacks, but our position as a global television broadcaster will be greatly enhanced through reorganisation and an alliance with Pearson.

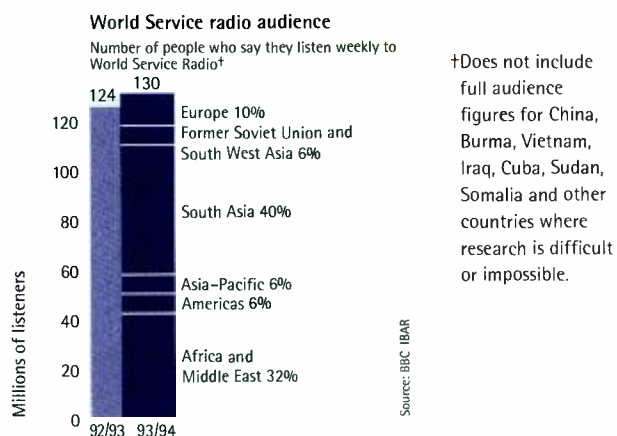
World Service

The World Service's average weekly radio audience has increased from 124 million to 130 million. Amongst the audience for major international radio broadcasters world-wide, more than 80% listen to the World Service.

During 1993/94 we widened our radio services. Language services with a high priority were enhanced with additional hours of broadcasting, particularly Albanian, Chinese and Arabic. We have been preparing to launch Uzbek and Azeri services in 1994/95 and we have strengthened our newsgathering operations and our production capability overseas. New monitoring services have been added to cover important sources in the former Soviet Union.

A wide-ranging review of the World Service was carried out, leading to a move from an organisational and management structure based on the 39 languages in which the World Service broadcasts to one reflecting the six main regions of the world which it serves. The new structure will enable the World Service to serve its listeners more effectively by matching the timing, content and mix of our broadcasts in each region more closely with the requirements of the audience. Each region will be served by a range of local language services and by English programmes scheduled in local time, including in some cases programmes made specially for the region. We will need to learn more about the World Service's audiences to ensure that we broadcast effectively to them. We are developing closer co-operation between the newsgathering operations of the World Service and those of BBC News and Current Affairs.

A special American season, *The State of the States*, won four Sony awards. Michael Goldfarb's *Homeward Bound*, a journey of rediscovery across his homeland, also won the Society of Authors



Best Original Script Award. Marsha Norman's play *Night, Mother* featured a powerful performance by Sharon Gless in a World Service co-production recorded in Los Angeles. Kerry Shale played eight parts in his dramatisation of *Dr Strangelove* and *Latins in the USA* explored Latin music.

Politicians, soldiers, journalists, diplomats and former spies told the history of the Cold War for the first time from both sides in *The World That Came In From The Cold*. The original ten-part series on World Service in English was subsequently produced in 11 different languages. The Tamil version alone had drawn more than 14,000 letters from listeners by the spring of 1994.

In December 1993, a major review of the Monitoring service was announced, to be carried out jointly with the Foreign and Commonwealth Office during 1994/95. The purpose of the review is to assess the purpose, funding and future of the service. There is also a joint review of the World Service's future capital needs.

The Grants-in-Aid, the government funding which pays for the World Service, will decline in real terms over the next three years, and considerable efficiency savings and redeployment

of funds will be needed. The World Service is preparing to move from its existing internal market system to the wider-ranging Producer Choice system.

The BBC and the Foreign and Commonwealth Office worked out a new broadcasting agreement. The World Service will have authority to decide the hours and languages in which it broadcasts, allowing the BBC greater flexibility in setting its priorities for services as funds decline.

World Service Television

While the BBC's 24-hour English-language news service is now reaching more than 18 million homes around the globe, 1993/94 was a difficult year for World Service Television. Following News Corporation's acquisition of Star Television, World Service Television has now ceased transmission on Asiasat's Northern beam (serving China, Taiwan and Hong Kong), resulting in a loss of both revenue and audiences. The launch of new services was also delayed. The result for the year was a loss before tax of £5 million.

However, 1994/95 promises to be a year of further expansion. An Arabic-language television service starts broadcasting in summer 1994 and will be expanded into a 24-hour service later in the year. A service for Japan in English, but with four hours each night translated into Japanese, begins in 1994. A European News and Information Channel in English – and a new European entertainment channel – will also be launched. An enabling agreement is now in place to develop in partnership a news and information channel in the United States.

World Service Television journalism is strong – but improvements will need to be made in presentation and production as its service is expanded for new audiences.

BBC Enterprises

BBC Enterprises produced a good financial performance in 1993/94. Its benefit to the BBC - the measure of its reinvestment in the BBC - comprises profit before tax plus its own direct investment in programmes plus co-productions. In 1993/94, this was £67 million, up 12% on 1992/93. BBC Enterprises' sales were up 17% on 1992/93 and its profit before interest and tax rose by over 50%.

Programme sales and co-productions grew substantially. Turnover from programme sales was up to £64 million from £53 million in 1992/93. BBC Enterprises' and BBC Lionheart's own direct investment in BBC programmes grew from £25 million to £36 million. We attracted external co-production funding of £23 million, £2 million up on last year, despite a difficult market. *Middlemarch* and *Life in the Freezer* were major co-productions which were amongst our best-selling programmes.

Sales of consumer products rose from £60 million to £76 million in 1993/94. BBC Video is the second largest competitor in the UK market - behind Disney - with almost a fifth of the top 200 video titles. BBC Books' share of the UK adult non-

fiction market has grown from below 11% to over 12%, despite a decline in the market overall. The success of the year was *Delia Smith's Summer Collection* which reached the top of the UK non-fiction best-selling lists.

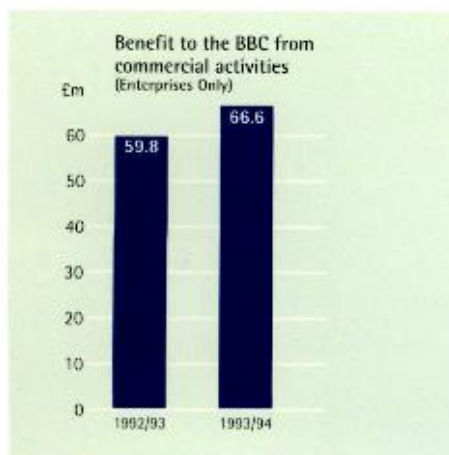
BBC Magazines' sales were up from £89 million to £96 million and the BBC now has the best-selling magazine in six different categories. After a period of unprecedented growth, the next stage is to build profit and market share in all the markets in which we are active.

BBC Enterprises had been built into a strong and diverse business under the talented leadership of James Arnold-Baker, its Chief Executive from 1986, when it was restructured and expanded. In 1993 he left to become the Chief Executive of Oxford University Press.

In 1994/95 the new BBC Publishing and BBC International Television directorates will develop an approach to new technologies such as CD-ROM and video on demand.

Fair Trading Policy

To address potential concerns that the BBC might cross-subsidise its commercial activities from the licence fee or grant-in-aid, we have produced new Fair Trading Guidelines. These involve three important principles. First, commercial activities should not be funded from the licence-fee or grants-in-aid, and there must be a clear separation between our core services and our commercial activities. Second, where programmes or resources are supplied by the BBC to its commercial activities, there should be clear contracts in place. Finally, the prices set in these contracts should not provide the BBC's commercial activities with an unfair advantage. Compliance will be monitored through a new committee of the Board of Governors, supported by an independent annual audit of the guidelines and their application.



Statement of Responsibility

Statement of Governors and Board of Management responsibility for preparing the financial statements

The Governors and Board of Management are required by the BBC's Charter to prepare Statements of Accounts for each financial year.

The financial statements are prepared on a going concern basis to give a true and fair view of the state of affairs of the Corporation as at the end of the financial year and of its income and expenditure, total recognised gains and losses and cash flows for the year then ended and to comply with applicable accounting standards.

The Governors and Board of Management confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements. In addition, the Governors and Board of Management are responsible for maintaining adequate accounting records, and sufficient internal controls to safeguard the assets of the Corporation, and to prevent and detect fraud and other irregularities.

Governors' Statement of Compliance with the Cadbury Code of Best Practice

The Board of Governors has reviewed the Corporation's compliance with the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance. Although the BBC is not required to comply with the Code, it wishes to demonstrate high standards of corporate governance through voluntary compliance. Except for those provisions relating to reporting on internal control and going concern which remain under review by the professional accounting bodies, the Board of Governors believes that the Corporation fully complies with the Code, and has done so since 30 June 1993, insofar as it is relevant to its constitution and structure.

The Code is principally aimed at companies listed on the London Stock Exchange and, therefore, not all of its requirements are directly applicable to the constitution and structure of the Corporation. In the context of the Code, the principal differences between the BBC and listed companies are as follows.

In contrast to listed companies which are typically controlled by a single board comprising both executive and non-executive directors, the BBC is controlled by two boards. To an extent, however, the role of the Board of Governors is similar to that of non-executive directors, providing independence and trusteeship, while the Board of Management takes responsibility for day-to-day operations. Certain requirements of the Code can be applied to the BBC insofar as the Board of Governors is considered to exercise some responsibilities similar to those exercised by non-executive directors. However, the requirements of the Code relating to the appointment and remuneration of non-executive directors cannot be applied to the BBC since Governors are appointed by the Queen in Council and their remuneration is set by the Secretary of State for National Heritage.

Further, the requirements of the Code relating to shareholders can only be applied to the BBC insofar as the BBC is accountable to the public, rather than shareholders, through the stewardship of the Board of Governors.

Report by the Auditors

We have reviewed the Governors' statement above concerning the Corporation's compliance with the Code of Best Practice insofar as it relates to paragraphs 1.4, 1.5, 2.3, 2.4, 3.1, 3.2, 3.3, 4.3 and 4.4 of the Code. We carried out our review having regard to the Bulletin "Disclosures relating to corporate governance" issued by the Auditing Practices Board. Our procedures primarily comprised enquiry of appropriate Governors and officers and examination of relevant documents. We are not required to review, and have not reviewed, the effectiveness of the Corporation's governance procedures.

Based on our review we have satisfied ourselves that the Governors' statement appropriately reflects the Corporation's compliance with the specified paragraphs of the Code.

Coopers & Lybrand
Chartered Accountants

London
23 June 1994

Auditors' Report

To the Members of the British Broadcasting Corporation

We have audited the financial statements on pages 64 to 88 which comprise the consolidated Home Services Group and the World Service and are prepared on the basis set out in the statement of accounting policies on pages 64 to 66.

Respective responsibilities of the Governors and Board of Management and Auditors

As described on page 63, the Governors and the Board of Management are responsible for the preparation of the 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 Governors and the Board of Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Corporation'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 presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Corporation as at 31 March 1994 and of its income and expenditure, total recognised gains and losses and cash flows for the year then ended.

Coopers & Lybrand
Chartered Accountants and
Registered Auditors

London
23 June 1994

Statement of Accounting Policies

The principal accounting policies of the Corporation are set out below.

Introduction

The British Broadcasting Corporation is a body corporate set up by Royal Charter and operating under licence from the Department of National Heritage.

Its object is to provide a public service of broadcasting for general reception at home and overseas. In order to fulfil this object the Corporation receives from the Department of National Heritage income derived from television broadcast receiving licences to finance the Home Services, from the Foreign and Commonwealth Office, Grants-in-Aid for the World Service and from the Open University, a grant to provide audio visual material associated with its courses.

The Home Services Group financial statements (on pages 67 to 82) are presented in the form of consolidated financial statements including the BBC's commercial and broadcasting subsidiaries and the Open University Production Centre. A separate statement of income and expenditure for the Home Services is not presented.

The World Service receives specific Grants-in-Aid funding which is not available to fund other BBC activities and separate financial statements are therefore prepared for this service (on pages 83 to 88).

Form of accounts

The annual financial statements have been prepared in accordance with applicable accounting standards and, in so far as they are appropriate to the Corporation's activities, the accounting and disclosure provisions of the Companies Act 1985. They are presented under the historical cost convention modified by the revaluation of the Home Services' plant and machinery.

Change in accounting policy

Producer Choice was introduced in the Home Services on 1 April 1993 as part of the Corporation's drive for greater efficiency, exposing internal resource providers to competitive market forces and giving programme makers responsibility for all programme costs.

Accordingly the policy for valuing stock has been changed in order that stock is valued on a full absorption costing basis. This change in accounting policy has been recognised by

means of a prior year adjustment and the 1993 Home Services and Home Services Group balance sheets and the 1992/93 Home Services Group statement of income and expenditure have been restated accordingly (see note 13). The impact of this change on the World Service is insignificant and accordingly a prior year adjustment has not been made. In addition contributions from other organisation have now been reclassified against the applicable stock and work in progress and are no longer separately disclosed.

This change in accounting policy provides, in the opinion of the Corporation, a fairer presentation of the value of originated programme stocks, and is more suited to the Corporation's present environment because it puts internally produced programmes on a comparable basis to those acquired from outside suppliers.

Income

(a) Home Services Group

Income is derived from television broadcast receiving licences and represents the value of licences issued in the year. The amount which can be paid to the Home Services for any year cannot exceed the total amount voted by Parliament for that year, and variations between income collected and the vote are allowed for in the following year.

Income received by commercial subsidiaries consists of income earned by BBC Enterprises Limited and its subsidiaries ("BBC Enterprises Group"), representing licence fees from the distribution of joint productions, agency fees from the distribution of programmes on behalf of the BBC and from other producers' titles and from the publication of magazines, books, videos, records, tapes, and other programme related products, net of value added tax.

Income received by broadcasting subsidiaries mainly consists of subscription income from news and information television satellite broadcasting by BBC World Service Television Limited, net of value added tax.

The Open University Production Centre receives an annual grant from the Open University.

(b) World Service

Income is derived from Grants-in-Aid from the Foreign and Commonwealth Office which cannot exceed the total amount voted by Parliament for the year. Sums received are intended to meet estimated expenditure but unexpended receipts for

the year are not liable to surrender.

Other income is mainly derived from sales of programmes by the Transcription Service, English language teaching material and by publications from the Monitoring Service.

Exchange differences

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at 31 March or at forward rates where an appropriate hedging contract is in place. Surpluses and deficits arising from the translation at these rates of exchange of assets and liabilities, together with exchange differences arising from trading activities, are included in the statement of income and expenditure.

The profit and loss accounts of overseas subsidiaries are translated into sterling at month-end rates. Exchange differences arising on consolidation are taken directly to operating reserve.

Deferred taxation

The Corporation provides for deferred taxation under the liability method calculated to take account of timing differences between the treatment of certain items in the financial statements and their treatment for taxation purposes except to the extent that the Corporation considers it reasonable to assume that such timing differences will continue in the future.

Goodwill

Goodwill, being the excess of the cost of shares in subsidiaries over the fair value attributable to their net tangible assets on acquisition, is deducted from the operating reserve in the year of acquisition. On disposal goodwill previously written off against reserves is transferred to the statement of income and expenditure for the year.

Pensions

The regular pension cost of the Corporation's defined benefit scheme reduced by the amortisation of any scheme surplus over the average remaining service life of employees in the scheme, is charged to the statement of income and expenditure.

Research and development

Research and development expenditure is written off as incurred.

Fixed assets

Expenditure on fixed assets and internal costs incurred on capital projects are capitalised.

Depreciation is calculated so as to write off the cost or valuation of fixed assets on a straight line basis over their expected useful lives. For larger value schemes depreciation commences from the date the asset is brought into service. Other assets are depreciated from the date the expenditure is incurred. Land is not depreciated.

Home Services' plant and machinery was revalued to modern equivalent asset value as at 31 March 1993. The modern equivalent asset value comprises the estimated current replacement costs of the assets, adjusted for service potential, less accumulated depreciation. At the same time a review of the useful lives of the Corporation's plant and machinery was undertaken and more specific lives attached to individual assets. The resultant changes to depreciation rate were applied from April 1993.

Depreciation rates used for the principal categories of assets are:

	1993/94	1992/93
Freehold and long leasehold buildings	50 years	50 years
Freehold and long leasehold buildings improvements	15 years	15 years
Short leasehold land and buildings		unexpired term of the lease
Transmitters and power plant	25 years	20 years
Other plant and machinery	4-10 years	5-7 years
Fixtures, fittings and musical instruments	5 years	5 years

Expenditure on subsidiaries' fixed assets is depreciated over lives of between 3 and 5 years except buildings, which are depreciated over their estimated useful lives.

Leased assets

Operating lease rentals are charged to the statement of income and expenditure on an accruals basis.

Investment in programmes for future sale

In the BBC Enterprises Group, investment in programmes for future sale is stated at cost, after writing off the costs of programmes that are considered irrecoverable, less accumulated amortisation. Certain 'topical' programme genres are recognised as having a one to two year life and are amortised accordingly. Amortisation on all other programming is charged against income over the average marketable life which is estimated to be five years. The cost and accumulated amor-

tisation of 'Investment in Programmes for Future Sale' are reduced by the value of programmes over five years old.

Originated programme stocks and work in progress

Originated programme stocks and work in progress, for transmission in future years, are stated at the lower of cost and net realisable value, after deducting contributions from other organisations, and are charged to operating expenditure on first transmission of the programmes.

Cost includes all direct costs and a proportion of production and other attributable overheads calculated at standard rates based on normal levels of activity.

Net realisable value is based upon the arms length contract prices negotiated between the Channel Controllers and programme makers.

In previous years originated programme stocks and work in progress, for transmission in future years, were stated at external cost after deducting contributions from other organisations. Staff costs and all other programme costs were charged to expenditure in the year in which they were incurred.

The effect of the change on the Home Services is set out in note 13.

Acquired programme and film stocks

The costs of acquired programmes and film stocks are expensed on first transmission except to the extent that further showings are likely in the foreseeable future, when they are written off over their expected transmissions. A typical amortisation profile might be 70% on first transmission, 20% on second transmission and 10% on third transmission.

In previous years these costs were expensed on first transmission; no adjustment has been made to the prior year's results as this is a change in accounting measurement. The effect of the change on the Home Services is set out in note 2. There is no effect on the World Service.

Consumable stocks

Consumable stocks are stated at the lower of cost or net realisable value.

Capital reserve

Each year an equivalent amount to the costs expended by the Home and World Services on capital assets over depreciation, adjusted for disposals, is transferred to capital reserve so that, at the balance sheet date, the amount of the capital reserve is equivalent to the historic cost net book value of fixed assets.

I Home Services Group

Financial Statements 1993/94
Home Services Group

Statement of Income and Expenditure

for the year ended 31 March

Notes		1993/94	1992/93 as restated
		£m	£m
	Income		
1	Licence fee	1,683.5	1,597.6
3	Commercial subsidiaries	238.9	204.3
3	Broadcasting subsidiaries	19.4	15.1
	Open University Production Centre	9.5	11.8
		<u>1,951.3</u>	<u>1,828.8</u>
	Operating expenditure		
2	Broadcasting	1,510.1	1,514.8
	Collection costs of licence fee	89.3	92.5
3	Commercial subsidiaries	221.8	193.6
3	Broadcasting subsidiaries	28.0	28.4
	Open University Production Centre	9.5	11.8
4	Other income	(29.3)	(17.4)
		<u>1,829.4</u>	<u>1,823.7</u>
	Operating surplus before restructuring costs	121.9	5.1
5	Restructuring costs	(53.4)	(100.6)
18	Loss on termination of operations	(3.2)	–
	Operating surplus/(deficit)	65.3	(95.5)
6	Net interest	(0.2)	1.7
7	Surplus/(deficit) before taxation	65.1	(93.8)
8	Taxation	(8.4)	(4.4)
	Surplus/(deficit) after taxation	56.7	(98.2)
	Minority interests	0.4	(0.3)
18	Surplus/(deficit) for the financial year	57.1	(98.5)
18	Transfer to capital reserve	(2.4)	(7.4)
	Surplus/(deficit) for the year transferred to operating reserve	<u>54.7</u>	<u>(105.9)</u>

The surplus/(deficit) for the financial year is derived from continuing operations.

Balance Sheets

at 31 March

Notes	Group 1994	Group 1993 as restated	Home Services 1994	Home Services 1993 as restated	
	£m	£m	£m	£m	
Fixed assets					
10	Tangible assets	851.2	883.9	833.3	866.0
11	Investment in programmes for future sale	55.0	45.1	–	–
12	Investment in subsidiaries	–	–	6.3	6.3
	Other investments	0.1	0.9	0.1	–
		906.3	929.9	839.7	872.3
Current assets					
13	Stocks	278.9	225.4	268.4	216.2
14	Current debtors	235.8	223.5	188.9	174.8
14	Long term debtors	60.7	80.0	76.9	77.1
15	Short term bank deposits and cash	87.1	53.6	70.2	38.9
		662.5	582.5	604.4	507.0
16	Creditors – amounts falling due within one year	546.1	510.2	456.9	436.9
	Net current assets	116.4	72.3	147.5	70.1
	Total assets less current liabilities	1,022.7	1,002.2	987.2	942.4
16	Creditors – amounts falling due after more than one year	26.1	43.0	26.1	18.9
17	Provisions for liabilities and charges	77.8	74.9	77.3	73.1
		918.8	884.3	883.8	850.4
Represented by					
18	Revaluation reserve	45.5	80.5	45.5	80.5
18	Capital reserve	794.2	791.8	794.2	791.8
18	Operating reserve	79.1	11.6	44.1	(21.9)
	Minority interests	–	0.4	–	–
		918.8	884.3	883.8	850.4

Approved by the Governors and Board of Management on 23 June 1994

Marmaduke Hussey Chairman of the Board of Governors

John Birt Director-General

Rodney Baker-Bates Director of Finance and Information Technology

Statement of Total Recognised Gains and Losses

for the year ended 31 March

	1993/94	1992/93 as restated
	£m	£m
Surplus/(deficit) for the financial year	57.1	(98.5)
Unrealised (deficit)/surplus on revaluation of plant and machinery	(23.8)	80.5
Currency translation differences on foreign currency net investments	0.1	1.3
Total recognised gains and losses relating to the year	33.4	(16.7)
Prior year adjustment (as explained in note 13)	51.6	
Total recognised gains and losses since last annual report	85.0	

Note of Historical Cost Surpluses and Deficits

for the year ended 31 March

	1993/94	1992/93 as restated
	£m	£m
Reported surplus/(deficit) before taxation	65.1	(93.8)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on revalued assets	11.2	–
Historical cost operating surplus/(deficit)	76.3	(93.8)
Historical cost surplus/(deficit) for the financial year	68.3	(98.5)

Reconciliation of Movement in Net Assets

for the year ended 31 March

	1993/94	1992/93 as restated
	£m	£m
Surplus/(deficit) for the financial year	57.1	(98.5)
Other recognised gains and losses relating to the year (net)	(23.7)	81.8
Goodwill written off	(1.7)	–
Goodwill written back	3.2	–
Minority interests	(0.4)	0.3
	34.5	(16.4)
Opening net assets (as restated)	884.3	900.7
Closing net assets	918.8	884.3
Opening net assets		
As previously reported	832.7	777.4
Prior year adjustment (as explained in note 13)	51.6	123.3
As restated	884.3	900.7

Cashflow Statement

for the year ended 31 March

	1993/94	1992/93
	£m	£m
Net cash inflow from operating activities	196.1	127.1
Return on investments and servicing of finance		
Interest received	1.8	4.2
Interest paid	(2.0)	(2.5)
Dividends received from associates	0.1	0.4
Net cash (outflow)/inflow from return on investments and servicing of finance	(0.1)	2.1
Taxation		
UK Corporation tax	(1.3)	0.5
Overseas tax	(1.8)	(1.9)
Tax paid	(3.1)	(1.4)
Investing activities		
Capital expenditure	(104.1)	(91.4)
Investment in programmes for future sale	(38.2)	(30.0)
Cash received from the sale of assets	11.4	4.4
Purchase of shares	(1.7)	(0.6)
Sale of investments	-	0.5
Net cash outflow from investing activities	(132.6)	(117.1)
Net cash inflow before financing	60.3	10.7
Financing		
Repayment of long term loan	24.0	-
Increase in cash and cash equivalents	36.3	10.7
	60.3	10.7
Analysis of cash inflow:		
Surplus/(deficit) before taxation	65.1	(93.8)
Plus: interest payable	2.0	2.5
Less: interest receivable	(1.8)	(4.2)
Less: income from associates	(0.7)	(1.1)
Plus: deficit/(surplus) from the disposal/restructuring of assets	7.1	(0.4)
Less: gain on sale of investments	-	(0.5)
Depreciation and amortisation	109.7	105.8
(Increase)/decrease in stocks	(53.5)	81.4
Decrease/(increase) in debtors	7.6	(17.4)
Increase in creditors	52.3	56.1
Increase/(decrease) in provisions	4.2	(3.2)
Exchange gain on translation	-	1.9
Provisions for diminution in value of investments	0.9	-
Goodwill written back	3.2	-
Net cash inflow from operating activities	196.1	127.1

Included within the surplus/(deficit) before taxation is an exceptional charge of £53.4m (1992/93 £100.6m) for restructuring costs. This comprises a net reduction in provisions of £7.1m (1992/93 £15.9m increase), a net increase in creditors of £4.1m (1992/93 £10.4m) and a cash outflow of £56.4m (1992/93 £74.3m). The analysis of cash inflow for 1992/93 has been restated to reflect the impact of the prior year adjustment.

Notes to the Financial Statements

for the year ended 31 March

1 Licence fee income

Income	1993/94	1992/93
	£m	£m
Colour	1,618.5	1,520.0
Monochrome	24.7	26.5
Concessionary	3.5	3.5
	<u>1,646.7</u>	<u>1,550.0</u>
Quarterly payment scheme premium	17.5	15.5
Other income and adjustments	19.3	32.1
	<u>1,683.5</u>	<u>1,597.6</u>
Licence fee	1993/94	1992/93
	£	£
Colour	83.00	80.00
Monochrome	27.50	26.50
Concessionary	5.00	5.00
Licences in force	31 March 1994	31 March 1993
	m	m
Colour	19.5	19.0
Monochrome	0.9	1.0
Concessionary	0.7	0.7
	<u>21.1</u>	<u>20.7</u>

Licences in force represents current television licences held at 31 March.

During the year 3.5m (1992/93 3.1m) colour licences were issued under the quarterly payment scheme at a premium of £5.00 each (1992/93 £5.00).

Other income and adjustments comprises largely the year on year impact of licences issued in the year but not in force at 31 March either through late or early renewals or through refunds.

2 Broadcasting operating expenditure

	1993/94	1992/93 as restated
	£m	£m
Television	1,073.4	1,161.5
Radio	341.6	353.3
Other	95.1	—
	<u>1,510.1</u>	<u>1,514.8</u>

The analysis of broadcasting expenditure in 1993/94 has changed to identify separately costs which are not directly managed by the Programme Directorates. "Other" covers the costs of operating the Corporate Centre including Governance, surpluses and deficits incurred within the Resources and Central Directorates and corporately managed expenditure such as realised and unrealised exchange differences, amortisation of pension prepayment and corporate provisions.

It has not been practicable to apply the new basis of presentation to the corresponding analysis of expenditure, which is therefore not restated and is not comparable with 1993/94. 1992/93 expenditure has however been restated to reflect the change in policy to full absorption costing of stock and work in progress (see note 13).

As outlined in the statement of accounting policies the basis for charging acquired programme and film costs to the statement of income and expenditure was changed on 1 April 1993. The impact of this has been a one-off credit to the 1993/94 statement of income and expenditure of £26.3m with a corresponding increase in stock values.

3 Trading profits/(losses) of subsidiaries

	Commercial subsidiaries		Broadcasting subsidiaries	
	1993/94	1992/93	1993/94	1992/93
	£m	£m	£m	£m
Turnover				
Television programme sales	64.0	53.1	-	-
Magazine and book publishing	115.2	105.4	-	-
Videos, records and tapes	44.5	36.7	-	-
Satellite income	-	-	18.0	14.2
Other activities	15.2	9.1	1.4	0.9
	<u>238.9</u>	<u>204.3</u>	<u>19.4</u>	<u>15.1</u>
Expenditure				
Cost of sales	117.5	105.7	20.4	14.6
Distribution costs	51.7	43.0	1.0	1.0
Administrative and other costs	24.3	22.7	6.6	12.8
Amortisation of programme investment	28.3	22.2	-	-
	<u>221.8</u>	<u>193.6</u>	<u>28.0</u>	<u>28.4</u>
Trading profits/(losses) before interest and income from associate undertakings	<u>17.1</u>	<u>10.7</u>	<u>(8.6)</u>	<u>(13.3)</u>
Net assets	<u>47.2</u>	<u>38.0</u>	<u>(20.1)</u>	<u>(12.1)</u>

BBC Enterprises investment in programmes for future sale of £38.2m (1992/93 £30.0m) includes £35.7m (1992/93 £27.4m) co-production contribution to programmes made by the Home Services.

	Commercial subsidiaries		Broadcasting subsidiaries	
	1993/94	1992/93	1993/94	1992/93
	£m	£m	£m	£m
Analysed by segment:				
Turnover by geographic market				
United Kingdom	175.4	148.6	1.4	0.9
Rest of the World	63.5	55.7	18.0	14.2
	<u>238.9</u>	<u>204.3</u>	<u>19.4</u>	<u>15.1</u>

All turnover originates from within the United Kingdom.

	1993/94	1992/93
	£m	£m
Trading profits/(losses) by business:		
Commercial subsidiaries		
BBC Enterprises Group	<u>17.1</u>	<u>10.7</u>
Broadcasting subsidiaries		
BBC Subscription Television Limited	(2.6)	(10.8)
BBC Investments Limited	(0.6)	(0.5)
BBC World Service Television Limited	(5.4)	(2.0)
	<u>(8.6)</u>	<u>(13.3)</u>

The 1992/93 result for BBC Subscription Television Limited includes £8.0m exceptional write downs and provisions.

The 1993/94 result for BBC World Service Television Limited includes

the impact of a £2.7m reduction in turnover arising from a revision in the directors' estimates of turnover following the renegotiation of a major contract.

4 Other income

	Group 1993/94	Group 1992/93
	£m	£m
Home Services		
Rents receivable	4.6	3.9
Other income	24.0	12.4
	28.6	16.3
Associates	0.7	1.1
	29.3	17.4

Other income is derived from the sale of marginal resource, facility and transmission capacity and secondary acquired programme rights, net of value added tax.

5 Restructuring costs – exceptional item

The Corporation is undertaking a restructuring of its operations designed to reduce the cost base of the Home Services, as part of a fundamental change in the method of running its activities – Producer Choice. The restructuring programme continues beyond the balance sheet date and further restructuring costs will be incurred and provided for in the next financial year.

Certain costs associated with this restructuring have been incurred and provided for as an exceptional item in the statement of income and expenditure. These amount to £53.4m (1992/93 £100.6m) being the net of £55.9m (1992/93 £94.8m) redundancy and other restructuring costs designed to reduce the cost base of the Home Services and the release of £2.5m of provisions (1992/93 £5.8m charged) in respect of a programme of property rationalisation.

Within redundancy and restructuring costs are amounts provided in the year of £43.6m (1992/93 £50.3m) for future costs related to decisions taken by the balance sheet date but not yet effected.

6 Net interest

	Group 1993/94	Group 1992/93
	£m	£m
Interest receivable		
Home Services	1.2	3.5
Subsidiaries	0.6	0.7
Interest payable		
Home Services	(0.4)	(0.5)
Subsidiaries	(1.6)	(2.0)
	(0.2)	1.7

7 Surplus/(deficit) before taxation

This is stated after charging:

	Group 1993/94	Group 1992/93
	£m	£m
Payments under operating leases		
Plant and Machinery	9.2	6.6
Other	13.5	14.5
Research and development expenditure written off	6.7	5.1
Own work capitalised	(19.3)	(20.8)

Auditors' remuneration amounts to £450,000 (1992/93 £410,000). Other fees paid to the auditors totalled £4,959,000 in the year (1992/93 £4,186,000). This comprises consultancy fees relating to the restructuring of the Corporation as a result of the introduction of new internal trading systems and other initiatives of £3,486,000 (1992/93 £2,709,000), taxation compliance and advisory fees of £220,000 (1992/93 £444,000), systems reviews of £868,000 (1992/93 £573,000) and other consultancy and advisory fees of £385,000 (1992/93 £460,000).

8 Taxation

The Corporation is only liable to taxation on profits derived from those activities carried on with a view to profit and on rent, royalties and interest receivable.

The charge for the year, based on a rate of Corporation tax of 33% (1992/93 33%), comprised:

	Group 1993/94	Group 1992/93
	£m	£m
Current year		
Corporation tax	9.8	4.0
Deferred taxation	(3.4)	(1.4)
Double taxation relief	(0.5)	(0.5)
	5.9	2.1
Overseas taxation	1.8	1.9
	7.7	4.0
Prior year		
Corporation tax	(1.4)	(0.1)
Deferred taxation	2.1	0.5
	0.7	0.4
	8.4	4.4

Of the total taxation charge £5.4m (1992/93 £1.3m) relates to subsidiaries.

9 Employees and remuneration

(a) Staff costs

	Group 1993/94	Group 1992/93 as restated
	£m	£m
Salaries and wages (excluding redundancy costs)	581.9	597.2
Social security costs	52.3	50.4
Other pension costs	26.7	11.7
	<u>660.9</u>	<u>659.3</u>
comprising:		
Home Services	621.5	622.9
Commercial subsidiaries	31.5	27.8
Broadcasting subsidiaries	2.0	1.9
Open University Production Centre	5.9	6.7
	<u>660.9</u>	<u>659.3</u>

The 1992/93 staff costs figures have been restated to ensure consistency with the reported headcount which has been restated to reflect the areas to which staff are managerially accountable (see note 9(e)). The net effect of the restatement is to increase the reported staff costs in the Home Services by £12.9m with a corresponding adjustment to other costs, reflecting the amounts previously transferred to the World Service which under Producer Choice are now recharged.

(b) Pensions

Most employees are members of the BBC Pension Scheme, which provides salary related pension benefits on a defined-benefit basis. The scheme is subject to independent valuation by a professionally qualified actuary at least every three years, on the basis of which the actuary certifies the rate of employer's contribution which, together with the specified contributions payable by employees and proceeds from the scheme's assets, are sufficient to fund the benefits payable under the scheme.

The latest actuarial valuation of the scheme was as at 1 April 1993, using the projected unit method. The main long-term assumptions are that the annual rate of return on investments would exceed increases in earnings by 1.9% and exceed pension increases by 3.8%. The market value of the scheme's assets at 1 April 1993 was £3,436m and the actuarial value of the assets represented 118% of the value of the benefits due to members, after allowing for expected future increases in earnings. The employer's and employees' standard contribution rates were 4½% of pensionable salary. This maintained the scheme surplus within the parameters of the Inland Revenue guidelines.

After allowing for the cost of certain benefit improvements, the pension charge in the Home Services Group financial statements for 1993/94 was £24.8m (1992/93 £11.7m) after deducting a proportion of the scheme surplus amortised over the average remaining service of the contributing members.

(c) Governors

Governors are appointed by the Queen in Council to serve for periods not exceeding five years. The emoluments of the Board of Governors are determined by the Secretary of State for National Heritage with the approval of the Minister for the Civil Service.

The aggregate fees and emoluments of the members of the Board of Governors was £206,927 (1992/93 £198,176). In addition an amount of £20,000 per annum is provided to meet the Corporation's pension obligations under the Charter to former Chairmen and their surviving spouses.

The number of Governors who received emoluments (excluding contributions paid to a pension scheme) in the following bands was:

	1993/94	1992/93
	Number	Number
£0 – £5,000	4	–
£5,001 – £10,000	3	4
£10,001 – £15,000	3	6
£15,001 – £20,000	4	1
£65,001 – £70,000	–	1
£70,001 – £75,000	1	–

These amounts include £73,312 (1992/93 £65,610) in respect of the Chairman who was the highest paid Governor.

(d) Board of Management

Members of the Board of Management are appointed by the Governors. The aggregate remuneration of the members of the Board of Management was:

	1993/94	1992/93
	£	£
Salaries and other benefits	1,785,589	1,493,293
Performance related bonus payments	178,499	85,946
	<u>1,964,088</u>	<u>1,579,239</u>
Pension contributions	153,011	150,181
Compensation for loss of offices	100,154	181,141
	<u>2,217,253</u>	<u>1,910,561</u>

The emoluments of members of the Board of Management appointed or leaving during the year are included in respect of their period of membership of the Board only.

9 Employees and remuneration (continued)

(d) Board of Management (continued)

In common with other senior BBC managers, the Board of Management may be awarded bonuses following a review of their performance against qualitative and where appropriate quantitative objectives set at the beginning of the year. All bonuses awarded to the Board of Management are recommended by the Remuneration Committee to the Board of Governors for their approval. All bonuses are reflected on a paid basis; the charge for 1993/94 includes bonuses in respect of departing directors for both 1992/93 and the period in 1993/94 prior to their departure.

Compensation for loss of offices includes £76,809 (1992/93 £22,391) in respect of pension benefits.

At 31 March 1994 there were 12 (31 March 1993 13) members of the Board of Management. As a result of changes in the composition of the Board of Management there were 15 (1992/93 17) members, who served for part or all of the year and received emoluments, including bonus payments but excluding contributions paid to a pension scheme in the following bands:

	1993/94 Number	1992/93 Number
£0 – £5,000	–	1
£15,001 – £20,000	1	–
£20,001 – £25,000	–	1
£25,001 – £30,000	–	2
£40,001 – £45,000	–	1
£60,001 – £65,000	–	1
£65,001 – £70,000	1	–
£95,001 – £100,000	–	1
£100,001 – £105,000	–	1
£105,001 – £110,000	1	–
£110,001 – £115,000	1	3
£115,001 – £120,000	2	1
£120,001 – £125,000	–	1
£125,001 – £130,000	1	1
£130,001 – £135,000	2	1
£135,001 – £140,000	2	–
£140,001 – £145,000	1	–
£165,001 – £170,000	1	–
£175,001 – £180,000	–	1
£180,001 – £185,000	–	1
£210,001 – £215,000	1	–
£235,001 – £240,000	1	–

The highest paid member of the Board of Management received emoluments of £238,721 (1992/93 £180,721, part year only). These include performance related bonus payments of £16,000 (1992/93 £7,500) but exclude pension contributions made by the BBC of £28,062 (1992/93 £27,201).

During the year, under a scheme available to all staff, Rod Lynch received an interest free season ticket loan of £2,048 repayable in 12 monthly instalments. £853 was outstanding at 31 March 1994.

(e) Persons employed

The number of persons employed in the year at their full-time equivalent was:

	1993/94		1992/93 as restated	
	Average for the year	31 March 1994	Average for the year	31 March 1993
Home Services	20,531	20,287	22,107	20,891
Commercial subsidiaries	1,124	1,105	1,115	1,179
Broadcasting subsidiaries	43	41	50	48
Open University Production Centre	225	220	261	226
	<u>21,923</u>	<u>21,653</u>	<u>23,533</u>	<u>22,344</u>

The number of persons employed in the year has previously been presented on the basis of the Services or subsidiaries for which staff performed their duties. With the introduction of Producer Choice this is restated onto a basis which reflects the areas to which staff are managerially accountable. The prior year figures have been adjusted with the net effect of a transfer of 399 staff from the World Service to the Home Services Group.

The Home Services average headcount for the year can be analysed as Programme Directorates 9,253 and Resources, Transmission and Services 11,278. This reflects the change in organisational structure brought about by Producer Choice from 31 March 1993. The 31 March 1994 headcount can be analysed as Programme Directorates 9,615 (31 March 1993 9,296) and Resources, Transmission and Services 10,672 (31 March 1993 11,595).

Within the averages above 995 (1992/93 923) part time employees have been included at their full time equivalent of 579 (1992/93 470).

10 Tangible fixed assets
(a) Group

	Land and buildings	Plant and machinery	Furniture and fittings	Assets in the course of construction	Total
	£m	£m	£m	£m	£m
Cost or valuation					
At 1 April 1993	537.8	842.9	18.8	51.7	1,451.2
Additions	12.3	2.8	1.5	74.4	91.0
Brought into service	3.1	53.6	–	(56.7)	–
Disposals	(4.8)	(31.8)	–	(1.2)	(37.8)
Transfers	(11.0)	11.1	(0.1)	–	–
Revaluation	–	(41.6)	–	–	(41.6)
At 31 March 1994	537.4	837.0	20.2	68.2	1,462.8
Comprising:					
Cost	537.4	73.1	20.2	68.2	698.9
Valuation 31 March 1993	–	763.9	–	–	763.9
	537.4	837.0	20.2	68.2	1,462.8
Depreciation					
At 1 April 1993	109.7	445.0	12.6	–	567.3
Charge for the year	14.9	64.1	2.4	–	81.4
Elimination in respect of disposals	(3.1)	(16.2)	–	–	(19.3)
Transfers	(4.7)	4.7	–	–	–
Revaluation	–	(17.8)	–	–	(17.8)
At 31 March 1994	116.8	479.8	15.0	–	611.6
Net book values					
At 31 March 1994	420.6	357.2	5.2	68.2	851.2
At 31 March 1993	428.1	397.9	6.2	51.7	883.9

As outlined in the statement of accounting policies, Home Services plant and machinery was revalued at 31 March 1993. The revaluation was undertaken by the Corporation's engineers and approved by the Governors and Board of Management. During the year the valuation has been further refined and, as appropriate, the reduction in value taken to the revaluation reserve.

The transfers comprise infrastructure costs which were previously shown within land and buildings and are now classified within plant and machinery.

Historic cost basis

The net book amount of tangible assets included in the above table determined on an historic cost basis is as follows:

At 31 March	Plant and machinery	
	1994	1993
	£m	£m
Cost	691.6	655.9
Depreciation	379.9	338.5
Net book amount	311.7	317.4

10 Tangible fixed assets (continued)
(b) Home Services

	Land and buildings	Plant and machinery	Furniture and fittings	Assets in the course of construction	Total
	£m	£m	£m	£m	£m
Cost or valuation					
At 1 April 1993	527.1	826.0	10.9	51.7	1,415.7
Additions	12.2	–	0.7	72.9	85.8
Brought into service	3.1	52.1	–	(55.2)	–
Disposals	(4.8)	(31.5)	–	(1.2)	(37.5)
Transfers	(11.0)	11.0	–	–	–
Revaluation	–	(41.6)	–	–	(41.6)
At 31 March 1994	526.6	816.0	11.6	68.2	1,422.4
Comprising:					
Cost	526.6	52.1	11.6	68.2	658.5
Valuation 31 March 1993	–	763.9	–	–	763.9
	526.6	816.0	11.6	68.2	1,422.4
Depreciation					
At 1 April 1993	107.7	434.9	7.1	–	549.7
Charge for the year	14.5	60.8	1.0	–	76.3
Elimination in respect of disposals	(3.1)	(16.0)	–	–	(19.1)
Transfers	(4.7)	4.7	–	–	–
Revaluation	–	(17.8)	–	–	(17.8)
At 31 March 1994	114.4	466.6	8.1	–	589.1
Net book values					
At 31 March 1994	412.2	349.4	3.5	68.2	833.3
At 31 March 1993	419.4	391.1	3.8	51.7	866.0

Historic cost basis

The net book amount of tangible assets included in the above table determined on an historic cost basis is as follows:

At 31 March	Plant and machinery	
	1994	1993
	£m	£m
Cost	670.6	639.0
Depreciation	366.7	328.4
Net book amount	303.9	310.6

(c) Land and buildings at net book value comprise:

At 31 March	Group	Group	Home	Home
	1994	1993	Services	Services
	£m	£m	1994	1993
	£m	£m	£m	£m
Freeholds	324.4	327.0	320.0	322.7
Long leaseholds	89.6	87.0	85.6	82.9
Short leaseholds	6.6	14.1	6.6	13.8
	420.6	428.1	412.2	419.4

The Governors and the Board of Management have reviewed the valuation of freehold properties prepared by the Corporation's surveyors and are satisfied that there has been no permanent diminution in their carrying values.

11 Investment in programmes for future sale

	Group
	£m
Cost	
At 1 April 1993	85.7
Exchange adjustment	0.2
Additions	38.2
Written off during the year	(10.4)
Cost of programmes fully amortised at 31 March 1994	(5.8)
At 31 March 1994	107.9
Amortisation	
At 1 April 1993	40.6
Exchange adjustment	0.2
Charge for the year	28.3
Amortisation on programmes written off during the year	(10.4)
Accumulated amortisation on programmes fully amortised at 31 March 1994	(5.8)
At 31 March 1994	52.9
Net book values	
At 31 March 1994	55.0
At 31 March 1993	45.1

12 Investments

(a) The Home Services own 100% of the issued share capital of the following companies incorporated in England and Wales:

	Cost 1994	Cost 1993
	£m	£m
At 31 March		
BBC Enterprises Limited	0.3	0.3
BBC World Service Television Limited	6.0	6.0
BBC Subscription Television Limited	-	-
BBC Investments Limited	-	-
	6.3	6.3

The following significant investments are also held in companies incorporated in England and Wales:

	Holding of issued ordinary shares
	%
Parliamentary Broadcasting Unit Limited	33
The financial statements of the above company are made up to 30 September and, accordingly, the Home Services Group accounts include management's estimate of the results of the company to 31 March 1994.	
Broadcasters Audience Research Board Limited	50
RAJAR (Radio Joint Audience Research) Limited	50

12 Investments (continued)

(b) BBC Enterprises Limited holds the following significant interests in companies which, except where stated, are incorporated in England and Wales:

	Holding of issued ordinary shares
	%
Subsidiaries	
Lionheart Television International Inc. (incorporated in Delaware, USA)	100
Woodlands Publishing Limited (formerly Redwood Publishing Limited) (see note 18)	100
Associates	
BBC Frontline Limited	23
Investments	
UK Gold Television Limited	20

13 Stocks

At 31 March	Group 1994	Group 1993 as restated	Home Services 1994	Home Services 1993 as restated
	£m	£m	£m	£m
Raw materials	4.0	6.0	2.4	3.6
Work in progress				
Programmes	111.5	65.8	110.0	65.6
Payments on account	13.5	14.9	13.5	14.9
Other	6.1	3.2	2.7	0.3
Finished goods				
Programme acquisitions	75.1	42.4	75.1	42.4
Other programmes	64.5	89.4	64.5	89.4
Other goods for resale	4.2	3.7	0.2	-
	278.9	225.4	268.4	216.2

13 Stocks (continued)

As outlined in the statement of accounting policies, Home Services stock and work in progress was restated on 1 April 1993 in accordance with the new policy. This had the effect of increasing the value of stock and work in progress as follows:

	As previously reported	As restated	Revaluation
	£m	£m	£m
31 March 1992	183.5	306.8	123.3
31 March 1993	173.8	225.4	51.6
Movement			<u>71.7</u>

The increase of £123.3m at 31 March 1992 has been credited directly to the operating reserve. The 1992/93 statement of income and expenditure has been restated to reflect the additional £71.7m charge resulting from the movement in the revaluations.

Prior to Producer Choice the Home Services' accounting systems were not required to capture cost data on a full absorption costing basis. The 31 March 1992 restated programme values have therefore been calculated based upon management estimates of the percentage uplift appropriate to each programme category.

14 Debtors

At 31 March	Group 1994	Group 1993	Home Services 1994	Home Services 1993
	£m	£m	£m	£m
Receivable within one year				
Trade debtors	61.6	60.5	31.5	25.8
Amounts owed by associated companies	8.6	8.0	-	-
Department of National Heritage Licence Fee debtors	101.7	85.1	101.7	85.1
Licence savings stamps on deposit with the Post Office	-	6.0	-	6.0
VAT recoverable	17.6	15.9	17.6	15.2
Amounts owed by subsidiaries	-	-	3.4	9.7
Other debtors	13.2	7.9	10.4	5.5
Prepayments	33.1	40.1	24.3	27.5
	<u>235.8</u>	<u>223.5</u>	<u>188.9</u>	<u>174.8</u>
Receivable after more than one year				
Trade debtors	0.7	0.9	-	-
Amounts owed by subsidiaries	-	-	18.0	-
Other debtors	0.9	1.3	0.9	1.3
Prepayments	8.8	14.9	8.8	14.9
Prepaid pension contributions	50.3	62.9	49.2	60.9
	<u>60.7</u>	<u>80.0</u>	<u>76.9</u>	<u>77.1</u>

The prepaid pension contributions represent the excess of the pension amounts funded over the pension charge since 1 April 1989. The amount owed by subsidiaries greater than one year represents the drawn down element of a £40.0m interest bearing facility provided to BBC Enterprises Limited in March 1994.

15 Short term bank deposits and cash

Analysis of the balances of cash and cash equivalents as shown in the Group balance sheet.

	Cash at bank and in hand	Bank overdrafts	Unpresented cheques	Total
	£m	£m	£m	£m
At 31 March 1992	28.5	(3.9)	(37.9)	(13.3)
Change in the year	25.1	(4.4)	(10.0)	10.7
At 31 March 1993	53.6	(8.3)	(47.9)	(2.6)
Change in the year	33.5	6.1	(3.3)	36.3
At 31 March 1994	87.1	(2.2)	(51.2)	33.7

16 Creditors

At 31 March	Group 1994	Group 1993	Home Services 1994	Home Services 1993
	£m	£m	£m	£m
Amounts falling due within one year				
Unpresented cheques	51.2	47.9	47.3	44.4
Overdrafts	2.2	8.3	2.2	7.9
	53.4	56.2	49.5	52.3
Trade creditors				
Programme creditors	77.6	67.4	77.6	67.2
Programme acquisitions	14.1	19.2	14.1	19.2
Salaries and wages	60.5	59.5	59.1	57.8
Residual copyright payments	14.6	10.4	-	-
Licence Fee collection creditors	1.8	0.5	1.8	0.5
Others	95.0	75.8	68.8	55.1
	263.6	232.8	221.4	199.8

16 Creditors (continued)

	Group 1994	Group 1993	Home Services 1994	Home Services 1993
	£m	£m	£m	£m
Other creditors				
Capital	17.3	30.4	17.3	30.4
Taxation	13.5	6.9	9.4	6.9
	30.8	37.3	26.7	37.3
Accruals and deferred income				
Licence saving stamps	46.0	38.9	7.0	2.5
	152.3	145.0	152.3	145.0
	198.3	183.9	159.3	147.5
	546.1	510.2	456.9	436.9
Amounts falling due after more than one year				
Programme acquisitions	26.1	19.0	26.1	18.9
Bank loan	-	24.0	-	-
	26.1	43.0	26.1	18.9

The long term bank loan at 31 March 1993 represents a five year syndicated facility placed by BBC Enterprises Limited in 1992 and repaid during 1993/94. Interest payable in the year on this loan amounted to £1.6m (1992/93 £1.9m) and the loan facility is guaranteed by the BBC.

17 Provisions for liabilities and charges

	Deferred taxation	Severance	Restruc- turing	Litigation and insurance	Other	Total
	£m	£m	£m	£m	£m	£m
Group						
At 1 April 1993	1.8	40.4	12.6	7.1	13.0	74.9
Expenditure during the year	–	(28.4)	(8.3)	(2.3)	(2.0)	(41.0)
Released during the year	(3.4)	(8.9)	(2.6)	–	(2.5)	(17.4)
Provided during the year	2.1	28.3	15.3	8.0	7.6	61.3
At 31 March 1994	0.5	31.4	17.0	12.8	16.1	77.8
Home Services						
At 31 March 1994	–	31.4	17.0	12.8	16.1	77.3

The deferred taxation provision represents the full potential liability and mainly relates to capital allowances on investment in programmes for future sale.

Other principally comprises provisions for dilapidations.

18 Reserves

	Revaluation reserve	Capital reserve	Operating reserve	Total
	£m	£m	£m	£m
Group				
At 1 April 1993 as previously stated	80.5	791.8	(40.0)	832.3
Prior year adjustment (note 13)	–	–	51.6	51.6
At 1 April 1993 as restated	80.5	791.8	11.6	883.9
Exchange differences	–	–	0.1	0.1
Surplus for the year	–	–	57.1	57.1
Revaluation of fixed assets	(23.8)	–	–	(23.8)
Revaluation reserve transfer	(11.2)	–	11.2	–
Goodwill written off	–	–	(1.7)	(1.7)
Goodwill written back	–	–	3.2	3.2
Transfer to capital reserve	–	2.4	(2.4)	–
At 31 March 1994	45.5	794.2	79.1	918.8
Home Services				
At 1 April 1993 as previously stated	80.5	791.8	(73.5)	798.8
Prior year adjustment (note 13)	–	–	51.6	51.6
At 1 April 1993 as restated	80.5	791.8	(21.9)	850.4
Surplus for the year	–	–	57.2	57.2
Revaluation of fixed assets	(23.8)	–	–	(23.8)
Revaluation reserve transfer	(11.2)	–	11.2	–
Transfer to capital reserve	–	2.4	(2.4)	–
At 31 March 1994	45.5	794.2	44.1	883.8

18 Reserves (continued)

During the year BBC Enterprises acquired the remaining 22.5% of Redwood Publishing Limited. Net liabilities of £0.1m were acquired for a total consideration of £1.6m. As a result of the acquisition £1.7m of goodwill was written off to reserves during the year.

In March 1994 World Publications Limited and Videoworld Limited were put into members voluntary receivership. As a result goodwill previously written off of £2.4m relating to World Publications Limited and £0.8m relating to Videoworld Limited, was transferred to the statement of income and expenditure for the year. At the time of going into receivership both companies had net assets of £1 each. Consequently, a total charge to the statement of income and expenditure of £3.2m has been made and separately disclosed as a loss on termination of operations.

Goodwill arising on acquisitions is written off to reserves in the year of acquisition. The cumulative goodwill written off is £4.8m.

The revaluation reserve transfer represents the additional depreciation charged through the statement of income and expenditure as a result of the revaluation of plant and machinery.

19 Commitments

Purchases

At 31 March	Group 1994	Group 1993	Home Services 1994	Home Services 1993
	£m	£m	£m	£m
Contracted but not provided:				
Fixed asset additions	29.0	21.1	27.5	21.0
Programme acquisition commitments	177.9	168.8	177.9	168.8
	<u>206.9</u>	<u>189.9</u>	<u>205.4</u>	<u>189.8</u>
Authorised but not contracted:				
Fixed asset additions	50.9	55.3	48.8	52.7

In addition to the above, in the ordinary course of business, the Corporation enters into a large number of contracts for periods greater than one year, with artists, writers, independent producers, licence collection agencies and providers of other services.

19 Commitments (continued)

Operating leases

Payments to be made during the next year in respect of operating lease commitments which expire:

At 31 March	Group 1994	Group 1993	Home Services 1994	Home Services 1993
	£m	£m	£m	£m
Within one year	3.0	3.7	3.0	3.7
In two to five years	11.7	11.2	10.8	10.2
After five years	8.2	6.4	7.8	6.0
	<u>22.9</u>	<u>21.3</u>	<u>21.6</u>	<u>19.9</u>
Comprising:				
Land and buildings	11.2	13.1	10.7	12.7
Other	11.7	8.2	10.9	7.2
	<u>22.9</u>	<u>21.3</u>	<u>21.6</u>	<u>19.9</u>

20 Contingent liabilities

At any time, the Corporation has a number of contingent liabilities arising from litigation. The Corporation makes specific provision against an estimate of any damages and costs which may be awarded. At 31 March 1994 in the Home Services there were contingent liabilities equivalent to £1.5m (31 March 1993 £24.2m). In the Group there were contingent liabilities of £1.5m (31 March 1993 £0.2m).

I World Service

Financial Statements 1993/94
World Service

Statement of Income and Expenditure

for the year ended 31 March

		1993/94	1992/93
Notes		£m	£m
	Income – Grants-in-Aid		
	Broadcasting	156.6	148.2
	Monitoring	19.1	18.7
		<u>175.7</u>	<u>166.9</u>
	Operating expenditure		
1	Broadcasting	153.6	153.8
1	Monitoring	15.8	17.9
2	Other income	(10.3)	(8.1)
		<u>159.1</u>	<u>163.6</u>
	Operating surplus	16.6	3.3
	Interest receivable	0.2	0.4
		<u>16.8</u>	<u>3.7</u>
	Surplus before taxation	16.8	3.7
3	Taxation	(0.4)	(0.1)
		<u>16.4</u>	<u>3.6</u>
11	Surplus after taxation	16.4	3.6
11	Transfer to capital reserve	(14.4)	(8.9)
		<u>2.0</u>	<u>(5.3)</u>
	Surplus/(deficit) for the year transferred to operating reserve	<u>2.0</u>	<u>(5.3)</u>

The World Service has no recognised gains or losses in the accounting periods to 31 March 1994 and 31 March 1993 other than the reported surplus/(deficit) above. There is no difference between the historic cost surplus/(deficit) for both years and those shown above. The surplus/(deficit) for the year is derived from continuing operations.

Balance Sheet

at 31 March

		1994	1993
Notes		£m	£m
	Fixed assets		
5, 6	Tangible assets	128.3	113.9
	Current assets		
7	Stocks	3.4	5.3
8	Debtors	9.9	9.1
8	Long term debtors	7.0	8.5
9	Cash at bank and in hand	4.8	3.3
		25.1	26.2
10	Creditors – amounts falling due within one year	16.1	19.2
	Net current assets	9.0	7.0
	Total assets less current liabilities	137.3	120.9
	Represented by		
11	Capital reserve	128.3	113.9
11	Operating reserve	9.0	7.0
		137.3	120.9

Approved by the Governors and Board of Management on 23 June 1994

Marmaduke Hussey Chairman of the Board of Governors

John Birt Director-General

Rodney Baker-Bates Director of Finance and Information Technology

Cashflow Statement

for the year ended 31 March

	1993/94	1992/93
	£m	£m
Net cash inflow from operating activities	25.9	18.4
Net cash inflow from return on investments and servicing of finance		
Interest received	0.2	0.4
Taxation		
UK Corporation tax paid	-	(0.1)
Net cash outflow from investing activities		
Capital expenditure	(26.4)	(18.8)
Net cash outflow	(0.3)	(0.1)
Decrease in cash and cash equivalents	(0.3)	(0.1)
Analysis of cash inflow:		
Surplus before taxation	16.8	3.7
Less: interest receivable	(0.2)	(0.4)
Plus: loss on disposal of fixed assets	-	0.1
Depreciation	10.2	10.9
Decrease/(increase) in stocks	1.9	(0.6)
Decrease in debtors	0.7	1.1
(Decrease)/increase in creditors	(3.5)	3.6
Net cash inflow from operating activities	25.9	18.4

Notes to the Financial Statements

for the year ended 31 March

1 Operating expenditure

	1993/94	1992/93 as restated
	£m	£m
Operating expenditure is analysed as follows:		
Broadcasting	153.6	153.8
Monitoring	15.8	17.9
	<u>169.4</u>	<u>171.7</u>
Comprising:		
Staff costs		
salaries and wages	74.7	71.0
social security costs	6.7	7.0
other pension costs	3.3	2.2
Other direct programme costs		
including artists	17.2	14.0
Depreciation	10.2	10.9
Redundancy costs	2.3	1.5
Other expenditure	56.6	69.5
Own work capitalised	(1.6)	(4.4)
	<u>169.4</u>	<u>171.7</u>

The 1992/93 staff costs figures have been restated to ensure consistency with the reported headcount which has been restated to reflect the areas to which staff are managerially accountable (see note 4 (c)). The net effect of the restatement is to reduce the reported staff costs by £12.9m with a corresponding adjustment to other costs reflecting the staff costs previously transferred from the Home Services which following the implementation of Producer Choice in the Home Services are now recharged.

Other expenditure includes:

	1993/94	1992/93
	£m	£m
Payments under operating leases	7.7	7.7
Research and development expenditure written off	-	0.2

Auditors' remuneration amounts to £33,000 (1992/93 £40,000). Other fees paid to the auditors totalled £136,000 (1992/93 £74,000) in the year.

2 Other income

	1993/94	1992/93
	£m	£m
Transcription service	1.3	1.2
Sale of BBC English teaching material	3.0	3.0
Other income	6.0	3.9
	<u>10.3</u>	<u>8.1</u>

3 Taxation

The World Service is only liable to taxation on profits derived from rent and interest receivable.

The charge for the year, based on a rate of Corporation tax of 33% (1992/93 33%), comprised:

	1993/94	1992/93
	£m	£m
Current year		
Corporation tax	<u>0.4</u>	<u>0.1</u>

4 Employees and remuneration

(a) Pensions

Most World Service employees are members of the BBC Pension Scheme described in note 9(b) of the Home Services Group financial statements. The funding and accounting policies are the same as for the Home Services and the pension charge for the World Service was £3.2m (1992/93 £2.2m) after deducting the World Service amortised proportion of the scheme surplus.

(b) Governors and Board of Management

Governors' remuneration is charged to the Home Services. The World Service financial statements include the emoluments of the Managing Director, World Service. Disclosure of emoluments is included in note 9(c) and note 9(d) of the Home Services Group financial statements.

(c) Persons employed

The number of persons employed in the year at their full-time equivalent was:

	1993/94		1992/93 as restated	
	Average for the year	31 March 1994	Average for the year	31 March 1993
Broadcasting	2,269	2,183	2,233	2,295
Self-funding	113	104	96	113
Monitoring	539	518	513	533
	<u>2,921</u>	<u>2,805</u>	<u>2,842</u>	<u>2,941</u>

The number of persons employed in the year have previously been presented on the basis of the Services or subsidiaries for which staff performed their duties. With the introduction of Producer Choice in the Home Services this is restated onto a basis which reflects the areas to which staff are managerially accountable. The prior year figures have been adjusted with the net effect of a transfer of 399 staff from the World Service to the Home Services Group.

Within the averages above 179 (1992/93 179) part time employees have been included at their full time equivalent of 100 (1992/93 55).

5 Tangible fixed assets

	Land and buildings	Plant and machinery	Furniture and fittings	Assets in the course of construction	Total
	£m	£m	£m	£m	£m
Cost					
At 1 April 1993	49.1	101.2	1.6	12.1	164.0
Additions	1.7	–	–	22.9	24.6
Brought into service	1.6	25.1	–	(26.7)	–
At 31 March 1994	52.4	126.3	1.6	8.3	188.6
Depreciation					
At 1 April 1993	8.8	40.5	0.8	–	50.1
Charge for the year	3.0	7.0	0.2	–	10.2
At 31 March 1994	11.8	47.5	1.0	–	60.3
Net book values					
At 31 March 1994	40.6	78.8	0.6	8.3	128.3
At 31 March 1993	40.3	60.7	0.8	12.1	113.9

Land and buildings at net book value comprise:

At 31 March	1994	1993
	£m	£m
Freeholds	24.4	24.4
Short leaseholds	16.2	15.9
	40.6	40.3

6 Investments

Included in fixed assets are the following investments of nominal value:

Company	Holding of issued ordinary shares
	%
East Asia Relay Company (incorporated in Hong Kong)	100
Caribbean Relay Company Limited (incorporated in Antigua)	45

7 Stocks

At 31 March	1994	1993 reclassified
	£m	£m
Raw materials	1.0	2.2
Work in progress	2.1	2.1
Finished goods	0.3	1.0
	3.4	5.3

As outlined in the statement of accounting policies contributions from other organisations are no longer separately disclosed and accordingly the 1993 balance sheet has been reclassified.

8 Debtors

At 31 March	1994	1993
	£m	£m
Receivable within one year		
Trade debtors	4.9	6.5
Other debtors	1.8	0.6
VAT recoverable	0.6	0.3
Prepayments	2.6	1.7
	<u>9.9</u>	<u>9.1</u>
Receivable after more than one year		
Prepaid pension contributions	7.0	8.5

The prepaid pension contributions represent the excess of the pension amounts funded over the pension charge since 1 April 1989.

9 Cash and short term bank deposits

Analysis of the balances of cash and cash equivalents as shown in the balance sheet.

	Cash at bank and in hand	Unpresented cheques	Total
	£m	£m	£m
At 31 March 1992	3.8	(2.2)	1.6
Change in the year	(0.5)	0.4	(0.1)
At 31 March 1993	3.3	(1.8)	1.5
Change in the year	1.5	(1.8)	(0.3)
At 31 March 1994	<u>4.8</u>	<u>(3.6)</u>	<u>1.2</u>

10 Creditors

At 31 March	1994	1993
	£m	£m
Amounts falling due within one year		
Unpresented cheques	3.6	1.8
Trade creditors		
Programme creditors	1.2	1.9
Salaries and wages	3.1	2.7
Others	6.7	6.7
	<u>11.0</u>	<u>11.3</u>
Other creditors		
Capital	0.7	2.5
Taxation	0.5	0.1
Other	0.3	3.5
	<u>16.1</u>	<u>19.2</u>

11 Reserves

	Capital reserve	Operating reserve	Total
	£m	£m	£m
At 1 April 1993	113.9	7.0	120.9
Surplus for the year	–	16.4	16.4
Transfer to capital reserve	14.4	(14.4)	–
At 31 March 1994	<u>128.3</u>	<u>9.0</u>	<u>137.3</u>

12 Commitments

At 31 March	1994	1993
	£m	£m
Purchases		
Contracted but not provided:		
Fixed asset additions	3.0	7.3
Authorised but not contracted:		
Fixed asset additions	11.4	12.7

Operating leases

Payments to be made during the next year in respect of operating lease commitments for land and buildings which expire after five years

	<u>7.7</u>	<u>7.7</u>
--	------------	------------

13 Contingent liabilities

At any time, the World Service may have a number of contingent liabilities arising from litigation. The Corporation makes specific provision against the estimate of any damages and costs which may be awarded.

At 31 March 1994 the World Service had no contingent liabilities (31 March 1993 nil).

I Reference Section

I Compliance

Editorial Policy

Some six years ago, the Governors agreed and published a set of detailed guidelines for BBC programme-makers. A strengthened edition was published in November 1993. The guidelines cover the full range of editorial and ethical considerations appropriate to a public service broadcaster. The Controller of Editorial Policy is responsible for guiding and advising programme-makers on their application.

In March, the Governors considered and accepted his detailed report on compliance. We endorsed proposals to strengthen the guidelines on portrayal of violence and to address the concerns of some viewers and listeners about sexual innuendo, particularly before the watershed, and the use of offensive language.

Complaints

In January, Peter Dannheisser was appointed as Head of Programme Complaints to investigate complaints of serious factual inaccuracies, lapses of taste and decency, and unfairness to contributors. In addition, a Governors' Programme Complaints Committee was established to consider and hear appeals.

Commercial Policy

The BBC conducts a range of commercial activities, including programme sales, publishing and subscription television, in the UK and abroad. The Governors are responsible for ensuring that these activities are conducted within the framework of competition law and our own guidelines.

Over the last year, the Chief Adviser, Commercial Policy has helped formulate commercial policy guidelines, setting out clear criteria for the development of commercial activities and appropriate standards of business conduct.

In February, the Governors considered the first annual report on

compliance. We endorsed decisions that the BBC should withdraw from contract magazine publishing, end the sale of spare transmission capacity to third-party information services and refocus BBC Select on the provision of access services to non-commercial bodies to provide programmes of education, training and information.

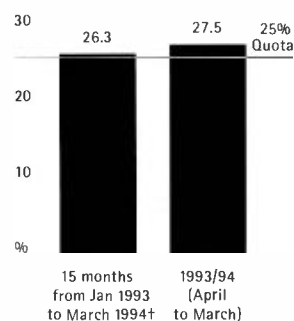
In April, the BBC agreed with the Treasury and published fair trading guidelines. The BBC undertakes not to use the licence fee or grants-in-aid to subsidise commercial ventures; to ensure that BBC programmes and resources are provided to commercial ventures at a fair market price; and not to promote any UK commercial ventures on our existing public channels. A Fair Trading Committee of the Governors is being established to monitor compliance and report to the Board. It will commission an annual external audit.

Statutory obligations

The BBC has complied with the statutory requirement to commission 25% of qualifying television programmes from independent producers over the period January 1993 to March 1994 (pending final agreement with OFT over definitions of qualifying programmes).

INDEPENDENT OUTPUT (TELEVISION)

as a proportion of "qualifying" output



† First period of Statutory compliance

The BBC has also complied with the OFT requirement to limit as agreed on-air trails for BBC products.

Performance indicators

The Governors have agreed a set of performance indicators for management, reflecting the BBC's essential purposes and the balance of its objectives. They cover:

the quality and distinctiveness of the BBC's programmes

value for money

the efficiency and effectiveness with which the BBC carries out its activities.

The list of indicators, with page references, is as follows:

- 18,93 Overall BBC reach
 - 18 Total viewing and listening per household per week
 - 21 The public's rating of the BBC's achievement of its key programme objectives
 - 90 Range of peak-time programmes
 - 29 Commitment to UK production
 - 26 Proportion of factual programmes in peak-time
 - 61 World Service radio audience
 - 18 Comparative price per hour of viewing and listening
 - 62 Benefit to the BBC from commercial activities
 - 90 Costs per hour (originated programmes)
 - 50 Resource utilisation by major resource type
 - 56 Overheads (Corporate management and governance).
- The Governors have also undertaken to monitor performance against a number of management policies adopted in the public interest:
- 90 Spending on external providers of programmes and resources
 - 90 Spending on major areas of creative talent
 - 93 Equal opportunities initiatives
 - 93 Transmission coverage
 - 93 Environment
 - 44 Proportion of network programme spending commissioned from outside London and the South East.

Audit Committee

During the course of the year, the Committee has approved and monitored the internal audit workplan; reviewed the quality of management's response to internal control issues; considered and approved the external audit plans; reviewed the external auditors' report; and reviewed the accounts.

The Committee notes that the introduction of trading required new accounting and control procedures. These have been developed and implemented by management teams in all directorates.

The members of the Audit Committee are listed on page 96.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board of Governors to ensure that members of the Board of Management are rewarded appropriately.

To continue to retain and attract management and executives of the highest calibre the BBC must offer broadly competitive remuneration, without necessarily matching commercial sector rates.

Accordingly, we will progressively bring the remuneration and benefits of Board of Management and other executives into line with market levels, bearing in mind both their responsibilities and compensation data from other businesses, comparable to the BBC in activity and scale both within and outside broadcasting.

The members of the Remuneration Committee are listed on page 96.

The Governors of the BBC June 1994

I Facts and Figures

I RANGE OF PEAK-TIME UK-MADE TELEVISION PROGRAMMES

Number of UK-made programme types shown for at least half an hour in an average week between 6.30pm and 10.30pm - 1993/94

Type	BBC	ITV/C4	BBC1	ITV	BBC2	C4
Single Plays/TV Films	•					•
Drama Series	•	•	•	•		
Drama Serials	•	•	•	•		•
Long Running Serials	•	•	•	•		•
Situation Comedy	•	•	•	•	•	•
Other Comedy	•	•				•
Variety		•				
Quiz & Panel Shows	•	•	•	•		•
Family/People Shows	•	•	•	•		
Sport	•	•	•	•	•	•
News	•	•	•	•		•
Regional News	•	•	•	•		
Current Affairs	•	•	•		•	•
Consumer Affairs	•	•	•		•	•
Arts	•	•			•	•
Hobbies and Leisure Pursuits	•	•			•	•
Natural History	•	•			•	•
Science and Medical	•	•	•		•	
Human Interest	•	•	•	•	•	•
Religious Programmes	•		•			
Music - Contemporary	•		•			
Music - Classical	•				•	
TOTAL	21	18	15	10	12	12

I COSTS PER HOUR

(Originated programmes)

Television	£'000s
BBC1	120
BBC2	87

Radio	£'000s
Radio 1FM	2.5
Radio 2	3.9
Radio 3	7.3
Radio 4	9.5
Radio 5	3.5

Television programme type	£'000s
Drama	512
Entertainment	249
Sport	58
Features & Documentaries	130
Children's	117
Music & Arts	107
Daytime	40
Schools	108
Continuing Education	132
National News	84
Daily News & Current Affairs	39
Current Affairs	142
Westminster	21

Radio programme type (Network only)	£'000s
Plays	15.7
Readings	8.0
Quizzes	7.8
Music	3.9
Features & Documentaries	11.9
Talks	6.9
Debates	8.3
Phone-ins	3.7
Magazines	4.4
Sports & Events	4.2
Schools	13.5
Continuing Education	7.7
Daily News & Current Affairs	9.5
Weekly Current Affairs	14.7
News Bulletins	8.3
National News Summaries	8.9
Westminster	8.8

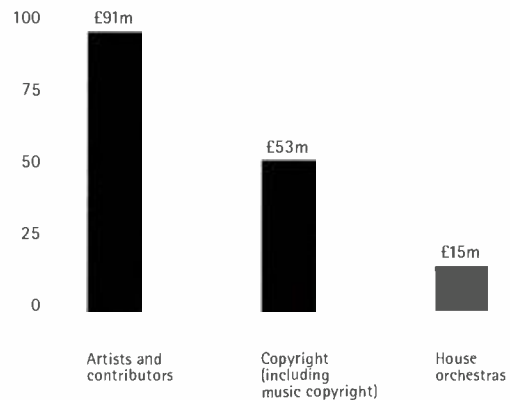
I SPENDING ON EXTERNAL PROVIDERS OF PROGRAMMES AND RESOURCES



† This includes an allocation of BBC overheads to reflect administrative costs incurred

I SPENDING ON MAJOR AREAS OF CREATIVE TALENT

excluding spending through independent productions and acquired programmes



I TELEVISION HOURS OF OUTPUT 1993/94

All figures in hours

	English Regions						Wales	Total 93/94	Total 92/93
	London (networks only)	Midlands and East	North	South	Northern Ireland	Scotland			
FIRST TRANSMISSIONS									
General Programmes									
Network	3,321	658	605	115	7	117	23	4,846	4,666
Regional service only		35	50	61	211	416	295	1,068	954
	3,321	693	655	176	218	533	318	5,914	5,620
Of which INDEPENDENTS									
Network	573	249	391	18	4	42	3	1,280	958
Regional service only			3	1	25	98	91	218	114
	573	249	394	19	29	140	94	1,498	1,072
News and daily news related programmes									
Network	1,354							1,354	1,326
Regional service only		720	732	975	248	261	252	3,188	2,833
Parliamentary broadcasting									
Network	197							197	188
Regional service only		34	51	59		22	20	186	147
Acquired programmes									
Feature films	298							298	332
Children's series and cartoons	171							171	109
Overseas sport	218							218	333
Teleseries	347							347	324
Other	219	18	5	8				250	187
TOTAL FIRST TRANSMISSIONS									
Network	6,125	676	610	123	7	117	23	7,681	7,465
Regional service only	0	789	833	1,095	459	699	567	4,442	3,934
REPEATS (all sources)									
Network	4,041	51	76	40		25	30	4,263	4,232
Regional service only		28	42	49	48	144	53	364	281
TOTAL REPEATS	4,041	79	118	89	48	169	83	4,627	4,513
TOTAL HOURS OF BROADCASTING									
Network	10,166	727	686	163	7	142	53	11,944	11,697
Regional service only	0	817	875	1,144	507	843	620	4,806	4,215
Continuity									
Network	457							457	438
Regional service only		2	6	8	83	67	118	284	243
Open University	674							674	671
TOTAL HOURS OF BROADCASTING	11,297	1,546	1,567	1,315	597	1,052	791	18,165	17,264

I RADIO HOURS OF OUTPUT 1993/94

All figures in hours

	Network programmes						Total Network	Regional service	Local Radio	Total 93/94	Total 92/93
	Radio 1FM	Radio 2	Radio 3	Radio 4	Radio 5	Radio 5 Live					
Programmes produced in London	8,438	7,777	5,277	5,802	5,633	115	33,042		33,042	33,347	
Programmes produced in the regions excluding local radio											
England - Midlands and East		874	296	521	164		1,855		1,855	1,381	
North	292	32	373	288	463		1,448		1,448	1,569	
South		14	83	288	9		394		394	645	
Northern Ireland		12	66	42	87		207	6,337	6,544	6,308	
Scotland	4	13	198	81	83		379	6,232	6,611	6,672	
Wales		14	209	58	93		374	10,391	10,765	11,237	
Community stations								2,044	2,044	3,513	
Total programmes produced in the regions excluding local radio	296	959	1,225	1,278	899		4,657	25,004	29,661	31,325	
Total programmes produced in London and the regions	8,734	8,736	6,502	7,080	6,532	115	37,699	25,004	62,703	64,672	
Local Radio									214,756	214,756	
Open University			67	14	76		157		157	122	
TOTAL HOURS OF BROADCASTING	8,734	8,736	6,569	7,094	6,608	115	37,856	25,004	214,756	277,616	

I NETWORK TELEVISION OUTPUT ANALYSIS

(Hours of output)

	BBC1		BBC2	
	92/93	93/94	92/93	93/94
GENERAL PROGRAMMES:				
Features and documentaries	1052	1129	1381	1187
Sport	558	586	682	801
Light entertainment	528	509	206	242
Children's programmes	494	486	91	134
Continuing education	142	125	120	167
Schools			531	530
Drama	401	399	136	135
Religion	74	95	33	34
Music	9	21	57	53
Weather	60	60	22	23
Subtotal	3318	3410	3259	3306
News and daily news related programmes	1084	1119	242	235
Parliamentary broadcasting	0	0	188	197
ACQUIRED PROGRAMMES:				
Feature films	740	770	1076	1099
Children's series	310	367	126	108
Overseas sport	195	71	164	162
Teleseries	472	489	221	250
Other (including presentation)	59	89	243	272
Subtotal	6178	6315	5519	5629
Continuity	221	241	217	216
Open University	67		604	674
TOTAL	6466	6556	6340	6519

I LOCAL RADIO OWN HOURS OF TRANSMISSION

Station	92/93	93/94
Berkshire	2,687	3,738
Bristol	8,203	8,369
Cambridge	5,995	6,006
Cleveland	4,897	5,050
Cornwall	4,397	4,588
Cumbria	5,712	6,074
CWR	4,927	5,011
Derby	4,828	5,029
Devon	7,024	8,134
Essex	4,832	5,037
Gloucester	4,412	5,043
GLR	7,345	7,252
Guernsey	2,725	3,040
Hereford and Worcester	4,897	5,076
Humberside	4,929	5,177
Jersey	2,726	2,942
Kent	5,892	6,566
Lancashire	6,069	6,483
Leeds	6,019	6,157
Leicester	6,450	7,438
Lincolnshire	4,093	4,268
Manchester	5,047	5,565
Merseyside	5,457	5,773
Newcastle	4,736	5,273
Norfolk	5,217	5,541
Northampton	5,822	6,032
Nottingham	5,407	5,628
Oxford	5,320	5,907
Sheffield	5,419	5,366
Shropshire	5,019	5,057
Solent	6,100	6,488
Stoke	4,976	4,959
Suffolk	5,130	5,075
Sussex and Surrey	7,767	7,303
Three Counties	5,555	5,788
West Midlands	7,815	7,856
Wiltshire Sound	5,347	5,728
York	4,668	4,939
TOTAL	203,861	214,756

I NETWORK RADIO OUTPUT ANALYSIS (Hours of output)

	Radio 1		Radio 2		Radio 3		Radio 4		Radio 5		Radio 5 Live	
	92/93	93/94	92/93	93/94	92/93	93/94	92/93	93/94	92/93	93/94	92/93	93/94
Music	8,216	8,029	7,463	7,145	5,177	5,468	135	134	552	725		
Current affairs, features and documentaries	216	290	523	651	568	441	4,389	4,261	2,628	2,183		77
News	259	246	443	528	152	138	941	950	236	216		16
Drama				1	106	115	827	811	132	196		
Sport					232	129	38	104	1,979	2,104		22
Light entertainment	44	167	208	136	11	7	345	340	185	189		
Religion		2	84	95	84	60	300	313	2	2		
Schools broadcasting									463	452		
Continuing education									141	213		
Children's programmes									268	206		
Continuity	1		11	180	151	144	178	167	92	46		
TOTAL	8,736	8,734	8,732	8,736	6,481	6,502	7,153	7,080	6,678	6,532	0	115
Open University					18	67		14	104	76		
TOTAL	8,736	8,734	8,732	8,736	6,499	6,569	7,153	7,094	6,782	6,608	0	115

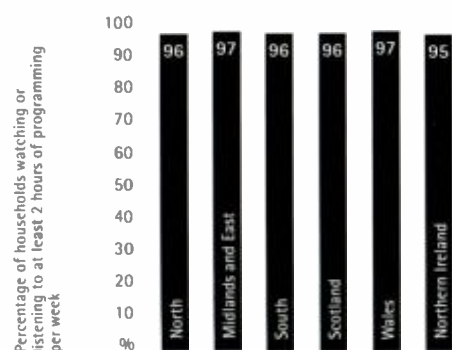
I REGIONAL TELEVISION OUTPUT ANALYSIS (Hours of output)

	92/93	93/94
News and daily news-related current affairs and parliamentary broadcasts	2,980	3,374
Opt-out/specials and current affairs	243	212
Light entertainment, comedy, children's and drama	9	40
Factual	217	229
Music and arts	70	78
Schools	29	37
Sport	386	472
Repeats	281	364
Subtotal	4,215	4,806
Continuity	243	284
TOTAL	4,458	5,090

I EQUAL OPPORTUNITIES INITIATIVES

	92/93	93/94	Target
PROPORTION OF WOMEN IN MANAGEMENT			
Middle management	27%	30%	40%
Senior management	26%	27%	40%
Senior executives	16%	18%	30%
PROPORTION OF ETHNIC MINORITIES			
London based			
Network Television		7.8%	8%
Network Radio		6.5%	8%
World Service (recruited in the UK)		10.2%	8%
NCA		7.2%	8%
Education		5.7%	8%
London based Resources		6.5%	8%
Policy & Planning		13.3%	8%
Legal Adviser		13.7%	11%
Corporate Affairs		2.2%	8%
Finance		14.4%	13%
Personnel		8.6%	11%
Regions (includes Regional Broadcasting and Regional Resources)			
Scotland		0.8%	2%
Wales		1.0%	2%
North		3.5%	4%
Midlands & East		4.9%	6%
South		1.6%	8%

I OVERALL BBC REACH BY REGION



Source: BBC Broadcast Research

I ENVIRONMENT

Over a five year period from 1991/92 to 1995/96 the BBC has a target to reduce CO₂ emissions (through reduced energy consumption) by 15%.

I TRANSMISSION COVERAGE

99.4% of the UK population can receive the BBC's television transmissions, and 98% can receive FM, medium wave and long wave radio transmissions.

FM coverage (98.6%) is determined against an objective standard. However, the equipment used by listeners has a very wide range of technical performance. Some of this equipment, particularly when using simple indoor aerials, is unable to achieve good reception throughout an area adequately served when measured against the objective standard. As a result of this, local geographical features and the difficulty some listeners experience in tuning their radios, the levels of listeners' satisfaction, particularly towards the outer edges of a transmitter's service area, will be lower than implied by the measured coverage.

I Reports from Councils and Committees to the Board of Governors

The National Broadcasting Councils and the English National Forum were asked to review the extent to which programmes in Scotland, Wales, Northern Ireland and the English regions had served the needs of the audience.

The Broadcasting Council for Scotland reported that BBC Scotland had provided a wide range of distinctive programmes. In particular, Radio Scotland had been successfully restructured in spite of initial public hostility. This had established separate speech and music services on FM and MW, with better representation of local communities. There was still a lack of local drama and comedy on radio. The Council considered the emphasis on journalism – which it welcomed – nevertheless lent a serious tone to the television service, which some viewers found difficult. Excellent BBC television programmes had been made in Scotland but some drama commissions for the Network were regarded as disappointing, doing little to reflect Scottish life. The Council pointed out that the Scottish public often regarded network programmes as insensitive to the separate legal and social systems of Scotland.

The Broadcasting Council for Wales considered that BBC Wales had produced programmes of a generally high standard and had been able to meet the competition from the growing commercial sector. It believed the English language television opt-out service had made great efforts to be innovative, but criticised some weekly current affairs programmes for lack of depth. It was also concerned about significant gaps in scheduling: there were no business programmes or light entertainment and there was more scope to address scientific, technical and religious issues. The Council was proud of BBC Radio Wales which was valued as a source of local news and it noted

that the Welsh-language Radio Cymru was regarded as an institution in its own right, listened to by more than 60% of Welsh speakers. BBC Wales' many contributions to the network were appreciated; the Council believed there was scope for more, particularly because of relatively low production costs in Wales.

The Broadcasting Council for Northern Ireland commended BBC Northern Ireland for its authoritative news and current affairs and for the professionalism of its specialist journalists. Bi-media working was well-advanced and was proving successful. The Council noted, however, that the political and security problems allowed little space for reflection of the diverse economic and cultural life of the province. More social action broadcasting was needed; there was also scope for higher-quality music and arts programmes on television and for more targeting of young people, both on radio and television. BBC Radio Ulster was highly-regarded and its output comprehensive. The Council suggested that BBCTV in Northern Ireland might consider a less formal style. It was also concerned that, apart from drama and religious broadcasting, not enough programmes from Northern Ireland were shown on Network Television.

The English National Forum – which represents the ten new advisory councils in England – regarded regional television news and current affairs as authoritative and greatly enhanced by the investment in specialist correspondents. There was concern, however, that the service was not sufficiently local and did not address a wide enough range of subjects. The Forum – like the three national councils – also regretted the lack of time devoted to regional television news after 7 p.m. Weekly current affairs was highly regarded and

was felt to deserve more prominent placing in the schedules. Local radio was considered to have gained a greater authority through the development of all-speech programmes at key times.

Report of the General Advisory Council The General Advisory Council held a special 'stock-taking' meeting in April 1994 to discuss a number of topics nominated by the BBC as likely to be relevant to the Governors' annual review of performance. The topics were: coverage of science and technology; Radio 3; and news and current affairs output.

During the course of the year under review the Council also considered the BBC's plans to replace Radio 5 by a news and sport network, the BBC's presentation of violence and crime (on which two members of the Council wrote a discussion paper) and the BBC's regional policy. The Council also prepared a paper on its own role and submitted this to the Department for National Heritage to inform thinking on the White Paper on renewal of the BBC's Charter.

I Major Awards in 1993/94

I TELEVISION

BRITISH ACADEMY AWARDS

Best Short Animated Film:
The Wrong Trousers
TV Award for Originality
Sarajevo: A Street Under Siege
Best Children's Programme (Factual):
It'll Never Work
Best Original TV Music:
Jim Parker for 'To Play the King'
Best Sound (Factual):
Stuart Bruce, Bob Jackson & Kathy Heaton, for 'Inside Story: Traffic Jam'
Best Sound
(Fiction/Entertainment):
Kieran Horgan, Peter Joly, Dan Gane, Peter Maxwell & Mick Boggis for Screen Two: The Snapper
Best Film/Video Editor
(Fiction/Entertainment):
Mick Audsley for Screen Two: The Snapper
Best Film/Video Editor (Factual):
Alan Lygo for Timewatch: The Stolen Child
Best Video Lighting:
Chris Townsend for 'Porgy and Bess'
Best Graphic Design:
Jane Fielder & Iain Greenway for Christmas on BBC2

BAFTA Lloyds Bank
Best Short Film:
Franz Kafka's It's A Wonderful Life
Performance Arts
Best Single Drama:
Screenplay: Safe
Best Drama Series:
Between the Lines
Best LE Performance Award:
Richard Wilson in One Foot in the Grave
Richard Dimbleby Award:
Joan Bakewell

BAFTA Production Awards
Huw Weldon Award:
Bookmark: The Vampire's Life
Best Factual Series:
The Ark
Best make-up:
Sallie Jaye and Jan Sewell for 'French and Saunders'
Best Costume Design:
Susannah Buxton for Mr Wroe's Virgins
Best Design:
Roger Cann for The Buddha of Suburbia

Best Film or Video Photography in a Factual Programme:

Doug Allan for Life in the Freezer

RTS PROGRAMME & TECHNOLOGY AWARDS

Situation Comedy:
One Foot in the Grave
Single Drama:
Screen Two: The Snapper
The Live Event:
Stiffelio
Children's Factual:
It'll Never Work
Regional Programme:
Selected Exits
Female Performance:
Kathy Burke for Mr Wroe's Virgins
Writer's Award:
Roddy Doyle for The Snapper
Regional Presenter:
Eddie Ladd for The Slate
Communications Innovation:
The Audetel Project

RTS JOURNALISM & SPORT AWARDS

Home Current Affairs:
Thatcher: The Downing Street Years
International Current Affairs:
Panorama: The Norway Channel
Sports News:
Rob Bonnet for the 9 O'Clock News
Sports Coverage:
On The Line: The Great Black Hope
Judge's Award:
BBC Northern Ireland for 25 years of outstanding journalistic coverage

RTS EDUCATIONAL AWARDS

Schools TV - Pre-School & Infant:
Numbertime: Number 4
Schools TV - Secondary Science:
Short Circuit: Message in a Bottle
Adult Education TV - Education & Training:
Making Advances: The Nature of the Beast
Adult Education TV - Social Action:
Eve Strikes Back
Judges' Award:
Eufron Gwynne Jones

ACADEMY AWARDS (OSCARs)

Best Animated Short Film:
The Wrong Trousers

I RADIO

SONY RADIO AWARDS 1994

Outstanding Sports Broadcast:
Gold: Sports on Five, Radio 5
Outstanding Special Event:
Gold: U2 and 1FM, BBC Radio 1FM
Silver: RAF Day, BBC Radio 2
Bronze: Tall Ships, BBC Radio Newcastle
Magazine/Special Interest:
Gold: The Big Holy One, BBC Radio 1FM
Bronze: The Natural History Programme, BBC Radio 4
Phone-In:
Bronze: Talkback, BBC GMR
Sports Reporter of the Year:
Gold (Joint): John Inverdale and John Rawling, BBC Radio 5
Bronze: Mike Ingham, BBC Radio 5
Breakfast Show - Non Contemporary Music:
Gold: Wake up to Wogan, BBC Radio 2
Breakfast Show - Speech Based:
Gold: Eddie Mair Live, BBC Radio Scotland
Silver: Your Place and Mine, BBC Radio Ulster
Bronze: Today: 22 October 1993, BBC Radio 4
Response to a News Event:
Gold: Today - The Moscow White House Siege, BBC Radio 4
News and Current Affairs Sequence:
Silver: The World This Weekend, BBC Radio 4
Bronze: PM, BBC Radio 4
News and Current Affairs Programmes:
Gold: East, Going West - 1. Fundamentally Wrong, BBC Radio 4
Silver: Blind Eye. Oh Those Russians: Moscow's Powerful Mafia, BBC Radio 4
Bronze: File on Four
Documentary: The Whole Truth, BBC Radio 4
Newcomer:
Gold: Simon Munnery, BBC Radio 1FM
Silver: Ivan Hewett, BBC Radio 3
Local Broadcaster of the Year:
Gold: Stephen le Fevre and Liz Green, BBC Radio Leeds
Silver: Sean Rafferty, BBC Radio Ulster
Documentary/Feature:
Gold: Jack's Last Tape, Radio 4

Silver: Silent Daughters, BBC Radio 4
Bronze: Your Place or Mine? "Access Denied", BBC Radio 4
Specialist Music Programme:
Gold: Euromix, BBC Radio 5
Silver: Latins in the USA, BBC World Service
Bronze: Monument, BBC Radio 3
Arts Programme or Music Feature:
Silver: All Rubbed Out, BBC Radio 4
Bronze: Spinechillers: Episode 6, BBC Radio 5
Popular Music Programme:
Gold: By Hart, BBC Radio 2
Silver: For Those About To Rock, BBC Radio 1
Use of Comedy/Comedy Show:
Gold: A Look Back at the Nineties, BBC Radio 4
Silver: Struck Off and Die, BBC Radio 4
Bronze: The Shuttleworths, BBC Radio 4
Music Programming:
Gold: Ironic Maidens, BBC Radio 2
Silver: Mr Anderson's Fine Tunes, BBC Radio Scotland
Outstanding Service to the Community:
Gold: Shout it Out!, BBC Radio Devon
Silver: Moneyspinner '93, BBC Radio Nottingham
Society of Authors - Best Original Script:
Gold: Homeward Bound, BBC World Service
Silver: The Lovesong of Alfred J Hitchcock, BBC Radio 3
Bronze: The World Tonight, BBC Radio 4
Society of Authors - Best Dramatisation
Gold: The Night of the Hunter, BBC Radio 4
Silver: Dr Strangelove, BBC World Service
Bronze: I'll Tell You What Happened, BBC Three Counties Radio
Drama Production:
Gold: Blue, Radio 3
Silver: The Night of the Hunter, BBC Radio 4
Bronze: The Strange Case of Dr Jekyll and Mr Hyde, BBC Radio Scotland
Best Actor:
Gold: Richard Griffiths for his performance in The Lovesong of Alfred J Hitchcock, BBC Radio 3

I Biographies

Silver: Kerry Shale for his performance in *Dr Strangelove*, BBC World Service
Bronze: Michael Palin for his performance in *The Dresser*, BBC Radio 4
Best Actress:
Gold: Wendy Seager for her performance in *The Life Class*, BBC Radio 4
Silver: Sharon Gless for her performance in *Night Mother*, BBC World Service
Bronze: Helena Bonham-Carter for her performance in *The Seagull*, BBC Radio 4
News Reporter of the Year:
Gold: Fergal Keane, BBC Radio 4
Silver: Ben Bradshaw for *The World This Weekend*, BBC Radio 4
Bronze: Sarah Cullen for PM, BBC Radio 4
Nation Station of the Year:
BBC Radio Scotland
Special Award for Outstanding Service to the Radio Industry:
John Tydeman
Sony Special Award:
To BBC Radio Ulster and Downtown Radio
Radio Academy Award:
The BBC's RDS Development Team
National Broadcaster of the Year:
Henry Kelly
Gold Award for Outstanding Contribution to Radio over the Years:
Kenny Everett

I BBC BOARD OF GOVERNORS

Marmaduke Hussey
 Chairman of the BBC since November 1986. Chief Executive and Managing Director of Times Newspapers 1972-80; director 1982-86.

Lord Cocks of Hartcliffe
 Vice-Chairman since August 1993. Labour Chief Whip 1976-85. Elevated to the House of Lords in 1987.

Sir Graham Hills
 National Governor for Scotland since August 1989. Principal and Vice-Chancellor of the University of Strathclyde 1980-91. Formerly Professor of Physical Chemistry, Southampton University.

Sir Kenneth Bloomfield
 National Governor for Northern Ireland since July 1991. Head of the Northern Ireland Civil Service 1984-91.

Dr Gwyn Jones
 National Governor for Wales since January 1992. Chairman of the Welsh Development Agency 1988-93.

Bill Jordan CBE
 Governor since August 1988. President of the Amalgamated Engineering and Electrical Union.

Dr Jane Glover
 Governor since May 1990. Internationally renowned conductor, working both on the concert platform and in opera.

Shahwar Sadeque
 Governor since May 1990. Member of the Commission for Racial Equality 1989-93. Member of School Curriculum and Assessment Authority and of National Council for Educational Technology.

Lord Nicholas Gordon Lennox KCMG KCVO
 Governor since August 1990. Former diplomat (Ambassador to Spain 1984-1990).

Margaret Spurr
 Governor since August 1993. Headmistress of Bolton School Girls' Division.

Sir David Scholey CBE
 Governor since March 1994. Chairman of SG Warburg Group. Director of Bank of England.

Janet Cohen
 Governor since March 1994. Director of Charterhouse Bank. Author of crime novels.

(NOTE: during 1993-94 the following Governors retired: Lord Barnett, Baroness James and Mr Keith Oates).

I BBC BOARD OF MANAGEMENT

John Birt
 Director-General since December 1992. Joined BBC as Deputy Director-General from London Weekend Television.

Bob Phillips
 Deputy Director-General and Managing Director, World Service, from April 1993. From May 1994 Chairman, BBC Worldwide, responsible for all international operations. Former Chief Executive, ITN.

David Hatch
 Appointed Adviser to Director-General January 1993. Former Managing Director, Network Radio. First worked for BBC as actor and writer.

Ronald Neil
 Managing Director, BBC Regional Broadcasting. Previously Director of News and Current Affairs. Joined BBC 25 years ago as reporter in Scotland.

Will Wyatt
 Managing Director, Network Television since April 1991. Formerly Assistant Managing Director, and Head of Features and Documentaries, Television.

Liz Forgan
 Appointed Managing Director, Network Radio, January 1993. Has led Programme Strategy Review. Former Director of Programmes, Channel 4.

Tony Hall
 Managing Director, News and Current Affairs. Joined BBC 1973 as journalist trainee. Produced and edited news programmes, including Nine O'Clock News.

Dr John Thomas
 Managing Director, BBC Enterprises. From May 1994 Managing Director, BBC International TV. Joined BBC 1986 from Reed Business Publishing.

Rod Lynch
 Managing Director, Resources, since May 1993. Previous career with British Airways and Forte Hotels where he was Worldwide Director of Sales and Marketing.

Margaret Salmon
 Director of Personnel from 1991. Special responsibility for training and staff communication. Former Personnel Director with Burton Group.

Patricia Hodgson
 Director of Policy and Planning. Programme-maker, initially with the Open University. Became BBC Secretary in 1985.

Rodney Baker-Bates
 Director of Finance and Information Technology from March 1993. Former Group Financial Control Director with Midland Bank.

Colin Browne
 Director of Corporate Affairs from April 1994. Former career with Post Office and British Telecom where he was Corporate Affairs Director.

Dr Eurfron Gwynne Jones
 Education Director since July 1992. Formerly Controller of Educational Broadcasting. Joined BBC in 1959. Attends Board of Management as non-member.

During the year 1993/94 the following members of Board of Management left the BBC: James Arnold-Baker, Chief Executive, Enterprises, from 1986; Pamela Taylor, Director, Corporate Affairs, from 1992; Bill Denny, Acting Managing Director, Resources, from 1993.

I GOVERNORS' COMMITTEES

Audit Committee
 Kenneth Bloomfield (Chairman)
 Nicholas Gordon Lennox
 Bill Jordan
 David Scholey

Remuneration Committee
 Marmaduke Hussey (Chairman)
 Michael Cocks
 David Scholey

Complaints Committee
 Michael Cocks (Chairman)
 Jane Glover
 Nicholas Gordon Lennox
 Janet Cohen

English National Forum
 Margaret Spurr (Chairman)

Published by the British Broadcasting Corporation
Broadcasting House, London W1A 1AA
Structure and design: Merchant / the square red studio
Portrait photography: Mike Abrahams / John Timbers
Printed by Litho Tech Colour Printers
ISBN 0 563 37082 3
© BBC 1994



£8.99