



Report and Accounts 1994/95

Assessment
by the Board
of Governors

Review by the
Director-General

Report and
Accounts



The Annual Report and Accounts of the British Broadcasting Corporation for the year 1994/95 as submitted to the Secretary of State for National Heritage in accordance with Article 18 of the BBC's Royal Charter.

Report and Accounts 1994/95

The BBC is accountable to Parliament and the public for the services it provides and its use of public money. Over the last three years, measures have been introduced which greatly strengthen the BBC's accountability.

The role of the Governors has been clarified. So too has the role of the Broadcasting Councils for Scotland, Wales and Northern Ireland, working in partnership with the Governors. A new advisory system and a stronger complaints process have been put in place. There is a wider dialogue with audiences, to achieve a better understanding of their needs, interests and concerns. And full and clear reporting, against published objectives, has been brought in.

These changes are reflected in the 1994/95 Annual Report and Accounts. At the heart of the Report are an assessment by the Board of Governors and a report by the Director-General. Each is grounded in the conclusions of a joint conference of the two boards, the culmination of a thorough annual process of performance review.

In the autumn, the BBC will publish a statement of promises to audiences. Next spring, and subsequently, the Governors will assess whether the promises have been kept and publish their views in the Annual Report.

In the debate over the future of the BBC, the nature of the accountability framework has been an important theme. Though there is further progress to be made, much has already been achieved. The Governors and Board of Management look forward to the formal establishment of the framework in the new Charter and Agreement, shortly to be brought before Parliament.

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Context

The BBC in perspective

1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
August Start of current Charter	November Channel 4 launched	January BBC first to launch breakfast television November First 11 cable franchises awarded	January Sky TV launched on cable	January TV cameras allowed in the House of Lords September CNN available on satellite in the UK	April Formation of BBC Enterprises	February Government Green Paper 'Radio: Choices and Opportunities' published	April Licence Fee pegged to RPI	February Sky TV launched on Astra satellite October 1st commercial ethnic minority radio service launched November Cameras introduced in the House of Commons November Launch of Atlantic 252	April BSB launched August 5th BBC radio network launched November Broadcasting Act received Royal Assent November Sky and BSB merged to form BSkyB

In July 1994, the government issued a White Paper which was intended to maintain the BBC as the "cornerstone of British broadcasting" and assure its position well into the next millenium.

When the BBC's Royal Charter was last renewed, in 1981, the broadcasting landscape was quite different. Commercial competition was restricted to ITV and a handful of independent local radio stations. Channel 4 had not been launched, satellite TV sounded like science fiction, there were no plans for cable, no independent productions, no breakfast television and no broadcasting from Parliament. Even more change lies ahead.

This annual report describes the achievements and experiences of the BBC in the financial year 1994/95. The graph above sets the events of the year in context, as the worlds of broadcasting and telecommunications converge and new forms of competition begin to arrive.

Along with deeper, more fundamental changes in society, these forces are contributing to changes in audiences' viewing and listening habits. The events described above are signposts along what is an increasingly unpredictable route to a multi-choice, multi-media future for broadcasting.

1991	1992	1993	1994	1995	The Future
January ITC, Radio Authority and National Transcom- munications Limited took over from IBA	April Department of National Heritage took over respon- sibility for broadcasting	January New ITV franchise holders began broadcasting	January Meridian- Anglia merger announced	January BBC World, BBC Prime Worldwide channels launched	<i>Digital Audio Broadcasting services start from Autumn 95?</i>
March First broadcast of World Service TV	July Tyne Tees - Yorkshire Television merger announced	April 'Producer Choice' introduced	February LWT-Granada merger announced	February People and Programmes published	<i>Channel 5 licence to be awarded?</i>
April Licence Fee fixed at RPI minus 3% and then at RPI	September Classic FM launched	April Virgin Radio launched	March Radio 5 Live launched	February Talk Radio launched: 4th nationwide commercial radio station	<i>Digital terrestrial TV broadcasting?</i>
April BBC took over Licence Fee collection from the Home Office	November UK Gold launched	May 'Responding to the Green Paper' published	April BBC Regional policy ("Hatch") announced	May Government Green Paper on cross-media ownership issued	<i>Widescreen television?</i>
October New ITV licences awarded	November 'Extending Choice' published	November Licence Fee growth fixed at RPI until 1996	May BBC Worldwide formed; plus link with Pearson		<i>Further merger and cross- ownership of radio stations?</i>
	November Green Paper 'The Future of the BBC' published	December 'An Accountable BBC' published	May BBC Worldwide Television's Arabic service launched		<i>Cost of sports, films and key talent continue to rise faster than inflation?</i>
		December Merger of Carlton and Central announced	July Government White Paper on BBC issued		<i>TV channel choice grows to 100?</i>
			December BBC Commercial Policy Guidelines issued		<i>Growth in on- line information entertainment including video- on-demand?</i>
					<i>Radio stations grow to 300?</i>
					<i>Multi-media and interactive products compete with broadcasting?</i>

Summary of Home Services Expenditure

Television		£m
BBC1		635.3
BBC2		306.5
Regional		152.6
		1,094.4
Radio		£m
Radio 1		32.8
Radio 2		37.5
Radio 3		56.0
Radio 4		74.0
Radio 5 Live		34.7
Regional		45.0
Local		73.4
		353.4
Non-Broadcast		£m
Licence Fee Collection		91.0
1 Corporate Centre		51.0
2 Resources Net Deficit		3.2
3 Others		48.8
		194.0
Home Services Expenditure		1,641.8
being Total Operating Expenditure		1,680.8
less External Income Funding		(39.0)
		1,641.8

In 1994/95, the BBC Licence Fee Income of £1,751 million funded services with operating expenditure of £1,642 million.

1 Corporate Centre contains Corporate Finance, Personnel, Policy & Planning, Corporate Affairs, Legal Adviser, Research & Development and expenditure which cannot be meaningfully charged against directorates.

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

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

Efficiency Savings

Efficiency savings ploughed back into programmes.

Another £100 million has been saved in 1994/95 by making our programmes more efficiently. After paying for the costs of inflation, this helped fund nearly £80 million worth of additional and enhanced programme output, including:

Richer mix of drama on television including a third episode of *Eastenders*

Additional natural history on television including *Flamingowatch*

Enhanced coverage of the World Cup and Commonwealth Games

Additional daytime hours from *Pebble Mill* on BBC1

More Sunday teatime classic drama on BBC1

58 hours more special recordings on Radio 3

Westminster On-Line and *Midnight Hour* on BBC2

Expansion of Asian Network on Radio WM

Family Literacy and *French Challenge* initiatives

Westminster
On-Line

Read and
Write Together

Comic Relief

Cricket
coverage

D-Day



Enhancements for the 100th Anniversary Proms

More drama on Radio 1 including *Spiderman*

Jobs For The Girls on BBC1

Working Lunch on BBC2

National Trust special season

Big Bang (science) on Radio 4

Full run of *Here and Now* on BBC1

New Radio Helpline established

Correspondent on BBC2

Enhanced Regional News

Harry Enfield and Chums on BBC1

More live music on Radio 1

More ambitious Comic Relief

Rising sports rights costs

Radio 5 Live

D-Day coverage

Overall the BBC
broadcast:

2,554 more hours on
Radio 1, Radio 2,
Radio 3, Radio 4 and
Radio 5 Live

6,721 more hours
on Local radio

445 more hours of
first transmissions on
BBC1 and BBC2

299 fewer hours of
repeats of our
television programmes



Standing left to right:
 Lord Cocks
 The Rev Norman Drummond
 Lord Nicholas Gordon Lennox
 Bill Jordan

Seated left to right:
 Sir Kenneth Bloomfield
 Janet Cohen
 Marmaduke Hussey
 Margaret Spurr

BBC Board of Governors

Marmaduke Hussey
 Chairman of the BBC since 1986. Chief Executive and Managing Director of Times Newspapers Ltd 1972-1980; director 1982-1986.

Lord Cocks of Hartcliffe
 Labour Chief Whip 1976-1979. Elevated to the House of Lords 1987. Deputy Chairman of the Docklands Development Corporation since 1988.

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

Dr Gwyn Jones
 National Governor for Wales since 1992. Chairman of the Welsh Development Agency 1988-1993. (Not pictured)

The Rev Norman Drummond
 National Governor for Scotland since 1994. Headmaster of Loretto 1984-1995.

Bill Jordan CBE
 Governor since 1988. General Secretary of the International Confederation of Free Trade Unions since January 1995. President of the Amalgamated Engineering Union 1986-1995.

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

Margaret Spurr OBE
 Governor since 1993. Chairman of the English National Forum. Headmistress of Bolton School Girl's Division 1979-1994.

Janet Cohen
 Governor since March 1994. Director of Charterhouse Bank and board member of Sheffield Development Corporation.

During the year, Sir Graham Hills, Dr Jane Glover and Mrs Shahwar Sadeque retired from the Board, each after five years' service. Sir David Scholey resigned in February, owing to new commitments at SG Warburg.

Chairman's Foreword

On November 26th 1992 Michael Checkland and John Birt presented *Extending Choice*, a document that had been carefully constructed after wide consultation across the whole of the BBC. Before the final draft was agreed, it had been read and authorised by the Governors. Nearly three years later, it is interesting to note what priorities we set for the BBC then and how far they have been fulfilled.

We emphasised the increasing importance of broadcasting in a changing and dynamic society, and the equally dramatic transformation of the whole broadcasting marketplace. We noted that in that marketplace, commercial priorities were becoming increasingly dominant and that in many countries that led to a marked reduction in quality. Commercially-funded and publicly-funded broadcasters have different but complementary objectives. Commercial organisations tend to produce, schedule and broadcast programmes that can be relied upon to attract large audiences. They concentrate in part on easily digestible entertainment within well-established formats and rapidly abandon those which are not an instant ratings success. Nothing wrong with that. They are in business.

We emphasised that the BBC stood for the highest quality of programming across every genre and had been accepted by all countries as the standard-setter. We should maintain that role. As our service is paid for by compulsory licence, it is especially important that we should offer the highest standards of programmes, customer care, efficiency and value for money.

We noted that there was a greater emphasis in British society on education and there was an opportunity for the BBC to stimulate development and expression of British culture and education both at home and abroad. Our objectives should be the enhancement of all areas of programming whether on radio or television. Drama, comedy, children's programmes, music, arts, sport, education and news and current affairs. The nation turns always to the BBC in moments of crisis, excitement or drama, so the great issues must be properly reported, debated and analysed. In short, the BBC should demonstrate unquestioned independence, impartiality and responsibility.

We believed that the introduction of Producer Choice and the reduction of our property portfolio, the numbers of studios, outside broadcast units, and other expensive equipment would make possible a major transfer of licence payers' funds from static assets to active programmes. We called for a tough-minded approach to streamlining overheads at all levels and a much more careful planning of the allocation and expenditure of our resources.

We clarified the roles of Governors and Management. The Governors should act as trustees for the public interest and set the Management a well-defined framework of objectives against which they can be held accountable. The BBC ultimately answers to the Licence Fee Payer. Our Annual Report which follows is an example of this. During the compilation of *Extending Choice*, many of the policies outlined had already been started. In the next two years the impetus for change moved into a higher gear with demonstrable results, and not a little pain.

But the proof of any pudding is in the eating. The White Paper, which the government published in 1994, embraced and praised the changes, added its imprimatur to a bold foray into world broadcasting, underwrote the maintenance of a Licence Fee tied to the RPI, maintained our services at the existing level and gave us the opportunity to plan for the exciting future that awaits successful broadcasters. We hope that the Royal Charter, shortly to be considered by Parliament, will confirm this – a signal reward for our labours over the last eight years.

This was a result that seemed inconceivable ten years ago. We believe that we have earned it by the firm measures taken to achieve our published objectives. Looking across the scene in 1995, I think we have good reason to be satisfied.

It is gratifying for an old media competitor to read headlines querying ITV's share, not ours. BBC1 has held steady in the last year, while ITV's share has slipped. BBC2 was the only terrestrial channel to gain share against an increasing variety of alternative services. BBC Television has had a great year, underlined by winning prizes in all three television categories in the Prix Italia, five International Emmys and an Oscar, and sweeping the board with all the prizes for drama at the recent RTS awards.

Once again, the nation united in watching the BBC's coverage of D-Day and VE-Day. It was a moment of national emotion, movingly portrayed by our cameras and commentators. In nine years there have never been two programmes of which I personally felt prouder.

BBC Worldwide Television's drive for international coverage is underway and now reaches 43 million households in 111 countries. Our objective, for which we have had widespread political support, is to be a global competitor. There is a long way to go. Whilst the broadcasting industry is a net importer, the BBC is a net exporter of programmes. There are not many export areas in which a British product is the acknowledged world brand leader. But as any exporter will confirm, exporting without the capital to invest is extremely difficult. This is an issue which must be addressed.

Radio, national and local, is an area of increasing competition but of great importance to the BBC. It is, in fact, the area in which our output is the most distinctive. I do not see any likely competitors for Radio 4 or for the original live output of Radio 3. Radio 2 has just been named as the Station of the Year, a great tribute to a cunning controller and a glittering array of presenters. Radio 5 Live outaced the original critics with a stunning success. It has added a new dimension to radio broadcasting. Radio 1 is increasingly different. The switch to speech on local radio is widely appreciated across the nation. Thirty-one million listen to our radio every week. And it comes free with the television licence – not enough people realise this.

The pace has been hectic: the results impressive. The Management at all levels, led by John Birt and supported by the Governors, has striven mightily and successfully to change the BBC. But no revolution is accomplished without casualties. Over a four-year period we have shed some 6,000 jobs. Productivity has been radically increased. No public utility can retain public confidence if it operates a demonstrably less efficient quotient with public money than the commercial operation does with the shareholders'.

We must retain the craft base of excellence that has made BBC production world famous. We are doing so, and won eight out of eleven of the Craft Awards for Excellence this year. Equally, it is part of our public service responsibility to continue training, even if we train talent subsequently used by our competitors. The speed at which we have operated would not have been possible without the employment of outside advisers,

but we are reaching a time when we should be able to dispense with much, though not all, of their assistance.

Overall, the standards of the media are falling. The huge competitive pressures are responsible. But the BBC does not depend on selling its goods for revenue to make programmes. We are the one organisation in this country that can afford not to reduce standards and that is what the Licence Fee payers expect from us: the highest standards across the whole range of our output, whether it be drama, light entertainment, live music or the coverage of great sporting events, on which we have traditionally done so well.

The media business is a fast business. Products change hourly and daily. That calls for fast decisions and a simplified managerial structure. The BBC still has some way to go. There are too many meetings. And as the staff survey has suggested, many of our business procedures are cumbersome and need to be simplified. An ex-Governor, Keith Oates, Deputy Chairman of Marks & Spencer, said in his farewell address "the BBC must never forget that people and programmes are more important than policies and processes".

We face a difficult future. The challenge of digital technology will place still tighter constraints on our finances. It is axiomatic that the BBC must ruthlessly eliminate any unnecessary expenditure, in order to maintain, as the new Charter and Agreement will require and our viewers and listeners will wish, a full range of network, regional and local services.

As always, the secret of success lies in the success of the product, in the transmission of

channels, radio and television, which conspicuously offer the licence payer something distinctive. The total emphasis of the BBC must be directed at the quality of our programmes and it is by them that we shall be judged.

During the last year, the BBC has been described to me as the greatest cultural organisation, not just in this country but in the world. An early understanding of the Arts, including music and drama, is inextricably linked to education in its widest sense. If there were two strands of output which I profoundly believe the BBC must maintain and, where possible, expand across radio and television, it is our Arts and educational programmes. That is deep in the ethos of the BBC, in our public service tradition, and is unlikely to be available elsewhere.

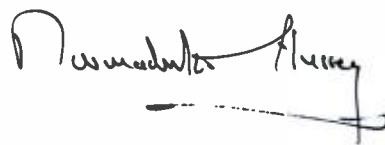
Three Governors who championed both the Arts and Education reached the end of their terms over the year. Sir Graham Hills was a scientist and an eloquent advocate of Scotland as National Governor. Shahwar Sadeque and Jane Glover combined a passionate support for the cultural role of the BBC with an ability to reflect bluntly the concerns and aspirations of BBC staff. We also lost David Scholey, whose experience, financial grasp and keen interest impressed everyone who met him. His early departure was a blow.

Over the last eight years I see a transformed BBC, confident and sure of its objectives, marked increasingly by the glow of success. There will always be mistakes, but a little more time spent in thought will eliminate some. The most sensitive area is our News and Current Affairs output, anticipating a prolonged period of political tension.

In Britain there must be a place for a powerful media influence in the pocket of no individual proprietor or interest group, for a broadcasting organisation which does not have to give paramount weight in its choice of programmes to those which will earn money; which can make difficult editorial choices free from commercial or political considerations; that maintains a World Service, first in radio, now in television; whose journalism is acknowledged as the hallmark of accuracy and responsibility; which is accepted as the standard setter for broadcasting all over the world. These are the principles at the heart of the BBC's public service ethos and the justification for it.

We should not be shy of pointing out the continued success and excellence of our radio and television output, which comprise a great national and international asset.

There was never a time in the last 70 years when the BBC faced greater challenges, but there was never a time when it was more important for our country that we should surmount them. I believe that we will.



Marmaduke Hussey Chairman

Governors' Assessment

The BBC has undertaken a far-reaching programme of change and reform, designed to provide distinctive, quality schedules for the United Kingdom and to establish the BBC worldwide as a major broadcaster in both radio and television.

A new programme strategy is being funded through the release of efficiency savings. The number of international television channels is growing. In every part of the BBC, people are learning new skills, equipping them to manage in a complex, modern organisation. There are areas where we should consolidate, but the wider process of change will continue. New and more daunting challenges stand ahead.

The objectives that the Governors agreed last year with the Board of Management have been broadly met, though in some areas there is further to go. We would emphasise two areas of achievement in particular. A new education strategy has been developed, to meet diverse learning needs through traditional broadcasting and new technologies. And there has been significant progress in transferring network production from London. Glasgow, Belfast, Cardiff, Manchester, Birmingham and Bristol are the gainers.

Broadcasters are rightly the object of continuing scrutiny. As the country begins to prepare for the next election, the broadcasters' impartiality is again being questioned by all parties. And there is renewed concern about aspects of taste and decency. The BBC should be sensitive to shifting attitudes but true to its established values of independence and creativity.

We recognise that a new broadcasting revolution is fast approaching. Digital technology

will transform many aspects of the BBC's work, prompting difficult questions, once again, about its role, size, shape and funding. We should begin by asking whether the BBC is yet as lean and efficient as it could be, its administrative processes pared back to an effective minimum, so that resources for investment can be maximised.

We look forward to developing a vision of the BBC's future that can carry its values forward into the new century.

Television

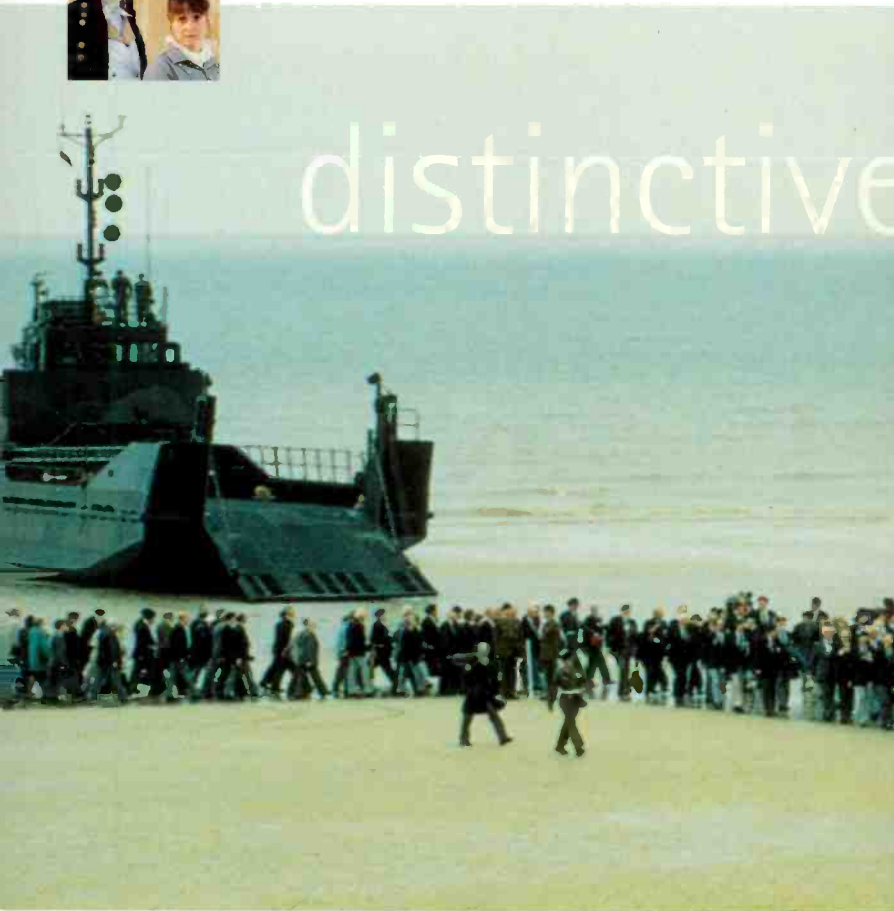
The Governors take pride in the achievements of BBC Television over the last year. As commercial broadcasters have continued to invest and expand, so BBC1 and BBC2 have continued to maintain their competitive position. At the same time, they have developed more distinctive programmes and schedules. For the statistician, the proof is in the number of programme genres broadcast in peak hours. For the viewer, it is in the quality of the programmes themselves.

Over the last two years we have seen the BBC returning to what it does best. This year, we particularly welcomed the commemoration of D-Day and VE-Day; the blend of strong classic drama and new writing; an impressive line of documentary programmes, led by Sir David Attenborough's *Private Life of Plants*; and the comedy output, both new and established.

There is room for improvement. BBC schedules, which must encompass so much, should always find space for the peaks of human achievement, especially in the arts and sciences. As much as ever, the BBC must entice an audience for comedy or news to stay tuned in for Elizabethan drama.

We must construct schedules that both respect the values of family audiences and reflect the tastes and expectations of a society that is much more diverse than twenty years ago. We are aware

Persuasion



that the balance is not always perfectly struck. Finally, we must remain a broadcaster for children. A major challenge for the year ahead will be to re-engage young audiences while maintaining the educative purpose of the output.

Radio

In last year's Report, the Governors wrote that the case for public funding required each of the five radio networks to be both distinctive and attractive to their target audiences. Today we see five networks that are certainly more distinctive, each with a settled identity. Despite keen and increasing competition, the total audience for BBC Radio is stable, setting aside Radio 1.

Radio 1 was recast to provide an intelligent youth network, music-led but with a range of innovative speech programmes. The loss of audience share has been significant and despite

recent gains we cannot be sure that the corner has yet been turned. We have no doubt that the change of purpose was right. We are pleased to see a stronger team of presenters and an increasingly sure programme blend.

Radio 5 Live has had a highly successful launch. It has quickly achieved a light touch and an easy authority. It is non-metropolitan. It is providing an unrivalled round-the-clock service of news and sport. And its share and reach are growing steadily.

The other networks have been able to pursue a strategy of evolution. Radio 3, for example, has introduced a number of new programme strands, interweaving them with a spectacular season at the Proms and a year-long celebration of British music. The search for the appropriate presentational tone continues.

Commenting last year on Radio 4, we

The Today Programme



wrote that no network can survive unless it cultivates new listeners, but that new developments in the schedules should be welcome to existing listeners too. Various changes have been introduced, but a readiness has been demonstrated to attend to listener reaction. Radio 4, long a subtle exponent of change by stealth, has maintained its authority.

It is easy to forget that four years ago, there was controversy over new schedules at Radio 2. It has since become a highly successful station, recently winning the Sony National Station of the Year Award.

Competition represents a significant challenge to BBC Radio. The Governors look to each network to identify its target audience with precision and to be ready to adapt further as the market develops. We note that BBC Radio stands alone in its commitment to live music, new comedy, original drama and speech. Its contribution to national life is unique.

News and Current Affairs

In all areas of output and especially Radio 5 Live, our hope that the news agenda could be broadened has been largely fulfilled. It is not only that new subjects are being covered - technology, ethics, archaeology. We are also hearing a more diverse range of views.

The Governors welcome new programmes of background analysis such as *Correspondent*; the success of popular journalism in *Here and Now*; and the thorough coverage of long-running issues. The developing peace in Northern Ireland has been reported admirably.

In April, the Governors recognised publicly that the decision to broadcast a *Panorama* interview with the Prime Minister, on the eve of local elections in Scotland, had shown insufficient sensitivity to the Scottish dimension. Management is currently reviewing its approach to ensuring fairness

Only from the BBC
As competition increases, we are determined to build on the rigorous standards and high quality for which the BBC is renowned. We will continue to draw the nation together for the big events like D-Day and VE-Day and major sports occasions like Wimbledon. We will bring clarity to complex foreign and domestic policy issues, from Bosnia to Maastricht, and provide intelligent speech programmes of depth and diversity on radio and television. Religious output will retain its special place in our schedules, with a focus on Christianity, but reaching out to other faiths. We will provide unrivalled classic drama, for both children and adults, and continue to astonish with our natural history.

in all election contexts.

Political journalism is vital to the BBC, particularly in a period of heightened tension. The Governors' emphasis is on the need for accuracy and impartiality, sensitivity to opinion throughout the United Kingdom, scrupulous explanation of the issues and a proper balance between Westminster and the world. Staged confrontation is sometimes unhelpful; speculation almost always so.

Regions

The Governors are indebted to the National Broadcasting Councils for Scotland, Wales and Northern Ireland and the English National Forum for submitting detailed reports on the needs of licence payers and the quality of BBC services.

A quickening sense of national, regional and local identity, strongest in Scotland and Wales, but perceptible elsewhere, has already led to a renewed interest among viewers and listeners in the traditions and culture that pattern the United Kingdom. The BBC's job is to reflect both common identity and diversity.

The services provided for Scotland, Wales and Northern Ireland are benefiting from a broader news agenda and additional bulletins. The Governors understand the desire for more general programming, but equally recognise the acute budgetary constraints. Better scheduling, with the right balance struck between network and local services, remains a priority.

Radio Wales and Radio Ulster both wish to develop programmes for younger audiences; Radio Cymru is widely listened to in Wales, but there is a need to improve understanding of the needs of listeners. So too in the case of Radio nan Gaidheal.

In England, we are pleased to see the introduction of longer and more frequent television news bulletins, allowing the broader range of stories that audiences had asked for. Local radio

stations now provide speech programming throughout peak hours, a long-held goal, and have broadly retained their overall competitive position. The decision taken this spring to merge in three areas was not taken lightly, but reflected our wish to see scarce resources directed as fruitfully as possible. We recognise that there was inadequate consultation and are considering how best to strengthen our procedures.

In 1994, the BBC undertook to increase the proportion of network production outside London and the South East from around a fifth to a third over a three year period. The greatest gains have still to come, but significant progress has already been made, notably in Network Radio, News and Current Affairs and Television Drama. We look for a less metropolitan complexion to Music and Arts.

We do not believe it is in the wider interest of audiences to set quotas by nation or region. Programmes should be commissioned on merit, not by origin. We believe that the policy we have adopted is already leading to a more balanced representation of Scotland, Wales, Northern Ireland and the regions of England.

Resources

Over the two years since its creation, the Resources Directorate has made savings in excess of £100 million in a drive to ensure that its services to programme-makers are competitively priced. The BBC has withdrawn from support services that can be provided more cheaply and effectively by contractors; completely reorganised a number of areas; and introduced new working practices. Some of these measures have been painful, but the scale of the savings, now being redirected into programmes, further strengthens our view that the internal market has proved justified.

We recognise the need for excellence in craft skills, as we do our responsibility to the industry as a whole for training. We will be vigilant in ensuring that standards are maintained.

Challenges remain. The rapidly changing needs of the programme-maker as customer must be foreseen and met. At the same time, it will be vital to balance financial objectives with public service obligations. In particular, the Governors will ensure that as new opportunities for efficiency emerge, through the spread of the independent facilities sector and the development of digital technology, change in the regions and nations is managed sensitively and without jeopardising the commitment to making more programmes outside London.

Worldwide

It is rapidly becoming clear that the successful broadcasters of the future will be global broadcasters. Those that operate exclusively in domestic markets are likely to see both reputation and revenue decline. The Governors believe that the primary purpose of the BBC will continue to be to offer publicly funded services of high quality within the UK. But in the longer term, these services will flourish more if the BBC can establish itself as a significant worldwide broadcaster of television as well as radio.

In spring 1994, the BBC brought together the World Service, World Service Television and its main commercial activities as BBC Worldwide. The first full year of operation has seen steady progress. BBC World and BBC Prime have been successfully launched in Europe; and a strong performance by Worldwide Publishing helped to increase the gross benefit to the BBC. The World Service itself, whose editorial authority underpins all the BBC's international activities, has this year re-organised, expanded its vernacular services and transformed the single 24-hour English schedule by introducing five regional streams.

It is for the BBC to develop an attractive and persuasive vision for BBC Worldwide. But vision alone will not be sufficient. At present, access to capital is strictly limited. If Worldwide is to flourish, and to increase the BBC's favourable trade balance, imaginative thought may be needed to ensure that the BBC can build, as the Governors would want, on its world-famous reputation.

Objectives for 1995/96

The Governors have agreed the following objectives for 1995/96 with the Board of Management.

- Assess how standards of taste and decency are changing in society at large; and identify what expectations people have of the BBC.
- Develop plans to improve the appeal and reach of children's television programmes, while preserving their values.
- Implement the new education strategy throughout the BBC.
- Continue to ensure that coverage of political affairs is responsible, authoritative and gives due weight to issues of substance.
- Increase the distinctiveness of each radio network and identify appropriate goals for reach within the target audience.
- Strengthen the BBC's role as a leading world broadcaster.
- Plan the way forward for the BBC in a multi-media, digital world.
- Pursue the opportunities for further efficiency savings; in particular, improve and simplify current processes and procedures.
- Continue to strengthen the relationship with staff.
- Develop a wider appreciation of the BBC's achievements, challenges and opportunities.

Councils and Committees

Reports from Councils and Committees to the Board of Governors

The Broadcasting Council for Wales

The review for 1994/95 was conducted with the benefit of extensive audience research, and the outcome of BBC Wales's Programme Strategy Review enabled Members to assess the output against a much fuller appreciation of the audience's needs.

The Council was satisfied that broadcasting services and programmes were, overall, of a high standard. Some of the weaknesses identified last year were overcome, particularly comedy, but gaps in the service remain, notably in the English language television output.

BBC Wales was commended for its coverage of sport; for the range of quality factual programmes; and the excellence of its arts output and activity, including the BBC National Orchestra of Wales. It was felt, however, that more attention needed to be paid to the performance of television drama.

The policies arising from the "Hatch Report" have generated more opportunities for regional productions to appear on the BBC's National Networks, but the performance of BBC Wales in securing new network TV commissions has, so far, proved disappointing. The Council has welcomed the adoption of a new approach by BBC Wales's management, to seek to maximise these opportunities.

The Broadcasting Council recognises that there have been significant advances in news and current affairs over the year, particularly in the Welsh language news service. The Council has encouraged further developments to these programmes in ways which will further increase the emphasis on context and significance.

BBC Cymru provided Welsh speakers with a rich mix of quality television programming on S4C, and the BCW takes great pride in the consistently high ratings performance of its productions.

Members support management in its effort to broaden the appeal of Radio Cymru to a younger and more representative audience but there are still concerns that Radio Wales is not available on FM frequencies.

The BBC is going through a difficult financial period, but the Council remains vigilant in ensuring that funding difficulties are not allowed to affect the range and quality of TV and Radio services for the people of Wales. The Council is pleased that following the meeting with the Chairman of the BBC, Councils will have a greater involvement in the budget cycle and long term planning procedures of the Corporation.

The Broadcasting Council for Scotland

The year began with the Sony Award National Station of the Year for Radio Scotland and ended with BBC Scotland Television winning an Oscar, fitting tributes to the quality of material BBC Scotland produced.

Radio Scotland achieved two main objectives: a coherent schedule and a clear station identity. The benefits of a clear editorial strategy with continuous management review were evident in the quality and consistency of wide ranging output, richly mixed in content and style.

Although Radio Scotland's operations were cost effective, there was an increasing financial commitment in providing comprehensive, national live sports coverage. Shortage of funding curtailed ambitions to lighten the overall tone of output with more comedy and contemporary drama to suit modern Scottish tastes.

Radio nan Gaidheal enhanced its news programming and music policy.

The quality of BBC Scotland's television programmes was high. The volume of development and quality in new drama was exceptional, as was material from Music and Arts. The distinctive nature of the contemporary arts in Scotland should continue to be represented in network output. Natural history programmes were developing successfully.

Local news and current affairs was rated highly, with a range of original stories reflecting events and issues throughout the country. A more satisfactory late night Scottish news was required and greater recognition of the significance of Scottish events in UK coverage.

The BBC promises viewers in Scotland to maintain a range of broadly based programmes which acknowledge and celebrate national life. The number of local programmes shown was inadequate to fulfil this commitment and the BBC's profile in Scotland was low.

A decentralised marketing policy would promote BBC radio and television in Scotland. Consistent commissioning policies, flexible scheduling based on effective editorial dialogue, and a financial structure which supports programme planning would be beneficial. Fundamentally, the BBC must retain a strong programme making base in Scotland to strengthen its national presence and ensure that network programmes provide a faithful picture of the UK as a whole.

The Broadcasting Council for Northern Ireland

1994 began with BBC Northern Ireland marking its 70 years of broadcasting in a strife torn province and ended in an atmosphere of hope and optimism not encountered for 25 years. The Council welcomed the lifting of the broadcasting restrictions after six years and the return to a clear and unimpeded role for the BBC as the balanced reporter of events in Northern Ireland, both within the Region and on the Networks.

It commended Radio Ulster's achievement in being not only the most popular radio station in Northern Ireland, but also the most successful BBC national regional radio station. The Council was also pleased to note that BBC Radio Ulster had increased its lead over all other radio broadcasters in Northern Ireland. It remains concerned, however, about the age profile of the audience which is much older than the Northern Ireland population as a whole but urges caution in the speed of change lest the existing loyal audience be alienated.

Excellent BBC factual television programmes have been made in Northern Ireland this year. Strands such as *Home Truths* have combined powerful narrative with high quality visual appeal and have been rewarded with good audience figures. Whilst praising the high editorial content of the evening news programme *Inside Ulster*, the Council now looks forward to the proposed changes in the programme's design and format.

A significant breakthrough occurred this year with BBC Northern Ireland drama production increasing strongly. The Council commended the region's programme makers for achieving, in total, over thirty hours of network television commissions for 1994/95 (this represents an increase of 23% on last year) but believed that more opportunities should be made available within key network television strands.

Recognising the small scale of the independent sector in Northern Ireland, the Council was pleased to note an increase in the independent production rate across almost all genres.

The English National Forum

The English National Forum, which represents the ten Regional Advisory Councils in England, considered the quality of BBC regional and local programmes was high. The increase in authority and informed analysis contributed by bi-media specialist correspondents was particularly apparent.

The enhancement of regional television news schedules was a welcome response to the concerns expressed by Advisory Councils, especially in relation to provision after 7pm. The pattern of news services across the day and across the week was seen as meeting an important audience need. There was concern, however, that it was perceived to have been achieved at the expense of Local Radio.

BBC Regional News was considered more responsible and authoritative than its competitors. The continuing demand for greater localness was noted.

Weekly regional current affairs programmes were highly regarded and felt to respond to a clear need. Steps to broaden the range of subjects covered were welcomed. The Forum continued to argue for slots which would enable these programmes to reach a wider audience. Similarly the regional parliamentary programmes fulfilled an important public service remit, but were broadcast at a time which was inconvenient for many people.

Local Radio moves towards increased speech were providing a relevant local service and the Forum noted the strong loyalty of audiences to their local stations despite the challenge of new commercial local and regional radio stations.

There was deep concern about the effects of efficiency savings on Local Radio. The Forum noted in particular the strong demand by communities around the land for the BBC to continue to provide a service which was genuinely local to

them. In the context of changes to Local Radio, the Forum emphasised the value of prior consultation.

The BBC's coverage of crime was examined in detail by Regional Advisory Councils and was felt to be responsible. They supported the BBC's efforts to place crime in context and ensure that it did not dominate the news agenda.

The English National Forum was keen to see the BBC develop more focused accountability initiatives. They welcomed the introduction of local open evenings.

The General Advisory Council

The General Advisory Council met four times during the year. At a special session in April members were invited to comment, as a contribution to the Governors' annual performance review, on three aspects of the BBC's output - science and technology; Radio 3; and news and current affairs.

The remaining meetings were chiefly concerned with plans by the BBC to change its central advisory procedures to meet the needs revealed by the first full performance review cycle. The main change was to establish ad hoc specialist panels to review, on a rolling basis, all major areas of BBC output. Though the White Paper on the future of the BBC (published in July 1994) stated that the next Charter would not require the BBC to maintain a GAC, the BBC proposed that this body, with a smaller membership, should take on an oversight role with regard to the work of the panels and that a decision on its future should follow a review of this arrangement in the autumn of 1997. The precise functions of the GAC in its new circumstances were still under discussion at the end of the year under review. Meanwhile, three specialist panels - on radio drama, children's television and political programmes - were formed and their reports were considered by the Governors as part of the performance review for 1994/95.

John Birt Bob Phillis David Hatch Ronald Neil Will Wyatt Liz Forgan Tony Hall Jane Drabble Sam Younger Rod Lynch Dr. John Thomas



BBC Board of Management

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

Bob Phillis
Deputy Director-General since joining the BBC in March 1993. Responsibility for international, commercial and resources activities. Chairman of BBC Worldwide since May 1994. 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. Retired May 1995.

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.

Jane Drabble
Director of Education since September 1994. Formerly Assistant Managing Director and Head of Factual Programmes, Network Television. She joined BBC Radio in 1968, switching to television in 1975.

Sam Younger
Managing Director, World Service since November 1994. Former Controller of Overseas Services with responsibility for language service broadcasting and Director of Broadcasting, World Service.

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

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

Nicholas Chapman
Managing Director, BBC Worldwide Publishing since 1994. Former BBC Enterprises Head of Book Publishing and Director of the Consumer Products Division.

Margaret Salmon
Director of Personnel from 1991. Special responsibility for management and organisation development. Former Personnel Director with Burton Group.

Patricia Hodgson
Director of Policy & 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 then British Telecom where he was Corporate Affairs Director.

Nicholas Chapman Margaret Salmon Patricia Hodgson Rodney Baker-Bates Colin Browne



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David Hatch

In 1995 David Hatch retired and the BBC lost a spirited champion of radio. David joined as part of a new wave of irreverent young talent and then drew a new generation of comedy stars to BBC Radio. He launched some of the longest-running variety shows – Week Ending, Just a Minute and I'm Sorry I Haven't a Clue. Later, as Controller, Radio 4, he aptly described the network as "the most

marvellous encyclopedia, museum, art gallery, theatre, cathedral and newspaper in the world." While in charge of BBC Radio he raised the quality of creative debate, and most recently, he developed proposals to bring more programming onto the networks from around the country. The Hatch proposals will be a lasting memorial to his final achievement for the BBC and for our listeners and viewers.

Director-General's Review Overview

A new Royal Charter for the BBC will shortly be laid before Parliament. It will renew the historic charge to educate, inform and entertain. But for the first time it will also set out the range and nature of the programmes the BBC should offer and the standards it should meet. A new contract is being made. As the commercial sector expands, with the promise of more channels but the risk of less choice, the BBC is to use its public funding to guarantee diversity, quality and breadth.

The contract will be kept. Across the board, BBC programmes were as strong in 1994/95 as for many years. Dickens's *Martin Chuzzlewit* was enhanced by sensitive adaptation. *The Private Life of Plants* was a revelation and a delight. A new network, Radio 5 Live, unfolded news, sport and analysis to a growing national audience. The first century of the Proms came to an unforgettable close. D-Day was relived and remembered. And BBC Scotland won an Oscar for *Tartan Shorts*.

This was some of the best of BBC broadcasting in a memorable year. It also reflected the BBC's wider policies. First, a striking proportion was made outside London, in line with a commitment to devolve network production to Scotland, Wales, Northern Ireland and the regions of England. Second, it was shaped, like all our output, by a deeper understanding of what audiences want and expect from the BBC.

In January we completed a two-year review of programmes, based on detailed research into the changing interests of our audiences. What we learned is already mirrored in new ideas and emphases throughout the schedules. Changing needs and attitudes will be regularly monitored, and in the Governors' Seminars we have a new and valuable way to explore them. An animated dialogue with our audiences has begun. But dialogue alone will not make award-winning programmes. For that, you must also have the programme-makers' intuitive, creative leap from understanding to inspiration, and we have seen that in full measure this year.

The reforms of recent years have also changed the way we make programmes. The BBC is now a more efficient organisation. Last year, a further £100 million saved through capacity reductions and more flexible and imaginative working methods allowed significant programme expansion and enhancement. The BBC is now a better managed organisation. Communication has improved, responsibilities are clear, training is more widely undertaken and staff are more fully involved. A new generation of finance managers have introduced clearer budgets, stronger controls and better monitoring. Our systems and processes increasingly reflect best modern practice. In the way it is managed, the BBC has caught up with the present.

The BBC is also taking a grip on its long-term future. The development of BBC Worldwide, in partnership with Pearson, holds out the prospect of a significant global role. During the last year, we have launched BBC Prime and BBC World in Europe, and our international channels are now available in 43 million homes, almost doubling their reach in a mere twelve months. We are also addressing the challenge of digital technology. Within the next few years programme-makers will assemble programmes at a desk top computer. Within a decade, on-line audiences will have interactive television, with individual programmes of their choice available on demand in their homes.

It is too early to assess the precise nature and pace of these changes, but not to see that the implications for the BBC will be immense. We need to consider how the BBC can take full advantage of the digital technologies and provide new and imaginative services for the benefit of our audience; and how all our services will be distributed in a digital environment.

A BBC which is creatively and managerially strong is well placed to be a powerful force in this new world, at home and abroad, just as it has been in the old.



John Birt Director-General

Total viewing and listening by all members of household per week

BBC

45%

44hrs 24mins

Other

55%

54hrs 18mins

Source: BARB, RAJAR

Director-General's Review Programmes

Network Television

BBC Television's mix of programmes has been richer than for many years, with more newly originated output, a sharp decline in repeats of our programmes and ambitious productions winning wide acclaim. The BBC became the first international broadcaster to win 5 Emmys in a single year, and the first to win the top prize in all three categories of the prestigious Prix Italia too. Alone amongst terrestrial broadcasters, the BBC increased its overall share of viewing with programmes whose quality and distinction were widely recognised.

Behind all of this was our determination to listen more closely to our audiences while drawing on the ideas of ever more confident and creative programme-makers.

BBC1's strong sense of vitality, enterprise and invention in a more competitive world was reflected in the fact that its share of viewing held steady. The network reduced repeats of originated programmes by almost 180 hours and added many more originations - up from 77% to 82% in peak time: clear evidence of efficiency savings at work.

BBC2 carried out a meticulous review of its schedule to build on its strengths and widen its appeal: it was rewarded by a growing audience, in contrast to all other terrestrial channels. The proportion of viewers who watched BBC2 each week went up from 72% to 73%.

Pat and Margaret



Skallagrigg



Drama

The objective for our drama in recent years has been to increase its popular appeal while building on the BBC's reputation for the innovative and experimental. 1994/95 saw an encouraging increase in the number of popular series and serials that attracted large audiences.

William Ivory's skilfully scripted series *Common As Muck* pitted dustbin men in the north of England against corrupt council leaders, blending drama and humour to produce a broadcasting gem. *Dangerfield* combined a GP's country practice with his work as a police surgeon in the heart of the English countryside, while in *Chandler & Co* two women investigated sexual betrayal armed with surveillance equipment and a moral instinct. A single drama, Victoria Wood's *Pat and Margaret*, told the story of two sisters separated in childhood and reunited years later, and was a huge popular success with 10.5 million viewers. A disappointment, though, was the failure of *Lifeboat* to engage the audience for which it was intended.

Among our returning series, *Casualty*, *Between the Lines* and *Pie in the Sky* all built on the success of previous runs. *EastEnders* made a smooth transition to three nights a week and celebrated its 10th birthday with a powerful story line and the largest regular audience to BBC television.

While we aimed for popular success with recognised themes and subjects, we also continued to take risks. Donna Franceschild wrote *Takin' over the Asylum* about a new radio DJ at a mental hospital in Scotland. It won two BAFTA awards and found an appreciative audience. *Skallagrigg* was a moving drama about a group of young people born with severe physical disabilities, who nevertheless told their own stories with humour

Room 101



Girl Friday

2 Point 4
Children

Men Behaving
Badly



and deep humanity. Despite these successes, we need to increase the impact of our contemporary drama, especially on BBC2.

Stages brought a welcome return to studio drama with the outstanding *Suffer the Little Children* enriching the summer season. And the *Performance* series on BBC2 continued to provide a stage for Britain's best actors and directors, with David Thacker directing Corin Redgrave, Tom Wilkinson and Juliet Aubrey in *Measure for Measure*, the BBC's first new Shakespeare production of the decade, and Sir John Gielgud in JB Priestley's *Summer Day's Dream*.

Our commitment to adaptations of the classics continued with a six-part dramatisation of Charles Dickens' sprawling novel *Martin Chuzzlewit*, which achieved the same high standards as the previous year's *Middlemarch* and found even larger audiences. Tom Wilkinson's portrayal of the hypocrite Pecksniff stood out amongst a series of sparkling performances. Edith Wharton's *The Buccaneers* told the story of the growing disillusionment of young American women with their titled husbands in nineteenth century Britain: a theme which proved to have real popular appeal, brought to the screen with strong production values, and reaching a wide and appreciative audience.

Entertainment

In recent years, the BBC has consistently managed to attract the best performers from each new generation and the past year was no exception. *The Stand-up Show* was an effective bridgehead to young comic talent. *Room 101* beat a sure path from radio to television, as Nick Hancock prised pet hates from his weekly guests. And in *Knowing Me, Knowing You*, Steve Coogan's Alan Partridge struggled with the

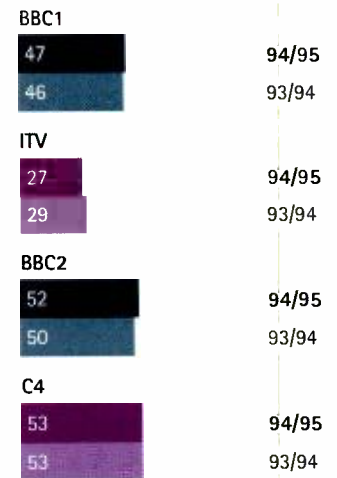
transition from sports reporter to chat-show host - and helped to define BBC2's image as the home of new comedy. We saw, too, new departures from established comic actors and comedians: *Jobs for the Girls* with the stars of *Birds of a Feather*; *Girl Friday*, with Joanna Lumley playing castaway on her very own desert island; and *Billy Connolly's World Tour of Scotland*, which combined a charming trip from Glasgow to the Highlands with hilarious segments from his stage performances.

The BBC has long been the leader in television situation comedy. In the past year, this was underlined with strong returning shows including *Absolutely Fabulous*, *Goodnight Sweetheart*, *2Point4 Children*, *Brittas Empire* and *Men Behaving Badly*. Among our new shows, the hit of the year was *The Vicar of Dibley*, in which the arrival of a woman minister, played by Dawn French, was a surprise to traditional villagers. *Nice Day at the Office*, on the other hand, did not capture the audience's imagination. BBC2 brought innovative comedy to appreciative audiences with *The High Life*, *Joking Apart*, and the return of *Bottom* and the inimitable *Rab C Nesbitt*.

Experimentation in light entertainment produced some new formats. *Good Fortune* found the rightful claimants of unclaimed legacies while *Confessions* delved into the secrets of individual members of its audience. *The National Lottery* show on Saturday nights brought both large audiences and the challenge of how to keep the programme exciting and appealing over the longer term.

A year ago we set out to be more original in the early evening, and while some of the new ideas have worked others have been disappointing. We remain determined to build on the work of recent years to improve our early evening entertainment.

Proportion of factual programmes in peak time



Factual includes Documentaries, Features, Music, Arts, National News, Regional News, and Current Affairs programmes.

Rab C. Nesbitt



Factual Programmes

The BBC provides a broader range of factual programmes than any other UK broadcaster. In 1994/95, we built on a long tradition of documentary excellence, covering tough subjects and complex ideas with authority. The past year will be remembered particularly for a series that triumphed over editorial and technical problems to bring the apparently inanimate to life in *The Private Life of Plants* with Sir David Attenborough.

There were a number of other groundbreaking documentaries. Never before *The Trial* had cameras been allowed into a British Court. *Flamingowatch* and *Bird in the Hand* brought the excitement of live television to wildlife programmes with supreme technical skill. And *True Brits* investigated Her Majesty's Diplomatic Service, the first time the BBC had been given an opportunity to delve deep inside a government department.

It was an exceptional year for 20th century history on BBC Television, supported in many cases by our unique archive. *Reputations* ranged from Pius XII to Coco Chanel. *Forbidden Britain* combined deeply-moving memories with rare archive film to explore the hidden history of some of today's major social issues. And we laid bare stories from both of the post-war superpowers, with *Messengers from Moscow* revealing the Soviet view of the Cold War through material and interviews only recently available, and *Watergate*, which revisited the men behind the American political scandal of the 1970s.

History past and present came together with the fiftieth anniversary of D-Day, marked by Charles Wheeler's penetrating and personal documentaries and by the commemorative events themselves. Landmark events and state occasions are synonymous with the BBC.

Harry Enfield
and Chums



An unrivalled 14 hours of transmission covered eight events in England, the Channel and Normandy, and nearly 27 million people watched.

1994/95 was marked by several successful programme seasons. Our Shakespeare season, *Bard on the Box*, featured not only *Measure for Measure*, but also animated films, celebrities reciting favoured passages, features on life in Elizabethan times, a quiz show and the remarkable dramas of *Shakespeare on the Estate*. In inner-city Birmingham, Romeo wooed Juliet on the first-floor balcony of a tower block and Macbeth's witches chanted incantations over a barbecue. *Remember* marked the 50th anniversary of the liberation of Auschwitz with archive material from 1945 and a number of powerful documentaries. But in terms of sheer range and ambition, *25 Bloody Years*, marking a quarter-century of troubles in Northern Ireland, was the season of the year, producing outstanding documentaries such as *The Soldier's Tale* and *The Dead*, which won an RTS award.

People and Programmes, our review of programme strategy, underlined the need for the BBC to continue to find inventive ways to cover the leisure pursuits of our audiences. We have begun to add programming in new areas, including *Tracks*, a countryside show with flair, and *The Net*, the computer and information technology show. New series have broadened our approach to travel, food and gardening - areas where the BBC is traditionally strong. *The Big Trip* lent teenagers cameras to record their travels in a disarmingly frank way. *Madhur Jaffrey's Flavours of India* was a dazzling sweep through the country and its varied cuisine. And *Geoff Hamilton's Cottage Garden* taught town and city dwellers how to grow a countryside garden and drew more than five million viewers on BBC2. The challenges remain to develop leisure programmes

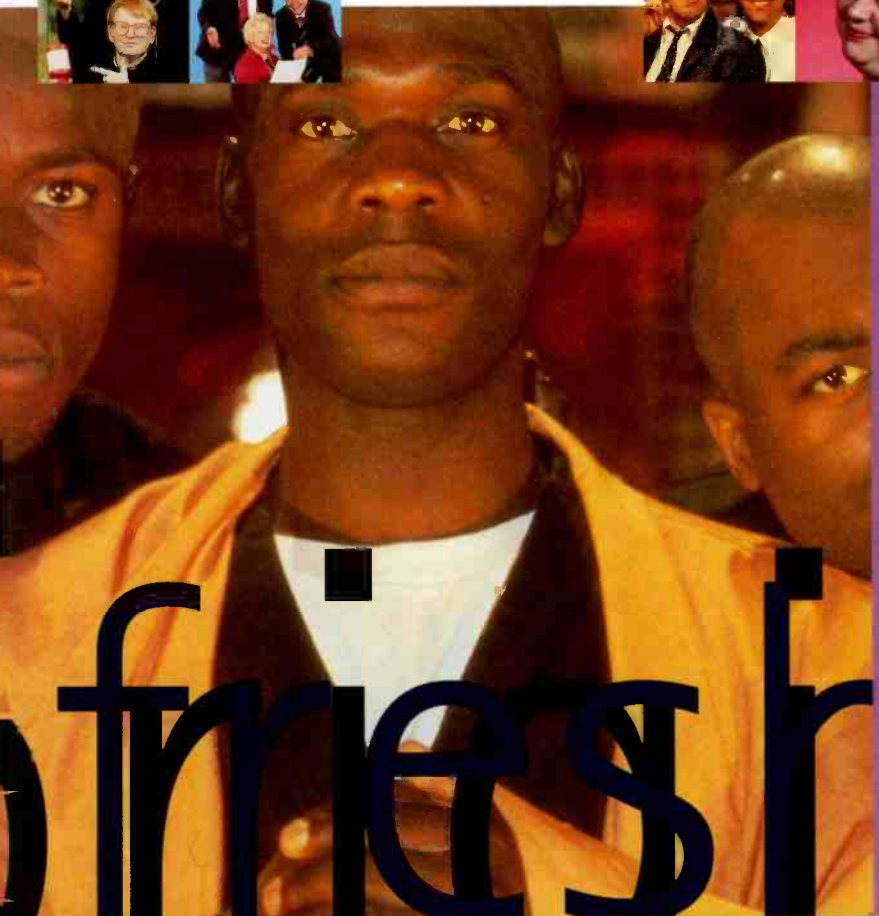
Creating fresh, original comedy
The BBC has an unrivalled record in fostering innovation and originality. Nowhere has this been clearer than in comedy, where there has been a flowering of talent this year. On BBC2 ■ *Knowing Me Knowing You with Alan Partridge* brought a unique radio format to television audiences. ■ *The Fast Show* reinvented sketch comedy and ■ *The Real McCoy* had its strongest year ever. Harry Enfield transferred to the mainstream on BBC1 joined by our new popular hit ■ *The Vicar of Dibley*. *News Huddlines* remained fresh as ever on radio, alongside adventurous performers like Chris Morris and Jo Brand and new sketch shows like *Struck Off and Die*.

Struck Off
and Die

The News
Huddlines

Bottom

Jo Brand



fresh

fresh



original

Billy Connolly's
World Tour of Scotland



that appeal to specialists while drawing casual viewers and to introduce new topics such as personal finance and health.

Religious programming broadened its scope to include more for people of other faiths and for people with only occasional links to their Church. But the traditionally-focused programmes of Christian worship remained strong and greatly valued - *Songs of Praise* is the most-watched religious programme in Britain and seems fresh after 34 years. Both *Everyman* and *Heart of the Matter* have found stories of significant human interest, but need to focus on their distinctive, religious contribution to the factual agenda and their audience appeal.

BBC2 saw significant improvement in its audience for weekday mornings and afternoons. Esther Rantzen's *Esther* examined social and personal problems through the involvement of its studio audience and made a valuable new contribution to the afternoon schedule. But the performance of much of the daytime schedule on BBC1 is lagging behind ITV. We need to identify how the BBC can best meet the needs of the daytime audience.

Music and Arts

The BBC has long been the most influential patron of the arts in Britain, but we are continually seeking to extend the range of cultural interests we address. We set out last year to establish Britain's only regular television book programme: the result is *Bookworm*, a popular literary magazine hosted by Griff Rhys Jones on BBC1. With average audiences of 3.6 million, it was the most watched arts programme on television this year.

Dangerfield



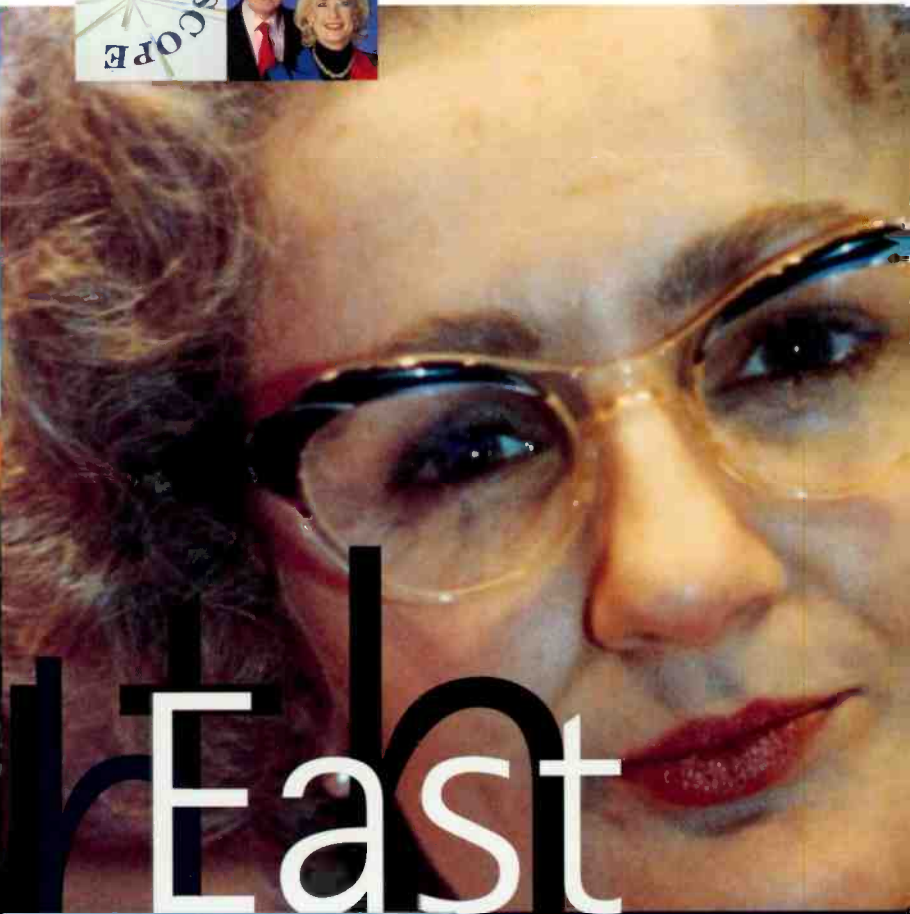
We demonstrated depth and breadth in our coverage of the visual arts. *Sister Wendy's Grand Tour* and Neil Macgregor's *Painting the World* explored the mainstream traditions of Western painting. *Walking the Wall* took one of the icons of graffiti, the Berlin Wall, and told its story as an object of art, souvenir, and influence on the city it divided.

Among our long-running series, *Arena* was redesigned as a series of one-off films and mini-series, with the *Peter Sellers Trilogy* drawing audiences of 2.8 million. But *Omnibus*, despite some stylish programmes, sometimes lacked focus and impact. The search for a consistent approach to popular culture, featuring the big names and the significant events, continues. Our longest-running arts magazine, *The Late Show*, is to come off the air, but many of the ideas and talents it featured will be channelled into new specialist programmes on books, art, and music in prime time. Looking ahead, we want to develop experimental, polemical arts programming and extend the reach of our rich culture to younger viewers.

Together our television networks have made room for a series of big musical occasions, with ten Proms, eight ballets and four twentieth century operas. The schedules were cleared for a Covent Garden production of *La Traviata*, simultaneously available to listeners on Radio 3. Meanwhile, 30 years on, a rejuvenated *Top of the Pops* was capturing the spirit of the 1990s music scene. We recognise we still have more to do to cover all areas of culture on television and to capture the full vitality of the arts across the UK.

London is not the only place Our commitment to making more programmes outside London is being delivered with outstanding results. ■ *The Private Life of Plants* (BBC South) combined stunning technical innovation with compelling story telling, new comedy talent emerged with the excruciatingly watchable ■ *The Mrs Merton Show* (from Manchester), BBC Scotland delivered challenging modern drama with ■ *Takin' Over the Asylum* and BBC Midlands produced the powerful classic adaptation ■ *Martin Chuzzlewit*. The BBC's first continual telephone helpline for radio has been established in Glasgow, a new current affairs team is based in Manchester, and the BBC Big Band is regularly broadcast from Birmingham.

Kaleidoscope The Jamesons



West

Byker Grove

FanTC



Incredible Games



World Cup 94 Sportsnight



Source: BARB

Children's Television

Children are increasingly likely to play a computer game or watch a video rather than switch on the television. When they do turn to television, their tastes are eclectic and they often find what they want on ITV, satellite or cable as well as on the BBC.

We have rightly concentrated on presenting a distinctive mix of quality programmes. In drama, *Grange Hill* and *Byker Grove* tackled big issues in a lively and relevant way; while the magazine *Blue Peter*, now airing three times a week, has been refreshed and has more outside broadcasts; the new weekend show *Live and Kicking* engaged audiences and captured over 50% of audience share. *Lowdown*, a children's documentary series, gained audiences of three million and the Sunday tea-time dramas *Just William* and *Little Lord Fauntleroy* were critically acclaimed and popular with families. In entertainment, *Movie Game* was a continuing strength and *Smart*, *FanTC* and *Incredible Games* were welcome additions to the range.

However, audiences for the BBC's weekday children's programmes have been declining in recent years. In the coming year, we need to develop a fresh understanding of their interests and needs if we are to engage them at a time when children are increasingly independent in their use of television. As part of this, Network Television will collaborate with the Education Directorate to develop a vision of pre-school programming of greater ambition.

Sport

Nowhere in the new television media is competition more clearly visible to the viewer than in sport. Broadcasting rights for the key national and international sporting events have been the prime target for satellite subscriber channels, and the BBC has had to develop new strategies to maintain the range and quality of our sports programming. Against this competitive challenge, we have been remarkably successful in keeping live coverage of the showcase occasions, while developing our sports journalism in programmes of highlights and analysis.

BBC Television again brought an impressive array of sporting action and news to millions of viewers. One event demonstrated the strength of our coverage - the World Cup final was watched by 13.4 million people on the BBC, compared to ITV's audience of 5.2 million. *Match of the Day* continued to provide a winning combination of sharp analysis and football action, while in other sports, from cricket to the Grand National, coverage remained technically outstanding. We delivered our most comprehensive coverage of Wimbledon yet; rugby audiences for the Five Nations tournament peaked at more than ten million; the trials for major athletics championships were regained from ITV; and the news journalism of *Sportsnight* provided valuable analysis of issues ranging from the Cantona incident to the Dublin football riot and Ayrton Senna's death.

We have secured the rights to key events from the Rugby Football Union and the Test and County Cricket Board. The Grand National and Wimbledon have been assured for five years, and rights for the Oxford and Cambridge university boat race and Ascot have also been renewed. But while we have a storehouse of valuable rights for the immediate future, the pressures of competition are pushing up the costs of sports rights much faster than the retail price index which determines our licence fee income.

Lisa l'Anson



Spiderman



Network Radio

As the airwaves become increasingly crowded, the BBC recognises the importance of clarifying the identities of its five radio networks and what they add to the choice available to listeners. During 1994/95, a fourth nationwide commercial network (Talk Radio), five new regional stations, and a clutch of new ILR stations were all launched and advertising revenues for commercial radio boomed. There are now 174 commercial radio services in the UK, a ten-fold increase since 1975.

Against this background our radio audiences have shown considerable stability, with the important exception of Radio 1. In the year ahead, we must identify realistic and long term audience targets for all networks as competition intensifies further, taking into account the 300 stations forecast for the UK in ten years' time.

Over the past year, all our networks have looked carefully at their audiences and their programmes, to ensure their schedules are distinctive and attractive. We must provide something the rest of the marketplace does not if we are to justify the value of publicly funded radio in a world of burgeoning plenty. The beacons of our distinctiveness will remain live music, original drama, new comedy and intelligent speech.

Radio 1

Nowhere has the impact of accelerating competition been felt more keenly than at Radio 1. Our response has been to refocus the station as the UK's leading contemporary music network which also delivers drama, comedy, documentary and news – in fact a whole range of programming not found on other pop and rock radio.

Radio 1's music policy is based on range, innovation, new talent and live music. Simon Mayo has a live acoustic session as part of his show every Tuesday, bringing sets from Stevie Wonder, Sting and Take That to a morning audience of millions. Radio 1 was alone in transmitting comprehensive live coverage of all the major summer festivals in the UK, including Glastonbury, and 14 hours of non-stop radio from Woodstock '94 in the USA. *Sound City* in Glasgow brought hundreds of new and unsigned bands together in a festival which has developed a life of its own in the music industry. We focused on the best of black British music in a weekend celebration - *Black Not Black* - and drew the technologically fearless with *Interactive Night*. 70,000 people came on line through the Internet - downloading previously unreleased music from major bands and adding to a live radio mix.

The network launched adventurous new comedy, with Alan Parker's *59 Minutes of Truth* and Greg Proops's *Bits From Last Week's Radio*. Chris Morris, a bold and anarchic talent, was compulsive listening but occasionally overstepped the boundaries of taste and decency. And drama appeared for the first time. Following the success of *Batman* earlier in the year, stylish short form dramatisations of *Spiderman*, with music by Brian May and featuring Anita Dobson, became cult listening for the afternoon audience.

The Orchestras

Radio 3's live music accounts for nearly half its music output. In 1994/95, we broadcast major series of Berlioz and Elgar, alongside contemporary composers, with the BBC Symphony Orchestra conducted by Andrew Davis, and the tour of the USA by the BBC Philharmonic with conductor Yan Pascal Tortelier and composer Sir Peter Maxwell Davies. The BBC National Orchestra of Wales took part in the Amsterdam Mahler festival. The BBC Scottish Symphony Orchestra, Ulster Orchestra and Concert Orchestra all contributed to Radio 3's *Fairest Isle* season with new commissions, rare British repertory and concert performances of operas. The Concert Orchestra provided the backbone of Radio 2's live orchestral music, adding six musicals to popular regular programmes.

La Traviata



Radio 1 succeeded in signing Chris Evans to present the breakfast programme, and attracted a range of new talent including Tim Westwood, a leading figure in rap music, Lisa l'Anson, and Kevin Greening.

Fierce competition and the changes at Radio 1 have led to a reduction in audiences. We expect little respite, knowing that competition will intensify further, but the reach of the network remains high - at 23%, higher than any other UK station. And there are signs that the network's unique proposition has begun to engage critics, the music industry and, most importantly, the audience. We must use the year ahead to consolidate the schedules and to raise the profile of the network amongst its target audience.

Radio 2

There was a flowering of public appreciation for Radio 2 and the network won the 1995 Sony award for National Station of the Year - the crowning achievement of almost 40 years of service to the BBC by Radio 2's Controller, Frances Line.

In the summer of 1994, Radio 2 gave extensive coverage to *National Music Day* - a festival of live music. Concerts were broadcast from venues across the UK, including a guitar workshop in Stratford-upon-Avon featuring Albert Lee and Midge Ure, and an opera singalong live from the Albert Hall. The network drew star-studded casts for six specially recorded musicals, including *Kismet* and *Guys and Dolls*, and joined with BBC2 for a live broadcast of the *Three Tenors* concert from Los Angeles. And despite some public concerns last year about the BBC's Big Band ceasing to be a staff

Music Live '95



Voices from Africa



Music Live '95



orchestra, work for Radio 2 exceeded the guaranteed amount and the band performed regularly for BBC Daytime television from Pebble Mill.

Whilst the network's comedy tradition was sustained, there were new departures in literary readings with John Nettles's reading of *Treasure Island* and drama with Charles Dance starring as Glenn Miller.

We have seen a growing appetite for programmes which explore the leisure interests and hobbies of all our audiences. Radio 2 responded with specialist programmes - such as *LifeStyle* to tackle DIY and gardening - and new strands in its main sequence shows. *Jimmy Young* and *John Dunn* now regularly feature cookery, gardening, sports, the environment and health. On a more serious note, *Man Matters* bravely tackled testicular cancer and other male health problems, supported for the first

time by the BBC's new Helpline in Glasgow.

Drawing new ideas and talent into the network, in a programme of evolutionary change, will help Radio 2 meet the main challenge of the year ahead: to attract the next generation of listeners to the network.

Radio 3

Radio 3 confirmed its position as the leading broadcaster of live classical music and cultural programming with a rich and distinguished schedule which ranged from John Gielgud in *King Lear* and Richard Dreyfus in *Julius Caesar* to the enormously successful 100th season of the BBC Proms. Opera broadcasts included *Live from the Met*, while live concert relays and recordings represented all the leading British and international orchestras in their most adventurous repertory.

Bringing music to life
The BBC is the only broadcaster to make a significant financial and creative investment in live and new music. In the past year, we went live with *Woodstock '94* and the Prague spring festival, played live bands regularly in *In Concert* and performances featuring 300 years of British music in Radio 3's *Fairest Isle*. We cleared the BBC2 schedules for Covent Garden's acclaimed *La Traviata*. Andy Kershaw captured unique sessions for his shows, Radio 3 broadcast an astonishing range of BBC Orchestra performances and Radio 2 commissioned new recordings of star-studded musicals. As a celebration of the BBC's special commitment, *Music Live '95* brought BBC radio music networks together for a unique May weekend of music from Birmingham.



100 Years of the Proms
The rapt silence that followed Claudio Abbado's performance of Mahler's Ninth with the Berlin Philharmonic summed up the 100th season of the BBC Proms. Record-breaking audiences attended concerts drawing on the festival's rich history, with a central role for new works from past Proms, ranging from Schoenberg's Five Orchestral Pieces from 1912 to James MacMillan's The Confessions of Isobel Gowdie, from 1990. Many of the programmes featured the BBC's own orchestras in their strongest repertory, alongside young soloists. The largely retrospective season found room for a new BBC commission from John Tavener, The Apocalypse, and the premiere of Peter Maxwell Davies's Fifth Symphony. The commemorative season assembled by Sir John Drummond bore witness to the extraordinary impact the Proms have had on Britain's musical life.

Prague
Weekend



Through a series of high profile projects, Radio 3 this year has highlighted its cultural patronage and the innovation of its broadcasting. *Prague Weekend*, broadcast live from the Czech capital, explored changing cultural and political pressures. *Deutsche Romantik*, in collaboration with the South Bank Centre, reflected the range and depth of German Romanticism. And the network's largest-ever enterprise was *Fairest Isle*. Launched by HRH the Prince of Wales at Kensington Palace, this year-long celebration of British music and culture was inspired by the tercentenary of the death of Henry Purcell. His music was celebrated in live relays staged jointly by Radio 3 and BBC 2 and complemented by the widest possible range of British music on Radio 3.

The network moved closer to its audience. *Brian Kay's Sunday Morning* travelled live to festivals in the regions, forums were held around the country by Radio 3's Music Department, and a new database of listeners has been mailed about plans for the network. In response to their comments, we reduced the amount of talk in prime-time programmes, and concentrated on core repertory during these periods. But we must continue to search for a presentational style which appeals to loyal listeners, whilst making the riches of Radio 3 welcoming to the widest possible classical music audience.

Radio 4

Over many years, Radio 4 has been constantly developing, keeping pace, renewing its audiences and maintaining its share and reach. Eight and a half million people tune in each week to an unsurpassed range of engaging and serious programming with substantial coverage of the arts, science, philosophy, history and politics.

In the past year, Thursday evenings have proved the home of some of the sharpest

Paradise Lost
in Space

Bomber

Gardeners'
Question Time



comedy on radio: *Struck Off and Die* featured two young hospital doctors cutting the medical profession down to size; and *Paradise Lost in Space* was a fantasy set on the planet Oblivio where all the native Oblivions speak a language they have gleaned from a volume of Noel Coward's plays. Long-running comedy was given a new lease of life. *Just a Minute* has quickened its pace with a new generation of comedians including Paul Merton, Jenny Eclair, Jeremy Hardy and Tony Hawks. The old generation won the Sony Award for best use of comedy for *I'm Sorry I Haven't a Clue* in its twenty-fifth year of broadcasting.

Radio 4's drama has become more adventurous. Tom Baker narrated *Bomber*, four hours of powerful and touching drama laced with documentary, recreating a single bombing raid into Germany. Some of the most striking contemporary dramas were recorded on the day of transmission for *Plays For Today*. In *Public Order*, about the Criminal Justice Bill, the actors joined protesters in the march on Parliament, while *Post Election Lives* - which encompassed the changes in South Africa since the first democratic election - was transmitted by satellite from South Africa.

There were other successful changes: a science strand, *Big Bang*, targeted younger listeners; *In Living Colour*, a magazine about black and Asian issues, was launched; and the new team for *Gardeners' Question Time* instantly found its stride and retained the loyal Radio 4 audience. *Anderson Country* was the lone experiment which failed to engage its audience and in January it gave way to *Afternoon Shift* with a more popular mix of journalism and a less discursive style. One afternoon experiment should not obscure Radio 4's remarkable accomplishment over many years in sustaining its core values while gently refreshing and developing its schedules.

Jane Garvey



Radio 5 Live

It is rare for a media launch to achieve instant success but the BBC's new network, Radio 5 Live, did just that, exceeding audience targets and finding a new style and tone of its own. By the end of the year, five million people were tuning in each week, three quarters of a million more than listened to the old Radio 5, and the network is finding a new, predominantly younger, classless and non-metropolitan audience.

Radio 5 Live has the immediacy and flexibility to respond to events in a way the BBC has not been able to do before: whether it be the sudden death of John Smith, the signing of the Middle East Peace Accord, or the declaration of the IRA cease-fire – for which the network's programme *The Magazine* won a Sony Award.

The substantial sports audience of the old Radio 5 has grown further. Football commentary provides the backbone of sports output, with matches on weekday evenings and Saturday afternoons. But Radio 5 Live has also covered every major sporting event in 1994: the World Cup, Wimbledon, Open Golf, the Commonwealth Games, the European Athletics Championships, Grand Prix Racing, and the Ashes Series.

The network has a strong commitment to covering a wide range of sport and in a variety of styles. *Sport on 5* continued as the network's flagship sports programme. Sports documentaries and magazines - *Women on Top*, *SportsAmerica*, *Parkinson on Sport* and *Inside Edge* - told the stories behind the headlines and a 24-hour sports news service has been established.

Research shows that although sport is the primary reason most people tune in, more and more of them are staying for news. During the last six months, the news audience has grown to 3.7 million as Radio 5 Live fulfilled its commitment to cover events as they happen. And the combination of news and sport has proved powerful. When big sports stories have coincided with major sporting events, Radio 5 Live has the expertise, and the airtime, to do justice to both. The riot at Lansdowne Road in Dublin during Ireland's football friendly with England, and the developing drugs scandal during the Commonwealth Games, both saw a combination of reactive news journalism and sports know-how at its best.

Radio 5 Live has developed strong new talent - Jane Garvey, Adrian Chiles, Diana Madill and many more - and in collaboration with Television has attracted major sporting personalities - such as Gary Lineker and David Gower - to the BBC commentary box.

Nelson Mandela
FW de Klerk



Diana Madill



Radio 5 Live – a new network takes off

Launching a new network is a tough, risky task, but Radio 5 Live exceeded all expectations.

Comparing the first three months of 1994 and 1995, weekly reach was 700,000 higher than for Radio 5, and 80% of the audience was outside the south east. A young audience was attracted by the accessible, well-informed tone and style of the network and its effective combination of news and sport.

The live format meant the network was first on air with key events – John Smith's death,

- the cease-fire in Northern Ireland and baby Abbie Humphries' safe return and brought the excitement of
- leading news stories and
- sport events to listeners as they happened.

John Smith



John Major



John Inverdale



News and Current Affairs

The unique characteristics of the BBC's network journalism could be seen and heard ever more clearly during the year: authority, range, and seriousness of purpose. We made progress in other respects too: in reaching new audiences, launching new programmes, and being first with the news when it mattered.

We promised to report the UK better and Radio 5 Live has led the way, using local reporters throughout the United Kingdom, bringing a range of stories and a diversity of voices unprecedented on a national network. Radio 5 Live reaches the entire United Kingdom, not just through the strength of its signal, but as the network where local and regional issues are shared across the nation. We have made progress with other programmes, too. 60% of the editions of BBC's *Question Time* now come from outside London. Radio 4's *Today* programme now has permanent staff based in Manchester and Newcastle to act as producer/reporters. And we are establishing a weekly current affairs unit in Manchester, covering both radio and television, to contribute to programmes itself and also to commission work from other regions.

New series on television aimed to exploit our unrivalled foreign coverage while increasing coverage of issues closer to home. *Correspondent* on BBC2 gave the BBC's bureaux around the world a regular chance to bring to television audiences the sort of story-telling and analysis which has long been a favourite of radio listeners to *From Our Own Correspondent*. *Working Lunch* brought a new style and flair to the BBC's

Correspondent Working Lunch



now established supremacy in financial broadcast journalism. *Here and Now* became a regular feature of the BBC1 schedules, with a diet of popular domestic current affairs firmly in touch with the lives of its audience.

The BBC devotes substantial airtime across its networks to the issues that have a major impact on the nation. Andrew Marr of the Independent hosted a six-part series on BBC2 called *The Battle For Ideas*. *The Big Picture* took a monthly look at the key national or global issues: the Single Currency, Community Care, or the Criminal Justice System. *Analysis* was refashioned to provide a weekly examination of big themes such as the assessment of German reunification and its implications for Europe.

We set ourselves the aim of broadening our news agenda. The *Today* programme has moved beyond newsmaking interviews to include more original reporting: John Humphrys from South Africa and Northern Ireland and his community series at home; James Naughtie from the USA in the run-up to mid-term elections; Sarah Cullen on the streets of Belfast and the housing estates of Newcastle. *Breakfast News* has shown at least as much as any other news programme that our audiences value journalism that moves outside the traditional subjects and countries: a series on developments in genetics looked at the dilemmas facing both scientists and families and Brian Barron's reports from South America reminded us how fragile the return to democracy is there.

The discourse of politics at Westminster became increasingly fractious and our daily political journalism reflected a whole series of disputes, only some of which were of substance. We have a duty to report the daily ebb and flow of party political fortunes, but we need to try harder to distinguish the genuine policy issues from theatrical party point scoring. Where real differences exist, either between or within the parties, we need to help audiences understand them and why they are significant.

Many of our programmes based on Parliament itself were re-launched, and most were made more accessible. Notably, *The Midnight Hour* brought an informality to political debate which generally avoided the pitfalls of posturing and confrontation. *Westminster-on-Line* gave viewers daily direct access to politicians by telephone, videophone, or through electronic mail via the Internet – a contribution from technology to the process of democracy.

Perhaps no single subject on the political agenda produces so much heat and so little consensus as Europe and Britain's role in it. We need to look systematically at the realities of Europe and the issues facing the EU between now and the new millennium as Britain approaches the crucial decisions of monetary union and the balance between national and supra-national institutions. We have begun to offer television coverage of the main Strasbourg debates, and we will expand this service, as we will our coverage of the other European institutions which affect the lives of our audience in the UK.

Westminster On-Line



In April 1995, three days before Scottish local elections, we had planned to air an interview with the Prime Minister on *Panorama*, covering national and international issues. In Scotland there were objections from opposition parties, the matter was taken to court, and transmission was delayed by an injunction. We are now reviewing our policy for broadcasting in the period before elections; and putting in place new procedures to ensure that we are duly sensitive to opinion throughout the UK.

The BBC provided unequalled foreign coverage, through flexible and rapid response newsgathering and an international base broadened still further by new bureaux in Frankfurt and Singapore. Our most valuable asset remains correspondents of authority who understand the issues behind the stories and stay for the duration. Fergal Keane's moving reporting of the tragedies in Rwanda and his coverage of the South African elections were a fitting end to his tour of duty in Africa. George Alagiah emerged as a major commentator with his distinguished reporting from Africa. Sue Lloyd-Roberts produced gripping reports on human rights abuses in China. And even in a year of brave and lucid journalism, the war reporting from Chechnya, notably by Ben Brown during the advance on Grozny, was exceptional.

Ceefax

Throughout the day, the power of our newsgathering also fuels our continuous news and information service: Ceefax. This popular service complements our broadcast news by providing the most up-to-the-minute details on any story through constant updates. As the technology becomes available, Ceefax will provide the basis for developing new on-line services.

Subtitling

Since April 1994, the BBC has provided a weekly average of almost 100 hours of subtitled programmes for the benefit of deaf or hard of hearing viewers. This represents 33% of our network schedules, including all peak-time programmes. We subtitled more live programmes, including all major news and current affairs output and events such as the D Day commemorations, and are well on target to meet our promise of subtitling 50% of programmes by 1998.

Question Time

Six O'Clock
News

Here and Now



close

close

close



Closer to our audiences

We have improved our understanding of audience expectations through the Programme Strategy Review, public meetings and our Viewer and Listener Information Unit and

by speaking to

audiences at touring shows such as

- *Antiques Roadshow* and *Question Time*.

As a result, news and current affairs programmes both

- locally and nationally cover more health, education and employment stories, there are new leisure programmes and more regional television news. To welcome a wider audience to different types of programme, we have introduced new formats, as with *Here and Now*, and fronted specialist programmes with welcoming presenters, such as
 - Sister Wendy on painting or
 - Tommy Pearson on Radio 3's *Music Machine*.

BBC Radio WM
Asian Network



Regional Broadcasting

The year in Regional Broadcasting was marked by two major developments.

It was the first year of an ambitious policy to increase regional production for the networks. And it saw the most extensive research into what viewers and listeners expect from our regional programming.

Both contributed to the renewed creativity apparent in BBC programmes made in the regions. In a remarkable affirmation of their success, Regional Broadcasting won all five RTS awards for regional television and journalism, six Sony Gold awards for local and regional radio stations, four BAFTAs for its network production and an Oscar for BBC Scotland.

Regional Policy

The BBC has strong network production departments across the whole of the United Kingdom, and many of our finest programmes this year were made in the regions, even though viewers and listeners might not always have realised it. They included *Martin Chuzzlewit* and *Hamish Macbeth* in drama; *Billy Connolly's World Tour of Scotland* and *Girl Friday* in entertainment; and, amongst our factual programmes, *The Private Life of Plants*, *Shakespeare on the Estate* and *The Edge*. Increasing production in the regions makes sense for our audiences who want programmes of real quality which express the richness of their nation and reflect the presence around the country of creative talent of national standing.

Northwest
Tonight



That is why, last April, the BBC pledged to increase the proportion of its network programmes made outside London and the South East from around a fifth to broadly a third by 1997/98, countering the 70-year history of a London-dominated BBC. The BBC's progress towards this target will be driven, not by quotas for individual regions, but by ensuring our network controllers have the freedom to commission the best programme ideas for their audiences. 1994/95 saw the start of this shift, with an additional £6 million of regional production transmitted. A further £40 million will be transmitted in 1995/96.

We are meeting the targets in two ways - by reinvesting our efficiency savings in programmes outside London and by moving existing London production to the regions. In Scotland, the new Children's department is already fully operational, the Radio Helpline has been established and the Jamesons' Radio 2 show is broadcasting from Glasgow. Manchester is now the home of a bi-media current affairs team, the Radio 1 Roadshow and the TV Archive Unit. Northern Ireland saw an encouraging expansion of television drama commissions, and Birmingham welcomed the arrival of Radio 2's *Through the Night*. Cardiff produced its first opera for BBC2 - *The Lighthouse* by Sir Peter Maxwell Davies, but overall BBC Wales's lack of success in network television commissions was disappointing. We will work to address this in the coming year.

Journalism

Our investment in specialist journalists has led to a significant improvement in the authority of our regional news and current affairs. Increasingly, our agendas have concentrated on stories of significance, the fruits of a concerted effort to give all our journalists and editors a deeper understanding of the

Hamish
Macbeth



Shakespeare
on the Estate



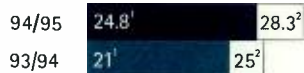
Proportion of network programme spending commissioned from outside London and the South-East.

%

Target by 1997/98

'Broadly a third'

Network TV*



Network Radio



¹ Adjusted figures

² Unadjusted figures

*28.3% of the expenditure on network television programmes in 1994/95 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 1.5%). Adjusting for these would alter the proportion to 24.8%. A comparable adjustment would reduce the 1993/94 figure from 25% to 21%. The figures reflect where commissions have been placed and do not necessarily indicate the locality in which programmes were made.

issues facing their regions. But there is further to go. Research for *People and Programmes* showed that our news programmes focused too much on the major cities in each region and that the audience wanted less party politics and more health, employment and education. As a result we have improved our capacity to get quickly to stories wherever they happen and to broadcast live from every corner of the country. We are also keeping careful account of the stories we cover and where we cover them, to produce not just a broad news agenda, but programmes that reach into every town and village in the community.

The research also highlighted that we were not providing television news at the times the audience wanted it. In response we planned an expansion of news services at different times of day and across the week, which began early in 1995/96. We are also looking at ways to satisfy viewers' wishes for a wider range of regional programmes, particularly more leisure coverage.

Our regional television news and our weekly regional current affairs programmes have improved in quality and authority. Audience performance has generally been steady, though we shall be concentrating attention on *Inside Ulster* and *Midlands Today*. We have made progress in improving the presentation and look of the nightly news programmes but we want to do more, especially in the areas of graphics and production techniques.

English Local Radio

As with the BBC's other radio services, the response of our 38 local radio stations to increased competition has been to increase their distinctiveness, in this case through all-speech programming at key times of the day. BBC Local Radio has done well to maintain its weekly audience of almost ten million despite increased competition from local commercial stations.

Radio Leeds and Radio Newcastle have been particularly strong performers this year, with inventive, dynamic programming across the range. But year-on-year declines in a small number of other stations need to be checked in the coming year.

Of the stations about which we raised concerns last year, Southern Counties Radio (previously Radio Sussex/Surrey) has performed well, with a truly distinctive all-speech schedule throughout the day, as has Three Counties Radio. But a continuing history of low audience levels outside peak time prompted the integration of CWR with Radio WM at certain times of the day and a review of the future of Radio Berkshire; Radio Cumbria reduced its Barrow-in-Furness opt-out service too. We regret that some listeners have been concerned at the changes. The resulting savings are all being reinvested in other regional programmes and services which will reach wider audiences or serve existing audiences better.

More listeners tuned into GLR each week, an achievement in the UK's most competitive media market. With more than 400,000 listeners, it has the third-largest audience of any of our local radio stations. But this represents only 5% of the capital's population. We need to clarify the role of the station and define new and realistic performance targets for it.

Our local radio audience retains an older profile. We continue to look for ways to attract a younger audience whilst keeping the loyalty of our current listeners, many of whom do not regularly listen to any other BBC radio service.

Programming in the National Regions

It was a momentous year even by Northern Ireland's standards. The BBC capped 25 years of consistent achievement with its exceptional coverage of the search for peace, both locally and for the networks.



Brian Rowan, Chief Security Correspondent, broke the story of the cease-fire to the whole world. And Radio Ulster, the Province's most listened-to station, tracked each development with balance, insight and authority.

The easing in the security situation enabled us gradually to broaden the agenda away from the Troubles and apply more time and resources to examining future prospects for the economy, jobs, health, and social affairs. We adopted a more wide-ranging brief for regional current affairs programmes with some surprising results, including the RTS award-winning revelation by *Spotlight* of widespread cockfighting in the Province.

Competition in Scotland increased sharply during the year, with a new commercial radio competitor in Scot FM. BBC Scotland responded with programming of outstanding quality. At the beginning of the year, Radio Scotland was the first station based outside London to become the Sony National Station of the Year. And at the end of the year, *Franz Kafka's It's a Wonderful Life* from the *Tartan Shorts* series won the Oscar for best live-action short film.

Research shows that entertainment programming is especially important to the Scottish audience. BBC Scotland concentrated on comedy programmes in a special schedule for Hogmanay and won a 64% share of the audience. The Gaelic European affairs programme, *Eorpa*, is now subtitled and has gained an audience larger than the whole of Scotland's Gaelic-speaking population. It is disappointing that we have been unable to drive forward the plans to create a larger and stronger Scottish orchestra by merging the BBC Scottish Symphony Orchestra and the Scottish Opera Orchestra.

The National Orchestra of Wales had a tremendous year, with four memorable Proms

concerts and an invitation to play at the Founders' Day Concert at the United Nations in New York - the first British orchestra to be invited in 25 years. The quality of BBC Wales's television improved from the previous year, with strong documentaries such as the oral history series *All Our Lives* and *Last Days at Fforchwen*, which charted the last year of a Welsh hill farm. Radio Wales added more speech, extended its drama and introduced comedy formats. But we need to address the reasons for a recent fall in its audience.

The BBC welcomes its statutory obligation to provide ten hours of Welsh language programmes for S4C each week. *Pobol y Cwm* remains by far the most popular Welsh language programme and the BBC also produces more than half the others in the top ten. However, audiences to the news programme *Newyddion* and the current affairs programme *Taro Naw* have been falling. We look forward to working alongside S4C as it reassesses its own programme strategy.

Across all three national regions, we need a better understanding of the audiences to our Welsh language, Gaelic and Irish language programming on radio and television. We are also searching for the efficiency savings which will enable us to fund the expansion in entertainment output which we know audiences would like.

We need a BBC1 schedule across the whole of the UK which is balanced and of wide appeal, reaches practically everyone each week with something they value, and which allows proper chances for people in the national regions to see their own programmes. The lack of such a structure at the moment is bringing, on occasion, unbalanced, untextured schedules, often with too much factual programming in peak time, leading to loss of audiences.

Northern Ireland
Last September, 25 years of the troubles in Northern Ireland came to what we all hope is an end. BBC staff there worked with dedication throughout the years of conflict and covered the stories and issues with balance, integrity and humanity. When exposed to danger, as they frequently were, they showed courage. They carefully explained the complex hostilities to audiences outside Northern Ireland, while never losing touch with the people who lived through them. Although the Broadcasting Ban resulted in a cloak of uniform anonymity by the use of actors' voices and live broadcasting was seriously hindered, BBC journalists responded with imagination and determination. Their skilled perseverance in maintaining the finest public service broadcasting traditions while living in a community in turmoil deserves a handsome tribute, and the thanks of us all.

Blue Peter



The Money
Programme



History File

Education

Every area of the BBC will be transformed by the social and technological revolutions that are leading us towards a new broadcasting age. But of our main programme aims - to inform, to educate and to entertain - education faces arguably the greatest challenge and presents one of our greatest opportunities.

This year saw a departure for BBC Education: a strategy to define our commitment to both formal and informal learning. First, we carefully analysed the educational needs of all our audiences - from pre-school children to adults pursuing further education or work-related training. Then we began to map out a future in which the BBC will use new electronic media and digital technologies as well as mainstream broadcasting to extend its services and create more opportunities for learning for all ages and groups in society. The challenge for the coming year will be to start to turn the strategy into reality.

Education for adults

The fact that almost everyone watches or listens to the BBC provides us with an opportunity to play a unique role in helping all those who have left school to increase their knowledge. At their best, television and radio can motivate and inspire our audiences, appealing directly to their tastes and interests.

We have a record of strong motivational campaigns on both media. Language teaching was at the heart of the *French Challenge*, supported by a wide variety of programmes to encourage interest in France and the French

Learning never stops
The BBC plays a special role in the nation's formal education, whether prompting awareness of language learning through projects like

- *French Challenge*, encouraging adults to return to college through
- *Second Chance* or supporting teachers with programmes such as
- *Numbertime*.

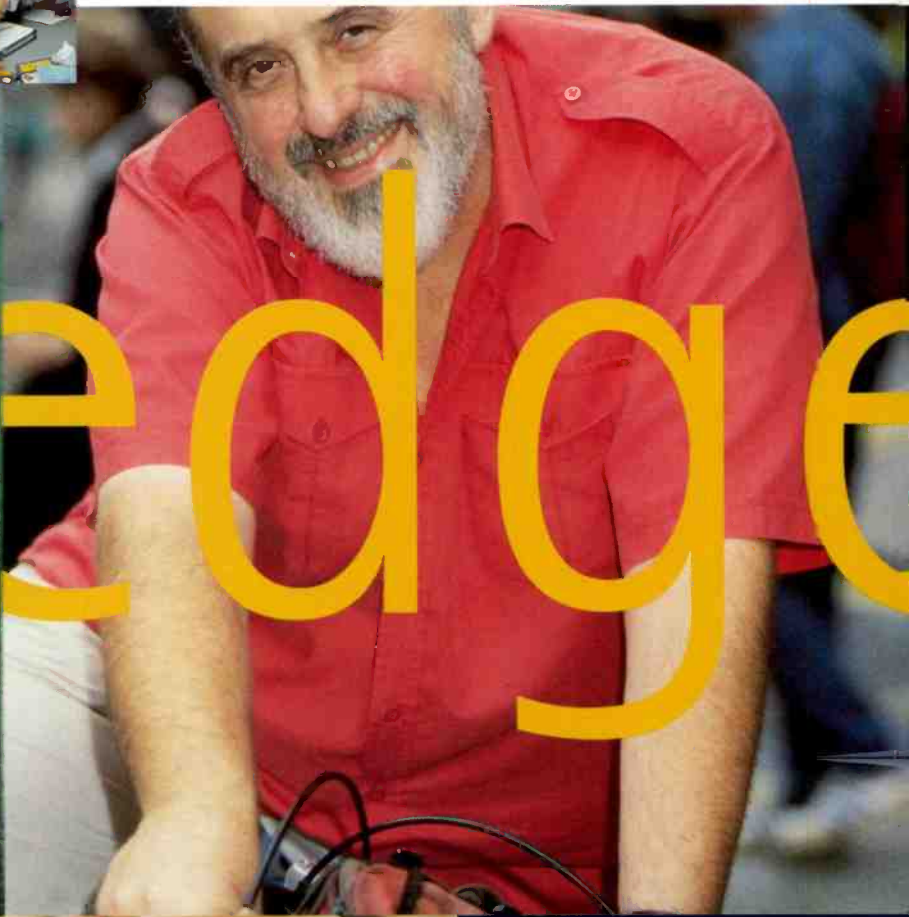
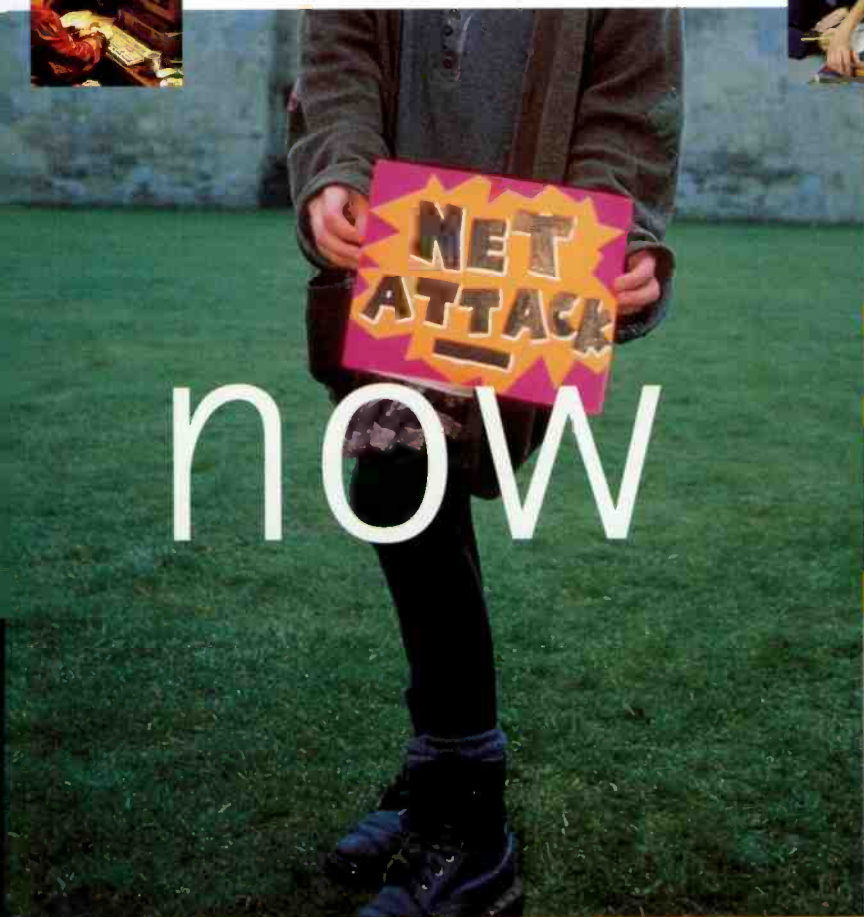
Our informal role is equally important. Our audiences' thirst for knowledge encompasses science, history, literature, music, the arts and leisure - areas where the BBC displays its greatest strengths through programmes ranging from

- *The Net* to
- Blue Peter* to
- The Money Programme*.

Computing for the Terrified



Teaching Today



Gardeners' World



French Challenge



Read and Write Together



Wall to Wall



language - from Gloria Hunniford on Radio 2 to *Gardeners' World* and *The Generation Game*. Together they reached 25 million people. In print, video and audio, the *French Experience* course is doing well, and we have more language series to come in future.

Read and Write Together was a very different, more narrowly-targeted campaign, drawing on advertising techniques to broadcast 40-second messages at peak times on both television channels. It was aimed at the parents of young children, particularly at those who may themselves have had difficulties learning to read and write. During the week of the campaign, more than 300,000 people used the freephone number to request the supporting information pack which had been funded by the Adult Literacy and Basic Skills Unit.

The power of the best of our continuing education programmes is their ability to bring subjects to life. *The Net* established itself as a mainstream, peak-time series about information technology. *Metropolis* made civil engineering absorbing to a mass audience and *Wall to Wall* did the same for building materials: both proved popular - and useful in formal education, too. We produced supporting materials and booklets to help those who wanted to learn more about the subjects we covered, from *Animal Hospital* to the *Royal Institution Christmas Lecture*. Clear priorities have now been identified for the subjects where educational need or interest is high, and in the coming year we will reflect this in our programme funding and by placing more educational programmes in peak time on television.

BBC programmes are already being used widely in Further Education colleges, notably *Horizon*, *Panorama*, and *The Business*. We want to do still more, creating a dedicated service for Further

Education, making full use of our archive to support the subject areas where we can really make a difference. The programmes will be transmitted overnight to be recorded for future use, as part of the night-time education service which we will launch on BBC2 in October 1995. The service will also incorporate BBC Select, which has been successfully changed from a subscription service to provide open access training and education.

In the year of the Open University's 25th birthday and in which the OU Production Centre won the RTS Judges Award for Education, we conducted a major joint review of strategy which reaffirmed our mutual commitment to partnership. Recognising that we have many areas of common interest, we will develop even closer links with the OU and are already working jointly to exploit international opportunities with BBC Worldwide and collaborating on our new night-time service.

School programmes

The BBC remains the most successful broadcaster to Britain's schools. This year once again we produced nine out of the ten most-watched series in primary schools, and seven of the top ten in secondary schools. But effective provision to schools rather than head-to-head competition with other broadcasters is the test of our success. That is why we are collaborating with Channel 4 to avoid unnecessary duplication or scheduling clashes.

Recent years have seen revolutionary changes to the school curriculum, and it is important that we provide material to help teachers follow the National Curriculum and its equivalents in Scotland and Northern Ireland. *Primary Science*, our largest-ever schools project, started this year to do just that, providing comprehensive help for the teaching of science to children aged between five and eleven.

Animal Hospital



The Business



Hard Times



Using the programmes and their supporting material, teachers can track the science curriculum throughout the primary stage. Early signs suggest that *Primary Science* is proving useful.

School radio is used by 80% of primary schools. It is particularly valued in the expressive arts - music, movement and drama - where our most successful series reach around 700,000 young children. Teachers' notes for *Time and Tune*, *Let's Move*, *Come and Praise* and *Music Workshop* have proved some of the most successful publications from the BBC's educational publishing. The move of School radio to Radio 3 does not appear to have affected demand, and we have supplemented the broadcasts with a cassette service for schools who cannot receive them or for whom transmission times are inconvenient. We continue to examine the best long-term solution for the delivery of School radio, recognising that programmes are usually recorded by teachers rather than used 'live' at the times they are broadcast. The possibilities presented by on-line technologies may well provide a way forward in the longer term.

Our programmes are strong in most secondary school subjects. Over a million children are estimated to have watched *History File*. The award-winning School Programmes adaptation of *Hard Times* well deserved its repeat on BBC2 on Christmas Day. We have targeted the important areas of Science, Technology and Religion for improvement in the coming year.

Interactive technologies

Of the new technologies, CD-ROM is affecting education most rapidly, and is already used in most secondary schools. The Open University Production Centre made our first CD-ROM of the BBC Secondary Schools catalogue, which has been well received by teachers. Our first commercial CD-ROM, *Romeo and Juliet*, will be followed by *Macbeth* and *A Midsummer Night's Dream* in 1995/96.

The BBC established a presence on the Internet last year. We now have over 1,000 pages of information about a wide range of BBC programmes, and an extensive educational service linked to our programmes. As part of the support materials for the geography series *Japan 2000*, we were able through the Internet to put UK schoolchildren in touch with Japanese children who had been victims of the Kobe earthquake, a foretaste of the immense educational possibilities of the Internet and other developments in communication technology.

The BBC's Editorial Policy

Public anxiety about violence remained in the headlines during 1994/95. To understand the issues better, the BBC commissioned - together with ITV and Channel 4 - an extensive survey of Violence on Television, the results of which are due in the summer. Violent crime was the subject of the first of a series of seminars organised by the Board of Governors, bringing together broadcasters and outside experts. As a result of the seminar, the BBC published new guidelines giving clear instructions to programme-makers across the Corporation about crime reconstructions, and tackling some of the difficulties encountered by news programmes in the daily reporting of crimes of violence. The effect has been evident in current affairs programming, where producers now avoid the film techniques of Hollywood when depicting real-life crime. In news programming, there has been more effort to place crime in its proper context rather than merely reporting criminal acts.

Though all parts of the BBC have always shared the same editorial principles, the Producers' Guidelines have been largely based on the experience of the domestic services. During the past year, work began to revise the guidelines comprehensively to embrace the work of the World Service, and to encompass the new activities of BBC Worldwide.

A series of media stories about the private lives of public figures served to keep issues of privacy high on the political and public agenda, and obliged us to clarify the BBC's approach. We will report people's private lives only when they shed light on serious questions of public importance.

Audience research in many of the most controversial areas of broadcasting standards shows more clearly than ever how tastes are fragmenting. In the most sensitive areas of violence, sex, and language, many viewers and listeners see the BBC as a bulwark against the erosion of what is acceptable in entertainment or factual output. But others fear the baleful eye of Auntie on the challenging, adult programming they enjoy. In this context, the BBC's commitment to the Watershed is ever more important if we are to play our proper part in protecting the young and vulnerable whilst bringing to adult themes the quality treatment that only the BBC can offer. In the year ahead we need to take full account of these shifting patterns in audience expectations as we work to revise and update our standards in these key editorial policies.



Resources

Nowhere has the challenge of the past two years been greater than in BBC Resources, and nowhere has the turnaround been more marked.

Our technical, craft and support services had long been in need of reform. There was significant over-capacity and inadequate information on costs and efficiency. A systematic programme of change has resulted in production resources, services and engineering being streamlined, refocused and given a new identity and pride in serving the customer – BBC programme-makers. Costs in every division are down and the directorate has delivered savings in excess of £100 million back into the BBC's programme-making funds over two years, in addition to absorbing inflationary costs.

Resources is now a £650 million turnover business, trading very close to break-even for the first time. The £14 million year-on-year reduction in its deficit reflects success in reducing costs and increasing turnover. Capacity was brought into line with demand, and an 18-month programme of market-testing moved towards completion. Mail services, building engineering maintenance and reprographics were all market-tested during 1994/5, bringing savings of £4.5 million. Across the Services division there was a 10% real reduction in prices. New contracts for telecommunications and transmission will save over £10 million per annum in the years ahead. As the business becomes more streamlined, staff numbers have been reduced further, with approximately 800 job reductions during the year.

The challenges for the coming year are to continue reducing the cost base, to find new ways of becoming more competitive, to start providing

a return on capital (initially 3.5%, rising to 7% by 1996/97), and to secure our long-term future by identifying and satisfying the changing demands of programme-makers.

In this, the second year of Producer Choice, BBC Resources brought down the price of programme facilities by between 3% and 10%. Independent surveys show our prices are now comfortably within the market range. As a result, despite the expectation that BBC programme-makers would increasingly draw on their freedom to use the external market, Resources was able to retain 86% of available BBC programme-making business – only 1% down on 1993/94. At the same time, external income from the sale of facilities and services to independents and other markets rose substantially to £33 million.

Innovation and development contributed to the buoyancy of the business.

Widescreen capability has been introduced, with the refurbishment of TC8 as the UK's first widescreen TV studio, with a touch-screen gallery, and the introduction of digital widescreen camcorders and outside broadcast trucks. News resources have introduced fully digital satellite trucks; studios increasingly use virtual reality; and a digital project with Network Radio has evaluated three different editing systems. Craft standards remain at the highest levels. BBC Resources staff made their mark nationally and internationally, receiving BAFTA Craft Awards, Primetime Emmys, Sony awards and RTS Design Awards.

A key aspect of our investment in people is the BBC's role as lead trainer for the broadcast industry. Wood Norton became the first centre for National Vocational Qualification accreditation in broadcast-related skills and this year trained more than 2,000 BBC staff as well as gaining external business from around Britain and the world.

Resource utilisation by major resource type %

Major resource type	94/95	93/94
1 TV studios	71	68
2 TV outside broadcasts	60	64
3 TV editing suites	47	48
4 Radio studios	54	43
5 Radio outside broadcasts	34	32

Definitions:

- 1: Days in production and preparation (excluding refurbishment and statutory maintenance)
- 2 and 5: Days in production, rigging/derigging and travel (excluding statutory maintenance)
- 3 and 4: Hours in production (versus 16 hours per day, 7 days per week).

The tremendous programme of change over the past few years has been tough for all employees. Improving employee relations and continuing to seek further improvements in customer service will be important objectives in the coming year.

The property strategy will yield £20 million from asset sales in addition to annual savings of £10-15 million in return for an outlay of £70 million. By the end of the financial year we had disposed of more than 250,000 square feet of surplus space. We embarked on the Stage 6 project at Television Centre, which will allow us to continue consolidating staff and premises and to dispose of further properties in Central London.

During the year, plans were finalised to launch a new Technical Resources Division from 1st April, 1995, replacing the old Engineering Division. This will be the home of technical innovation in the future, drawing on the expertise of the BBC's Engineering Research and Development staff who, among their many other projects, pioneered the Digital Audio Broadcasting service to be introduced later this year. Finally, we pay tribute to the distinguished leadership of Bert Gallon, the Corporation's Chief Engineer, who retires after 37 years in the BBC. Under him, the Engineering Division had another year of strong all-round performance, despite the uncertainties related to the continuing government evaluation of the future of BBC Transmission.

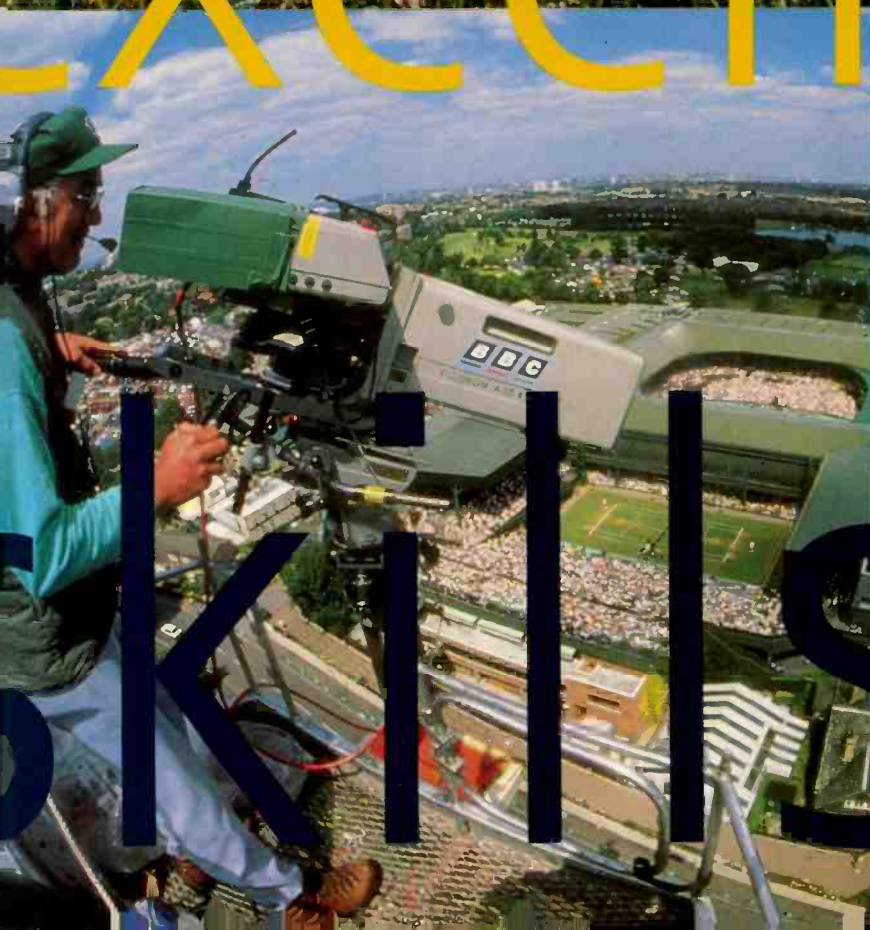
Excellence behind the scenes
BBC Resources brings together technical, craft and support services, from outside broadcast facilities for big events to special effects for drama productions. In the two years since BBC Resources was created, it has made savings of over £100 million. In the past year, it won not only 86% of available BBC business but also made external sales of £33 million to help programme funds. Meanwhile the standards of BBC craft excellence have never been higher, as witnessed by the continuing successes in winning awards. We will continue to invest in training, innovation and new technologies to keep us the best in the industry.



skills

skills

excellence



skills

Director-General's Review

Finance and Efficiency

Over the past few years, the BBC's main source of income, the licence fee, has remained flat in real terms. But during that period we have increased and enhanced our programme services, invested in retaining sports rights, financed a major restructuring programme associated with the introduction of internal trading and increased our capital spend on facilities and information technology. We have restructured our programme base, moving programming out of London, and financed an expansion in independent production in line with the government's 25% quota. We have substantially improved our balance sheet, with an increase in our operating reserves from £5 million in March 1992 to £160 million in March 1995. And we are on course to eliminate our borrowings by the end of 1996, from a peak of more than £180 million in 1993/94.

The BBC is a highly complex business with a total income of £2.3 billion, and the quality of its financial management is more important than ever before, especially given the requirement to operate without borrowings. This year the priority placed on financial effectiveness has led to marked improvements in many areas.

Operating and financial review

Licence fee income of £1,751 million in 1994/95 was up from £1,684 million in the previous year, reflecting in part an increase in the number of households buying a licence.

During the year, new information enabled us to assess more accurately the proportion of households paying the licence fee. Combined evasion and collection costs were reduced on the basis of this new data, from 14.1% to 13.4% of the total possible income. Collection costs were reduced by 0.1% of income and evasion costs went down by 0.6% of income, largely through improved

marketing. We have made it easier for people to buy their licences in a way that best suits them. A new monthly direct debit scheme attracted more than one million participants, including approximately 300,000 who had not previously held a licence. We also piloted a new cash scheme aimed at those on low incomes without bank accounts. Through developing new payment methods and better marketing, and by continuing to increase the efficiency of our collection, we aim to reduce further the combined cost of evasion and collection in coming years.

The BBC benefits from reinvestment by BBC Worldwide Limited into Home Services activities. BBC Worldwide Limited's total gross benefit to the BBC was £72 million, up from £69 million the previous year. Both these figures are based on a more appropriate cash-based measurement than was used previously. After taking into account reinvestments in Worldwide necessary to achieve future growth, the net benefit to the BBC was £53 million, down from £69 million last year.

The Home Services Group's operating surplus (before restructuring costs) of £123 million was slightly higher than last year. Restructuring costs of £31 million were down from £53 million in the previous year, driven by greater attention to effective redeployment of staff and a lower level of redundancy.

Capital expenditure in the Home Services Group amounted to £142 million, a significant increase from the £91 million of the previous year. The BBC's success in retaining major sports rights and securing important film rights was reflected in the increase in future purchase commitments, up by £133 million to £310 million.

Stock and work-in-progress amounted to £361 million, an increase from £279 million in March 1994, primarily due to increased production of

television programmes. In particular, increased levels of stock were needed to support a richer mix of drama in the Spring/Summer season and for major factual series with long lead times such as *People's Century*. However, the need to cut our borrowings will mean we need to reduce our holdings of stock and work-in-progress over the next two years. Total BBC borrowings in March 1995 (taking into account our positive bank balances reduced by the amount we owe in respect of licence savings stamps) amounted to £78 million, up from £63 million a year earlier. But we are still on track to eliminate our borrowings over the next two years.

During the year £34 million has been invested in banks, building societies and UK government bonds with up to five year maturity. Foreign exchange risk is managed by a combination of forward foreign exchange contracts and the offsetting of committed expenditure and anticipated income in the same currencies. During the year, considerable progress was made in agreeing previous years' Corporation Tax liabilities.

A significant improvement in financial control and the integrity of data was highlighted by the audit process this year. This reflects improvements in the quality of finance managers and more training both for finance specialists and for general managers. Budgets now better reflect the underlying business and enable risks to be more readily identified. Long-term cash budgets were introduced for the first time, enabling potential shortfalls to be identified and addressed well in advance. We set up mechanisms to monitor compliance with the Cadbury requirements, fair trading guidelines and purchasing guidelines, and to monitor progress against the CBI prompt payment guidelines.

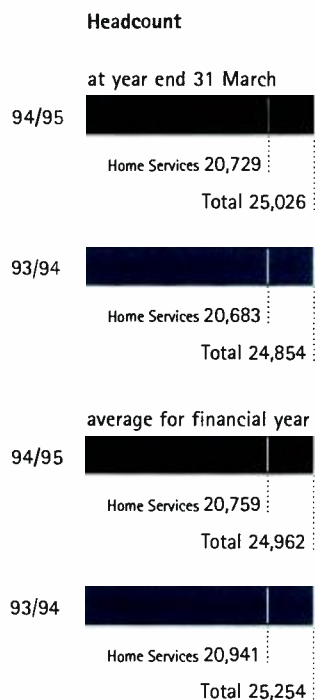
Improvements to financial systems have been introduced in key areas and the problem of mismatching information between directorates reported last year is now under control. However, we recognise that further substantial improvements are needed in our management information systems to give managers at every level all the information they need to run their businesses effectively and efficiently.

Information Technology

Effective IT is becoming more and more important in making high quality programmes efficiently. IT not only improves management information, but is fundamentally changing how programmes are made. In the past year, short-term improvements to financial systems were implemented in BBC Resources and Regional Broadcasting.

The foundations for the longer term are being laid too, with four out of six new BBC-wide systems underway. During 1994/95 we installed a new capital accounting system in the Resources directorate and developed a prototype for a fully-integrated financial system which will embrace all parts of the BBC's business. The scale of the implementation work required is such that widespread usage will now commence in 1996/97. Our investment in IT is significant: between £20 - £25 million a year. Major efficiency savings will result from it.

The central role played by IT and the fact that the easy transfer of data creates a new set of potential security risks led us to introduce an IT security policy. We have appointed an independent assessor and adviser on new IT systems to ensure that our strategy and individual proposals are scrutinised and tested.



The difference between the Total figure and Home Services shows the headcount for World Service, Subsidiaries and OUPC. Headcount (Equivalent Full-Time) includes staff on short-term contracts of six months or less, but excludes freelancers and casuals.

Efficiency

Approximately £100 million of efficiency savings have been made in the past year, to add to a similar saving in the previous year. Efficiencies have been generated by the actions of managers in every area. Some examples out of the thousands across the BBC:

- the use of digital editing and reduced use of back-up studios has cut studio usage on some radio programmes by up to 40%
- revised production planning for *EastEnders* allowed post-production costs to reduce by 13%, studio costs by 12%, and production team costs by 7.5%
- two layers of management were removed in television post-production, as was the middle management layer in BBC North Resources
- a new digital satellite truck and three multi-skilled staff now handle the programme requirements of *Working Lunch* – previously a job for seven staff.

Over the last four years, the workforce in the Home Services decreased by 3,200 people (or 13%). Within this figure, resources, engineering and facilities staff were reduced by 4,600 (or 38%); production areas grew by 1,600 (or 26%); and management and support staff decreased by 180 (or 3%).

Total staffing in 1994/95 remained broadly static, concealing a net decrease in Resources staff of approximately 600, with some 800 redundancies offset by transfers in from other directorates; a net increase in production departments of around 750 (to meet a range of new production demands: Radio 5 Live; additional programmes in television and the regions; and extra staffing for new Worldwide services); and a net reduction of 120 in Central Directorates staffing, largely through transfers, leaving a Corporate Centre of 245.

The BBC's paybill is the largest single component of its costs, over one-third of the total. The Home Services' increase in average paybill per head has been held to 2% over the rate of retail price inflation, while payroll costs have risen by only 1.1% over the RPI. Changes to Conditions of Service will allow substantial ongoing annual savings, largely through moving from hours to days conditions.

Director-General's Review

Organisation and Management

Those are some of the ways we are saving money. Here are just some examples of where it went in 1994/95:-

- Radio 5 Live
- a richer mix of television drama and a third weekly episode of *EastEnders*
- D-Day coverage
- new political and weekly news and current affairs programmes
- *Working Lunch*
- enhanced regional news
- *Family Literacy* and *French Challenge*
- enhancements for the 100th anniversary Proms
- the retention of rights to key sports.

To date, the largest savings have come from eliminating substantial overcapacity of facilities and staff. This process is now coming to an end. However, further efficiencies are needed to fund rising costs and further programme developments. We need to continue to reduce surplus capacity where it exists, eliminate duplication of activities and make commissioning and production processes more efficient. Introducing standard business procedures and shared services, investing in digital technology for more efficient programme-making, and increasing multi-skilling in programme and facility areas should enable us to make a new generation of efficiency savings over coming years.

In recent years the BBC has undergone substantial change. Almost 6,000 staff were made redundant in the Home Services between 1991 and 1995, during which time we restructured the Corporation for the introduction of internal trading. In 1994/95, we focused on improving the management of staff across the Corporation, and on increasing internal understanding of the challenges the BBC faces. These goals were encapsulated in three objectives set by the Board of Governors: to strengthen the relationship with staff; to improve the effectiveness of management; and to effect among staff a wider understanding of the BBC's strategy and a better understanding of the changes already achieved.

The year started with a further fundamental change. In a more competitive world, the BBC needs the flexibility for pay to reflect the external market - with conditions of service tailored to each area of activity and pay that reflects performance. We moved to such a system to reward and retain staff, including devolution of conditions of service to each directorate. There were two days of industrial action during the eight-month period when we were negotiating these changes. In the closing months of the year, adjustments to relocation and overseas allowances were also introduced.

But we recognise that flexibility is not a licence to work our staff unreasonably. The recognition that individuals must have proper protection is equally essential. During the year we have made some progress in addressing unreasonable staff scheduling and also improved our management of fixed term contracts. We have identified areas where we need to do more on these issues, and will be addressing them in the coming year.

Eighteen months ago we carried out a survey of staff opinion, which we repeated in early 1995. The second survey - completed by over 10,000 staff - showed clear overall progress, with staff feeling more positive about working in the BBC. Job satisfaction and pride in the BBC remained high, and there was evidence of improved leadership, better management and a greater understanding of and commitment to BBC goals.

In areas where staff said their manager communicates well, encourages high performance, supports training, sets clear objectives and runs constructive appraisals, they showed higher motivation and performance scores. We now need to make sure that best practice from these departments is shared and adopted in areas with lower overall scores.

This will help tackle the areas shown by the survey to be of continuing difficulty, including staff concerns about whether it is "safe to say what you feel". Most importantly, we need to reduce "bureaucracy", where staff identify the need to streamline working practices, improve the quality and value of meetings and upgrade IT systems to reduce time spent on gathering information.

Each directorate has developed more skilled and professional management helped by a major emphasis across the Corporation on management development. Over half of the BBC's senior managers attended the Leadership Development Programme, with many receiving their first business and financial training. The BBC MBA programme expanded into a more flexible modular approach to help participants develop specific skills. One hundred and forty managers are now on the MBA, diploma and modular programmes. The process of extending management skills is now well underway, but much progress remains to be made.

There was a marked improvement in internal communication too. More monthly team meetings are being held across the BBC and 15,000 staff - two-thirds - have now attended a series of day-long workshops. These provide a chance to discuss the BBC's goals with colleagues across the Corporation, including senior managers and members of Board of Management.

Managers are taking more care over developing and involving individual members of staff. For the first time, most staff will have been appraised and set objectives by the end of June 1995. Spending on training has risen and training and career development plans are being more clearly linked to the appraisal process. Over 230 teams have been formed across the Corporation involving staff in solving a variety of specific problems. Some of the most effective have been concerned with improving trading relationships between customers and suppliers. One group, for example, brought together the production team from *The Late Show* with its opposite numbers from Resources, and reduced the programme's spending on studios and editing by 5%.

The BBC has made significant strides this year towards its long-term goal of becoming the best-managed public service organisation in the UK. The overall challenge now is to continue to improve the general effectiveness of BBC managers and to strive to match the best external standards in this area.

Director-General's Review

BBC Worldwide

Last spring saw the formation of BBC Worldwide, bringing World Service and World Service Television together with a restructured Enterprises. We also announced a strategic alliance with Pearson plc in our world-wide television services. The new organisation has now been put into place, and two new television channels available in Europe are the first fruits of the alliance.

With increasing pressures on the licence fee, Worldwide will help us secure better long-term growth of commercial income to supplement public funding. Worldwide will therefore benefit UK viewers and listeners through investment in domestic programming for the core services. In 1994/95 it delivered £72 million in gross benefit to the BBC, ahead of budget and 4% up on last year. Of this, £19 million was reinvested in Worldwide for future growth.

The new organisation will also ensure a co-ordinated approach to international activities. This is particularly important as the BBC's reach overseas is extended by the growth of television over the next few decades. There are also gains to be made for World Service and Worldwide Television from a shared understanding of audiences round the world, and from the strengthening of news coverage through sharing resources and newsgathering.

World Service

The service was restructured on a regional basis. In April 1995, the English service split into regional streams for Europe, the former Soviet Union and the Middle East; South Asia; the Asia Pacific region; the Americas; and Africa. Programme schedules are now

tailored to the interests and availability of each regional audience.

New services were also launched in Uzbek, Azeri and Russian for Central Asia as well as special "lifeline" services to the former Yugoslavia and Rwanda. The Portuguese service for Europe ceased in December 1994 and we decided to close the 24-hour satellite service in German from April 1995. Overall in 1994/95, the measured global audience for World Service radio expanded from 130 to 133 million, with particularly strong growth in Africa through the Hausa and Swahili services and through increased rebroadcasting in Europe.

The size of the audience confirms World Service as one of Britain's most successful exports and one of the most respected, thanks to a long history of distinguished programming. World Service journalists anticipated the stories in Rwanda and Chechnya and covered them with courage and authority. Tragically, our freelance correspondent Mirwais Jalil was murdered in Afghanistan by those who objected to his efforts to tell the truth.

Our core news output is complemented by a range of challenging educational, factual and entertainment programmes. In 1994/95, highlights included a look at Shakespeare's relevance outside Britain, 26 educational series in 21 languages on family and health issues, and news for teenagers that included interviews by them with world leaders.

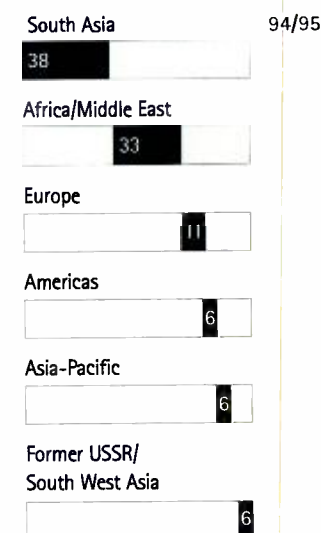
The Marshall Plan of the Mind continued to give listeners in Russia and Ukraine knowledge of market economics and democratic institutions. Journalism courses for broadcasters from the former Eastern bloc were conducted by World Service Training in their home countries and in the UK.

After a rigorous review led by the Foreign and Commonwealth Office, it was agreed that the BBC should maintain and develop the monitoring service at Caversham under a new

World Service Radio audience Millions of listeners



% of audience by region



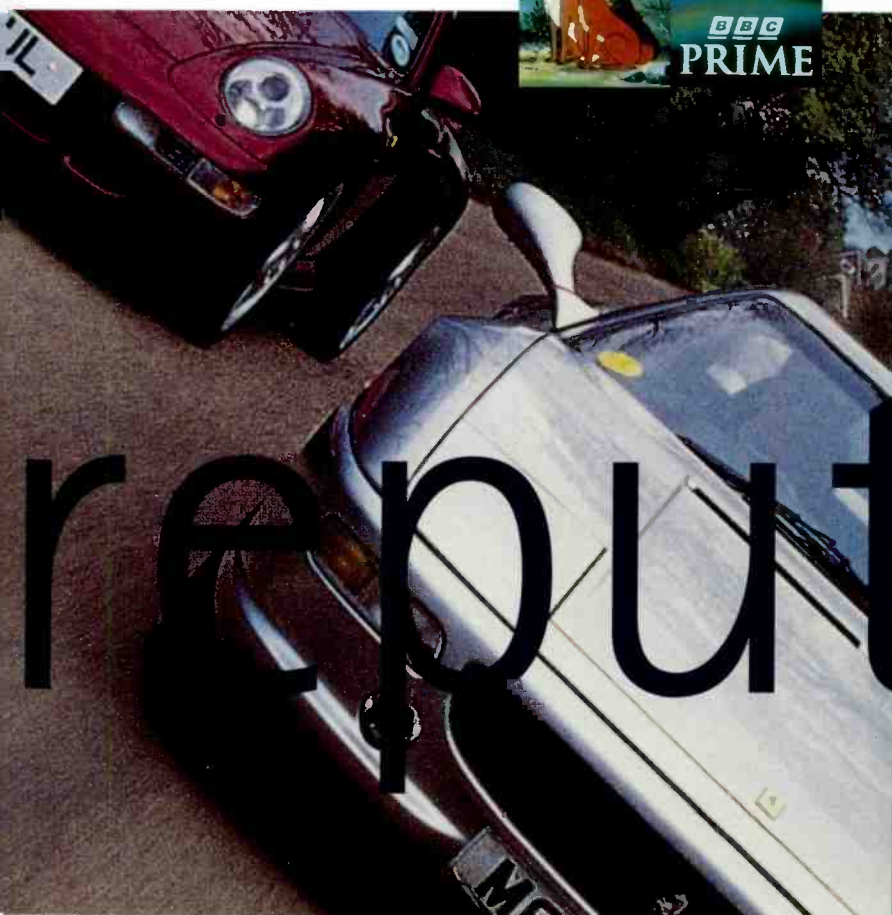
Weekly audience for World Service Radio. (Does not include China, Burma, Iraq, Iran, Somalia, Cuba and a number of other countries. It includes only a small part of Vietnam).

Source: BBC IBAR

Animals of
Farthing Wood

BBC Prime

Pingu



funding system. It was also agreed to build a new short-wave relay station in Thailand.

Despite reaching large audiences with high quality programmes, World Service is facing tough challenges. Liberalisation around the world is producing more independent local broadcasters who are very close to their audiences. To remain competitive, World Service is engaged in a comprehensive review of programme strategy to ensure a greater understanding of audience need.

The other key challenge is declining funding. In April 1995 we introduced Producer Choice in World Service so that programme costs could be identified and efficiencies achieved. We will need to set clear priorities between and within regions to concentrate resources where they can best achieve both our objectives and those of the Foreign and Commonwealth Office.

Worldwide Television

A range of new services was launched in 1994/95, with significant improvements in production and presentation.

In January, BBC World and BBC Prime were launched into Europe, in a partnership with Pearson Television and Cox Communications. BBC World, our news and information channel, is a significantly improved service based on World Service Television. It offers a comprehensive agenda of news and analysis with a range of current affairs, documentary and lifestyle programmes. BBC Prime is a high quality general entertainment channel. Both are in English serving all of Western Europe outside the UK.

BBC World is also distributed to areas previously served by World Service Television, primarily Asia, Africa and Canada, but is also now



Priest



Growing Worldwide
The BBC has long enjoyed a strong reputation around the world, founded mainly on the integrity of the World Service. Now BBC Worldwide is building on that as it co-ordinates the commercial and international activities of the Corporation. The reorganised commercial operations will bring home increased benefits to the BBC, to the licence-payer and to Britain as a whole. Worldwide Television has already launched BBC World (a news and information channel) and BBC Prime (for entertainment), as well as selling programmes round the globe. Worldwide Publishing is the leader in several magazine sectors and the spoken word market, strong in the book and video markets and growing in merchandising.

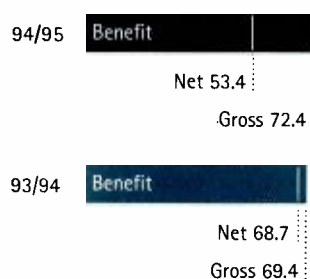
rebroadcast to New Zealand and to Japan in partnership with Nissho Iwai. We remain determined to exploit the world's largest media market in the US and to secure long-term distribution for our services to the Far East and Asia.

BBC Arabic Television, available in North Africa and the Middle East, is the BBC's first international television channel in a foreign language, now broadcasting for eight hours a day and a product of our partnership with Orbit Communications. Overall, BBC Worldwide's television channels are now available in 43 million homes, almost double last year's figure. A further 18 million homes can receive BBC World through rebroadcasting in Japan for one hour a day. The income from our channels rose from £18 million to £31 million, an increase of 73% on 1993/94.

Income from licensing programmes to other broadcasters also increased, by 27%, from £64 million to £81 million as BBC Worldwide Television sold more than 11,000 hours to some 80 countries. Best sellers included *Middlemarch*, *Absolutely Fabulous* and *Great White Shark*.

All of this builds on our presence as a distinctive, high quality, British broadcaster on the international scene, bringing credit to Britain and raising its global profile.

Benefit from Worldwide commercial activities
£ million



The difference between the Gross benefit and Net benefit is investment for growth. Gross benefit has increased by 4%. Declining net benefit is driven by increasing investment for future growth.

Worldwide Publishing

We now have a clear focus for our commercial publishing with a new structure to manage our magazines, home videos, books and audio cassettes. Radio Times was relaunched, reversing a declining sales trend and achieving a significant increase in advertising revenues. Unprofitable magazine titles were pruned, leaving a core of successful market leaders. Among them, Top Gear became the best-selling car magazine within three months of launch; Gardeners' World has retained its lead; and the number of children's titles has increased. BBC Books performed creditably, given the difficult market in the UK, coming second only to the Penguin Group in best seller lists for 1994/95. Together, magazine and book publishing turnover rose from £115 million to £118 million.

Similarly, BBC Video performed well in a tough market and despite an absence of major hits. BBC Radio Collection maintained its lead in spoken-word publishing with strong growth. The tape of Alan Bennett's diaries was the top seller while *Spiderman* and *Batman* became the first releases in CD format. Between them, audio and video sales rose 13%, from £45 million to £51 million.

Worldwide publishing generates 95% of its revenues in the UK. The aim is to improve the exploitation of international markets from this small but fast-growing base.

The most exciting challenge has come with the setting up of a new multimedia section, with a range of BBC-branded CD-ROM titles due to be published in 1996. BBC on-line services are also in development.

Financial results of commercial activity

With revenues increasing for BBC Worldwide's commercial activities by 19% to £305 million, overall profit before tax, interest and exceptional

items rose by 14% for the year 1994/95 to £14 million. As budgeted, net benefit to the domestic services reduced to £53 million as we invested to bring future growth in benefit to the licence fee payer.

The most important task for BBC Worldwide is to balance the need to improve the short-term benefit to the BBC and the need to ensure substantial longer-term growth through re-investment. Improving our information systems and continuing to focus on reducing costs will be beneficial to all areas of our activity.

Commercial Policy

If we are to continue to compete fairly and effectively in commercial markets while being publicly funded, we need clear and strict policies for ensuring fair trading and arms-length relationships between activities supported by the licence fee or grants-in-aid on the one hand and commercial operations on the other. This is equally important at home and abroad.

At the end of the previous year we set out our criteria for fair trading: first, that commercial activities must not be funded from either the licence fee or grants-in-aid; second, where programmes or services are supplied by the BBC to its commercial arms there should be clear contracts in place; and finally, the prices set in these contracts should not provide the BBC's commercial activities with an unfair advantage.

During 1994/95 we published our commercial policy in full. The first internal review shows that substantial progress had been made in implementing mechanisms for transparent, arms-length trading between commercial and non-commercial areas of the BBC. Firm plans are in place to complete this process during 1995. An external audit of fair trading principles will be conducted and reported annually in future.

Report on Compliance

Statements by the Board of Governors

Editorial policy

The Governors' monitoring of programme standards is based on the Producers' Guidelines, which they approved and which are regularly updated in the light of changing circumstances. The process of monitoring is continuous; at each of their meetings the Governors receive reports from management, which include current programme matters, and have the opportunity to raise editorial issues that concern them. The culmination of the process each year is a written report by the Controller of Editorial Policy, who meets Governors to amplify the report and to answer questions arising from it.

Among events that called for particular care on the part of journalistic staff during the year under review was the situation following the announcement by the IRA of a cease-fire. We are satisfied that the BBC's coverage of Northern Ireland continued to show a generally high level of responsibility and professional judgment in what continues to be a sensitive and difficult area.

Violence on television remained a matter of public concern, and a six-month monitoring survey of the treatment of violence on terrestrial and satellite channels was commissioned jointly with the ITC. The reporting of crime was the subject of a one-day Governors' seminar. A seminar on taste and language on radio was also held during the year.

Aspects of programming on which new guidelines were prepared included the reporting of crime (following the Governors' seminar), significance as a determining factor for the BBC's news and current affairs agenda, surreptitious recording, factual drama, programming during elections and coverage of the National Lottery.

The Programme Complaints Unit

1994/95 was the first full year of operation for the Unit, which investigates serious complaints about

programmes. Its small staff combines experience of programme-making and complaints-handling. The Unit is independent of production areas and reports to the Secretary of the BBC. An account of its work, including summaries of all complaints upheld, is published every six months in the Governors' Programme Complaints Bulletin.

During the year the Programme Complaints Unit investigated 1,159 complaints, of which 197 (17%) were wholly or partly upheld. The redress offered to complainants included written apologies on behalf of the BBC, on-air corrections, and a number of specific remedies adapted to the circumstances of the complaint. Poor taste, bias (on both political and non-political issues) and bad language were the matters which attracted the majority of complaints to the Unit.

The Unit's findings are subject to review by the Governors, via their Programme Complaints Appeals Committee.

Governors' Programme Complaints Appeals Committee

The Governors' Programme Complaints Appeals Committee began functioning in Spring 1994. It is a sub-committee of the Governors, chaired by the Vice-Chairman, Lord Cocks, and it considers requests to appeal against decisions by the Head of Programme Complaints. The Governors entertain an appeal where a significant issue of public interest is involved.

The value of an appeals mechanism should be that its existence imposes discipline and rigour on the system itself; if the system is working effectively and credibly, the requests for appeal should be few and exceptional. That is certainly the experience of the Committee's first year of existence. In the period under review, the Governors adjudicated on seven appeals. These have been fully reported in the Bulletins.

Commercial policy

With the reorganisation of the BBC's commercial activities, which are now concentrated in BBC Worldwide, and the announcement of a commercial policy, measures were taken to ensure that a clear distinction was maintained between commercial and public service activities and that fair trading principles were observed. The Chief Adviser, Commercial Policy drew up guidelines, which were approved by the Board and published; a Fair Trading Audit Committee (see below) of the Governors was set up and began to function; and arrangements were made for compliance with the commitment to fair trading to be subjected to annual external audit from 1995/96. At the end of the year a commercial policy review was considered by the Board.

The Governors are satisfied that the BBC and European Channel Broadcasting Ltd are complying with the terms of the approval issued by the Department of National Heritage. The new channels started broadcasting on 26 January 1995. The Board of Governors will be in a position to give a fuller account as to compliance and any complaints in the 1995/96 Annual Report.

Fair Trading Audit Committee

A new Fair Trading Audit Committee of the Board was established during the year. Its remit is to monitor the effectiveness of procedures in place to achieve compliance with the Fair Trading commitment.

The members of the Committee are Lord Nicholas Gordon Lennox, Lord Cocks and Bill Jordan. Sir David Scholey was a member until his resignation from the Board in February.

Having received interim and end of year progress reports from the BBC's Chief Adviser, Commercial Policy and an interim report from KPMG, the Committee now offers the following review.

Review of Fair Trading

The Government's White Paper on the future of the BBC gave clear support to the BBC's involvement in commercial activities, and required us to adopt appropriate guidelines and processes to ensure Fair Trading. In particular, the BBC must not cross-subsidise its commercial activities from the licence fee or grants-in-aid.

During 1994/95, we took several important steps to comply with this requirement, beginning in April 1994 with the publication of our Fair Trading Commitment. This set out three key principles for all the BBC's commercial activities:

- arm's-length trading relationships
- transparent contracts between the BBC's public services and its commercial activities
- fair prices for resources, services and programmes provided by the public services of the BBC to its commercial activities.

Implementation of these Fair Trading principles has been advanced by several initiatives:

- development of a more detailed commercial policy framework, which was adopted by the Board of Management in December 1994, and has been distributed throughout the BBC
- formation in January 1995 of BBC Worldwide Limited which is a wholly-owned subsidiary of the BBC, and through which the BBC's main commercial activities are now pursued
- establishment of the contractual framework which will support the Fair Trading commitment for the main commercial activities, which is now being implemented
- identification of senior managers in each directorate who are responsible for ensuring that the Fair Trading principles are understood and observed in their directorate
- an Internal Audit review in March 1995 of external revenue-earning activities in the BBC and identification of the steps needed to ensure transparency for such activities.

Audit Committee

During the course of the year, the Committee 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.

Following a decision to put the BBC group external audit out to tender, the committee also interviewed representatives of three leading firms and recommended to the Board the appointment of KPMG for five years from 1 April 1995. KPMG were duly appointed, with the prior approval of the Secretary of State for National Heritage.

The members of the committee are Sir Kenneth Bloomfield, Lord Nicholas Gordon Lennox and Bill Jordan. Sir David Scholey was a member until his resignation from the Board in February.

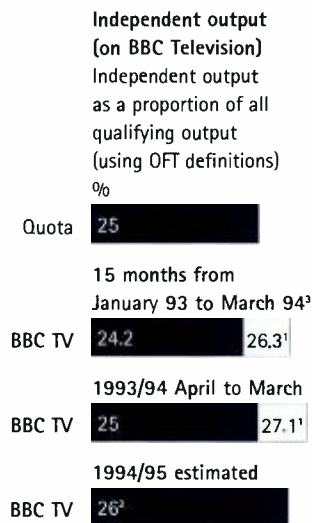
Remuneration Committee

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 executives of the highest calibre the BBC must offer broadly competitive remuneration, without necessarily matching commercial sector rates.

Over the last two years, we have recruited a number of executives from the commercial sector. At the same time, we have sought to bring the remuneration and benefits of the whole Board of Management into line with market levels, bearing in mind both their responsibilities and compensation data from other industries, comparable to the BBC in activity and scale.

The members of the committee are Marmaduke Hussey, Lord Cocks and Lord Nicholas Gordon Lennox, who replaced Sir David Scholey on his resignation from the Board in February.



¹As previously reported, before the BBC and the OFT were able to finalise definitions.

²This figure is an estimate based on the information available to the BBC. The OFT will publish its own assessment later in 1995.

³First period of statutory compliance.

Note: Radio (4.5% in 1994/95 vs. 2% in 1993/94).

Statutory obligations

The Office of Fair Trading (OFT) recently reported that the BBC had complied with the statutory requirement to broadcast 25% of qualifying programmes from independent producers in the year ending March 1994, but that it just failed to reach the 25% over the first 15 month monitoring period from January 1993–March 1994; the shortfall was due to lower than average figures in the first three months of 1993.

In the BBC’s report last year we reported a figure of 26.3% for the monitoring period. The difference between this figure and that reported by the OFT is because final definitions of the way in which the Order should be interpreted were only issued by the OFT early in 1995. The most important differences were that the BBC had previously excluded some “news-related” programmes from “qualifying hours” that the OFT judged should have been included; some programmes with minor changes had been excluded as repeats; and the basis on which the OFT excluded certain independents who used BBC Resources was not disclosed to the Corporation.

The BBC has exceeded EC targets for the proportion of its output represented by programmes of European origin and programmes produced by European independents (see graph on page opposite).

The BBC also met the terms of its undertaking to the Office of Fair Trading to limit on-air trails for BBC products.

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

The Governors have 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. The Governors believe that during the financial year the Corporation fully complied with the Code insofar as it is relevant to its constitution and structure. The Governors also consider it appropriate to include a statement on internal financial control although this is not yet required.

In contrast to listed companies, which are typically controlled by a single board, the BBC is controlled by two boards. The Governors’ role is similar to that of non-executive directors, providing independence and trusteeship, while the Board of Management takes responsibility for day-to-day operations.

The requirements of the Code can be applied to the BBC with two exceptions. Firstly, those relating to the appointment of non-executive directors are inapplicable since Governors are appointed by the Queen in Council and their remuneration is set by the Secretary of State for National Heritage. Secondly, those 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 Governors.

Going concern

After making enquiries, the Governors and the Board of Management have the expectation that the BBC has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Internal financial control

No system of internal financial control can provide absolute assurance against material misstatement or loss. The Corporation's system of internal financial control is designed to provide reasonable assurance against material misstatement or loss.

The responsibilities of the Governors and the Board of Management in relation to internal financial control are clearly defined. The Governors are ultimately accountable for the proper use of public money. During 1993 they established an Audit Committee which meets at least three times a year and which is charged with: reviewing the Report and Accounts and Auditors' Report; reviewing the effectiveness of internal financial control; and ensuring that management's response to internal financial control issues is appropriate. The Governors' Remuneration Committee advises the Governors on the remuneration of all members of the Board of Management, to ensure that they are rewarded on a fair and objective basis. The Governors' Fair Trading Audit Committee monitors the effectiveness of procedures in place to achieve compliance with the Fair Trading commitment.

The Board of Management is responsible for the system of internal financial control. During 1993 they established a Cadbury Compliance Committee which meets quarterly to monitor the effectiveness of the system of internal financial control across the Corporation and to advise the Board of Management and the Audit Committee. The Managing Director of each directorate is required to report quarterly to this Committee.

There are established systems for monitoring and reporting the Corporation's financial performance, identifying future business risks and addressing internal control issues. Annually, each directorate prepares a capital, revenue and cash budget for the next financial year and a financial framework for the following two years. Directorates prepare detailed monthly management accounts and consolidated management accounts are reviewed by the Board of Management and the Governors. Actual results are compared against budget and appropriate action is taken. Annually, the Director-General undertakes a comprehensive review of directorate performance, including financial performance.

There are clearly defined authorisation procedures which ensure that significant decisions are considered by the Governors and the Board of Management. The effectiveness of the internal financial control system is reviewed by Internal Audit which reports to the Audit Committee and the Director-General.

Governors of the BBC
June 1995

Performance against EC quota targets for the calendar year 1994

%

European origin

50

71

Quota
BBC TV

European independent*

10

17

Quota
BBC TV

*The definition differs from that used under UK legislation. Under Article 5 of the Television without Frontiers directive, it is calculated as a proportion of total European hours broadcast and excludes sports events, game shows, news programmes, teletext services, and non-transmission times when the channels are off the air or the test card is being displayed.

Report by the Auditors to the Corporation on Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed the Governors' statement on pages 66 to 67 on the Corporation's compliance with the paragraphs of 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, 4.4, 4.5 and 4.6 of the Code. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

Basis of opinion

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Corporation's system of internal financial control or its corporate governance procedures, nor on the ability of the Corporation to continue in operational existence.

Opinion

With respect to the Governors' statements on internal financial control on pages 66 to 67 and going concern on page 67, in our opinion the Governors have provided the going concern disclosures required by paragraph 4.6 of the Code and have explained the extent of the Corporation's compliance with the disclosures on internal financial control required by paragraph 4.5 of the Code (both as supplemented by the related guidance for directors). Such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain Governors and officers of the Corporation, and examination of relevant documents, in our opinion the Governors' statement on pages 66 to 67 appropriately reflects the Corporation's compliance with the other paragraphs of the Code specified for our review.

Coopers & Lybrand
Chartered Accountants
London
22 June 1995

Financial Statements

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Report of the Joint Boards for the year ended 31 March 1995

The members of the Boards of Management and Governors present their annual report and the audited financial statements for the year ended 31 March 1995.

Principal activities

The principal activities of the BBC are described in the statement of accounting policies on page 73 and in the Director-General's Review.

Review of business and results

The Governors' Assessment and Director-General's Review on pages 13 to 17 and 23 to 62 form part of this report and provide information on the development of the BBC's activities for the year and outlook for the future.

Details of the surplus for the year, taxation and transfers to reserves of the Home Service Group and the World Service for the year ended 31 March 1995 are set out in the statements of income and expenditure on page 76 and 88 and in the notes to the financial statements.

Fixed assets

Changes in the tangible fixed assets of the Home Services Group are set out in note 9 to the financial statements and those of the World Service in note 5.

Directors

The present members of the Board of Governors and the Board of Management are listed on pages 8 and 22.

New members of the Board of Management are Nicholas Chapman who joined on 9 May as Managing Director of Worldwide Television, Jane Drabble who joined on 1 August as Director of Education and Sam Younger who joined on 1 November 1994 as World Service Managing Director. There were no departures from the Board of Management in 1994/95, although David Hatch has retired since the year end.

No members of the Board of Governors and the Board of Management have any shareholdings or beneficial interests in any of the subsidiaries.

Liability insurance

A liability insurance policy is in place for BBC directors and staff in respect of their duties on boards of commercial subsidiaries and related companies.

Research and development

During the year the BBC spent £6.4m on Engineering research and development; in addition, the BBC incurs expenditure on the development of programme scripts.

Employee participation

Internal communication and employee participation are described in the Organisation and Management section of the Director-General's Review.

Appraisal based pay systems, linked to performance against objectives, are being introduced for all staff. In addition senior staff participate in an annual bonus scheme.

Regular meetings are held with the recognised trade unions BECTU, NUJ and AEEU.

Equal opportunities

The BBC is committed to equal opportunities for all, irrespective of race, colour, creed, ethnic or national origins, gender, marital status, sexuality, disability or age.

The BBC is committed to promoting such equality of opportunity. Recruitment, training and promotion procedures are based on the requirements of a job. Ethnic and gender targets have been set and are supported by a number of equal opportunity initiatives.

Training

Investment in training was identified as a priority at the start of the year and procedures have now been introduced to monitor expenditure on training in each directorate. The "in house" facilities used are supplemented by external providers and course attendance.

Disabled persons

BBC procedures are designed to facilitate the employment of disabled people. Disabled people, whether registered as such or not, are fully and fairly considered for vacancies arising within the BBC and are given equal opportunities with other staff in relation to training, career development and promotion.

Existing employees who become disabled are retained in the BBC's employment wherever possible, after the provision of any necessary rehabilitation or training.

Donations

The BBC does not make political donations.

Charitable work is undertaken on air, for example: *Children in Need*, *Comic Relief* and Radio 4's *The Week's Good Cause*.

Auditors

The 1994/95 financial statements have been audited by Coopers & Lybrand. KPMG have been appointed as external auditors for a five year period commencing 1 April 1995.

By order of the Boards of Management and Governors

Michael Stevenson The Secretary of the BBC
London 22 June 1995

Financial Statements

Statement of Responsibility

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

The Governors and Board of Management are required by the BBC's Charter to prepare Statements of Accounts (Financial Statements) 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.

Auditors' Report

To the Members of the British Broadcasting Corporation

We have audited the financial statements on pages 73 to 92 which comprise the consolidated Home Services Group and the World Service and which are prepared on the basis set out in the statement of accounting policies on pages 73 to 75.

Respective responsibilities of the Governors and Board of Management and Auditors

As described on page 72 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 1995 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
22 June 1995

Statement of Accounting Policies

The principal accounting policies of the British Broadcasting Corporation ('BBC') are set out below.

Introduction

The BBC 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 BBC receives income from the Department of National Heritage, 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 BBC has a remit to pursue its commercial objectives within the framework established by the Department of National Heritage.

Form of accounts

During 1994/95 BBC Worldwide was created comprising BBC Worldwide Limited (formerly BBC Enterprises Limited), its subsidiaries, and the World Service.

The financial statements of the BBC Group, excluding the World Service ('the Home Services Group') are presented on pages 76 to 87 in the form of consolidated financial statements including the Home Services, the BBC's subsidiaries, and the Open University Production Centre, but excluding the World Service. A separate statement of income and expenditure for the Home Services is not presented.

The World Service receives Grants-in-Aid funding which is not available to fund other BBC activities; separate financial statements are prepared for this service and are presented on pages 88 to 92.

In the 1993/94 financial statements of the Home Services Group, the results of subsidiaries were analysed to distinguish separately commercial and broadcasting activities. The 1994/95 financial statements are presented to reflect the new structure of the BBC. BBC Worldwide Commercial Activities are analysed as a separate sector. In 1994/95 as part of the reorganisation referred to above, BBC World Service Television Limited, formerly a Broadcasting subsidiary, has become part of BBC Worldwide.

The statement of income and expenditure for 1993/94 and associated notes have been re-presented to reflect the revised structure.

Basis of preparation of financial statements

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

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.

Other Home Services income comprises principally rents receivable, the sale of surplus resource and transmission capacity, and the sale of secondary acquired programme rights, all net of value added tax.

Other Home Services income and income received by subsidiaries is accounted for on an accruals basis.

Income to BBC Worldwide Commercial Activities includes 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; income from the publication of magazines, books, videos, records, tapes and other programme related products; and channel licence and subscription income from news and information satellite broadcasting; all 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.

Foreign currency translation

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 of assets and liabilities at these rates of exchange, 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 BBC 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 to the extent that the BBC considers it reasonable to assume that such timing differences will reverse in the future.

Pensions

The regular pension cost of the BBC'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.

Operating leases

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

Goodwill

Goodwill, being the excess of the cost of investment 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.

Tangible 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. Depreciation commences from the date the asset is brought into service. Land is not depreciated.

Home Services plant and machinery is stated at the estimated current replacement cost of the assets, adjusted for service potential, as at 31 March 1993, or cost if acquired subsequently, less accumulated depreciation.

In the Home Services useful lives for depreciation purposes for the principal categories of assets are:

Land and buildings

Freehold and long leasehold buildings – 50 years

Freehold and long leasehold buildings improvements – 15 years

Short leasehold land and buildings – unexpired term of lease

Plant and machinery

Transmitters and power plant – 25 years

Other – 3–10 years

Furniture and fittings – 5 years

With effect from 1 April 1994 the useful life for depreciation purposes of personal computers and peripheral equipment has been reduced from 5 to 3 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.

Investment in programmes for future sale

In BBC Worldwide Commercial Activities, investment in programmes for future sale is stated at cost, after writing off the costs of programmes that are considered irrecoverable, less accumulated amortisation. Amortisation on programming is charged against income over the average marketable life which is generally 5 years. The cost and accumulated amortisation of 'Investment in programmes for future sale' are reduced by the value of programmes over 5 years old.

Originated programme stocks and work in progress

Originated programme stocks and work in progress, including those commissioned from independent producers, for transmission in future years, are stated at the lower of cost and net realisable value, after deducting contributions from other organisations and, with the exception of the costs of prepaid repeats on independent programmes, are charged to operating expenditure on first transmission.

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 arms length contract prices negotiated between the channel controllers and programme makers.

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 is 70% on first transmission, 20% on second transmission and 10% on third transmission.

Assets and liabilities relating to acquired programmes are recognised at the point of payment or commencement of the licence period, whichever is the earlier. Agreements for the future purchase of programmes whose licence period has not commenced at the balance sheet date are disclosed as purchase commitments in Note 18.

Other stocks

Other stocks are stated at the lower of cost and net realisable value.

Capital reserve

Each year an amount equivalent to the costs expended by the Home and World Services on capital assets over and above 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 historical cost net book value of Home and World Services' fixed assets.

Home Services Group

Statement of Income and Expenditure for the year ended 31 March

Note	Group 1994/95 £m	Group 1993/94 re-presented £m
1 Income	2,108.5	1,979.9
2 Operating expenditure	(1,987.4)	(1,858.7)
Profits from interests in associated undertakings	1.5	0.7
3 Operating surplus	122.6	121.9
4 Restructuring costs	(31.3)	(53.4)
Loss on termination of operations	-	(3.2)
Surplus before interest and tax	91.3	65.3
5 Net interest	4.0	(0.2)
6 Surplus before taxation	95.3	65.1
7 Taxation	(2.1)	(8.4)
Surplus after taxation	93.2	56.7
Minority interests	-	0.4
17 Surplus for the financial year	93.2	57.1
17 Transfer to capital reserve	(24.7)	(2.4)
Surplus for the year transferred to operating reserve	<u>68.5</u>	<u>54.7</u>

The above results are derived from continuing operations.

Balance Sheets at 31 March

Note	Group	Group	Home	Home
	1995	1994	Services	Services
	£m	£m	£m	£m
Fixed assets				
9	878.4	851.2	856.6	833.3
10	54.5	55.0	–	–
11	–	–	0.3	6.3
	2.2	0.1	0.1	0.1
	935.1	906.3	857.0	839.7
Current assets				
12	361.0	278.9	344.2	268.4
13	289.2	235.8	238.8	188.9
13	43.0	60.7	48.7	76.9
	77.8	87.1	65.8	70.2
	771.0	662.5	697.5	604.4
15	623.7	546.1	516.7	456.9
	147.3	116.4	180.8	147.5
	1,082.4	1,022.7	1,037.8	987.2
15	12.5	26.1	12.5	26.1
16	58.9	77.8	57.6	77.3
	1,011.0	918.8	967.7	883.8
Represented by				
17	38.1	45.5	38.1	45.5
17	818.9	794.2	818.9	794.2
17	154.0	79.1	110.7	44.1
	1,011.0	918.8	967.7	883.8

Approved by the Governors
and Board of Management
on 22 June 1995.

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

	1994/95	1993/94
	£m	£m
Surplus for the financial year	93.2	57.1
Unrealised deficit on revaluation of plant and machinery	-	(23.8)
Translation differences on foreign currency net investments	(1.0)	0.1
Total recognised gains and losses relating to the year	<u>92.2</u>	<u>33.4</u>

Note of Historical Cost Surpluses and Deficits for the year ended 31 March

	1994/95	1993/94
	£m	£m
Reported surplus before taxation	95.3	65.1
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on revalued assets	7.4	11.2
Historical cost surplus before taxation	<u>102.7</u>	<u>76.3</u>
Historical cost surplus for the financial year	<u>100.6</u>	<u>68.3</u>

Reconciliation of Movement in Net Assets for the year ended 31 March

	1994/95	1993/94
	£m	£m
Surplus for the financial year	93.2	57.1
Other recognised gains and losses relating to the year (net)	(1.0)	(23.7)
Goodwill written off	-	(1.7)
Goodwill written back	-	3.2
Minority interests	-	(0.4)
	<u>92.2</u>	<u>34.5</u>
Opening net assets	918.8	884.3
Closing net assets	<u>1,011.0</u>	<u>918.8</u>

Cashflow Statement for the year ended 31 March

Note

	1994/95	1993/94
	£m	£m
Net cash inflow from operating activities	152.0	196.1
Return on investments and servicing of finance		
Interest received	1.8	1.8
Interest paid	(0.1)	(2.0)
Dividends received from associates	0.4	0.1
Net cash inflow/(outflow) from return on investments and servicing of finance	2.1	(0.1)
Taxation		
UK Corporation tax	(2.7)	(1.3)
Overseas tax	(3.7)	(1.8)
Tax paid	(6.4)	(3.1)
Investing activities		
Capital expenditure	(132.0)	(104.1)
Investment in programmes for future sale	(30.6)	(38.2)
Cash received from the sale of fixed assets	9.1	11.4
Purchase of investments	(1.0)	(1.7)
14 Purchase of gilts and certificates of deposit	(34.4)	-
Net cash outflow from investing activities	(188.9)	(132.6)
Net cash (outflow)/inflow before financing	(41.2)	60.3
Financing		
Repayment of long term loan	-	24.0
14 (Decrease)/increase in cash and cash equivalents	(41.2)	36.3
	(41.2)	60.3
Reconciliation of surplus before taxation to net cash inflow from operating activities:		
Surplus before taxation	95.3	65.1
Interest payable	0.2	2.0
Interest receivable	(4.2)	(1.8)
Profits from interests in associated undertakings	(1.5)	(0.7)
Loss on sale of fixed assets	10.6	7.1
Depreciation and amortisation	125.0	109.7
Increase in stocks	(82.1)	(53.5)
(Increase)/decrease in debtors	(33.3)	7.6
Increase in creditors	61.4	52.3
(Decrease)/increase in provisions	(19.7)	4.2
Provision for diminution in value of investments	0.3	0.9
Goodwill written back	-	3.2
Net cash inflow from operating activities	152.0	196.1

Included within the surplus before taxation is an exceptional charge of £31.3m (1993/94 £53.4m) for restructuring costs. This comprises a net reduction in provisions of £18.8m (1993/94 £7.1m), a net reduction in creditors of £1.6m (1993/94 £4.1m net increase) and a cash outflow of £51.7m (1993/94 £56.4m).

Notes to the Financial Statements for the year ended 31 March

1 Income

1a Income by nature of activity

1994/95	Home Services	BBC Worldwide Commercial Activities	Other Activities	Total
	£m	£m	£m	£m
Licence fee	1,751.3	-	-	1,751.3
Open University				
Production Centre	-	-	12.3	12.3
Commercial turnover	-	305.1	-	305.1
Other income	39.0	-	0.8	39.8
Total external income	1,790.3	305.1	13.1	2,108.5

1993/94	Home Services	BBC Worldwide Commercial Activities	Other Activities	Total
	£m	£m	£m	£m
Licence fee	1,683.5	-	-	1,683.5
Open University				
Production Centre	-	-	9.5	9.5
Commercial turnover	-	256.9	-	256.9
Other income	28.6	-	1.4	30.0
Total external income	1,712.1	256.9	10.9	1,979.9

BBC Worldwide Commercial Activities include BBC Worldwide Limited, BBC World Service Television Limited and other subsidiaries of BBC Worldwide Limited.

Other Activities comprise the Open University Production Centre, BBC Subscription Television Limited and BBC Investments Limited.

1b Licence fee

	1994/95	1993/94
	£m	£m
Colour	1,690.0	1,618.5
Monochrome	22.4	24.7
Concessionary	3.5	3.5
	1,715.9	1,646.7
Quarterly payment scheme premium	18.0	17.5
Other income and adjustments	17.4	19.3
	1,751.3	1,683.5

	1994/95	1993/94
	£	£
Colour	84.50	83.00
Monochrome	28.00	27.50
Concessionary	5.00	5.00

	1994/95	1993/94
	m	m
Colour	20.0	19.5
Monochrome	0.8	0.9
Concessionary	0.7	0.7
	21.5	21.1

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

During the year 3.6m (1993/94 3.5m) colour licences were issued under the quarterly payment scheme at a premium of £5.00 each (1993/94 £5.00). In addition 1.2m (1993/94 Nil) colour licences were issued under the monthly payment scheme.

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.

1c Commercial turnover

	1994/95	1993/94
	£m	£m
Television programme sales	81.1	64.0
Magazine and book publishing	117.5	115.2
Videos, records and tapes	51.2	44.5
Satellite income	31.2	18.0
Other activities	24.1	15.2
	305.1	256.9

1d Other income

	1994/95	1993/94
	£m	£m
Rents receivable	5.7	4.6
Hire of facilities	19.8	10.0
Other income	14.3	15.4
	39.8	30.0

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

1e Turnover by geographic segment

Turnover by destination	BBC Worldwide Commercial Activities	Other Activities	BBC Worldwide Commercial Activities	Other Activities
	1994/95	1994/95	1993/94	1993/94
	£m	£m	£m	£m
United Kingdom	195.7	13.1	175.6	10.9
Rest of the World	109.4	-	81.3	-
	305.1	13.1	256.9	10.9

All turnover originates from within the United Kingdom.

2 Operating expenditure

2a Total operating expenditure

	1994/95	1993/94
	re-presented	
	£m	£m
Home Services	1,680.8	1,599.4
BBC Worldwide Commercial Activities	292.5	245.2
Open University Production Centre	12.3	9.5
Other Activities (excluding Open University Production Centre)	1.8	4.6
	1,987.4	1,858.7

2b Home Services

	1994/95	1993/94
	£m	
Funded from the licence fee:		
Television	1,094.4	1,073.4
Radio	353.4	341.6
Other	103.0	66.5
Funded from external income	39.0	28.6
	1,589.8	1,510.1
Collection costs of licence fee	91.0	89.3
	1,680.8	1,599.4

Other costs include the cost of operating the corporate centre, including governance; unallocated surpluses and deficits arising on internal trading; and corporately managed expenditure such as realised and unrealised exchange differences, amortisation of pension prepayment and movement in corporate provisions.

In 1993/94, Other costs were reduced by a one-off adjustment of £26.3m due to a change in the basis of accounting for acquired programme and film costs.

2c BBC Worldwide Commercial Activities

	1994/95	1993/94
	re-presented	
	£m	£m
Cost of sales	163.8	137.0
Distribution costs	65.9	52.7
Administrative and other costs	33.0	27.2
Amortisation of programme investment (Note 10)	29.8	28.3
	292.5	245.2

3 Analysis of operating surplus and net assets by activity

1994/95	Home Services	BBC Worldwide Commercial Activities	Other Activities	Total
	re-presented			
	£m	£m	£m	£m
Operating surplus	109.5	14.1	(1.0)	122.6
Net assets	982.7	45.5	(17.2)	1,011.0

1993/94	Home Services	BBC Worldwide Commercial Activities	Other Activities	Total
	re-presented			
	£m	£m	£m	£m
Operating surplus	112.7	12.4	(3.2)	121.9
Net assets	891.7	43.7	(16.6)	918.8

The net assets in the Home Services balance sheet shown on page 77 include provisions against investments in Other Activities which are eliminated on consolidation.

4 Restructuring costs

The BBC is continuing the 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.

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 £31.3m (1993/94 £53.4m) being the net of £32.5m (1993/94 £55.9m) redundancy and other restructuring costs designed to reduce the cost base of the Home Services and the release of £1.2m of provisions (1993/94 release of £2.5m) in respect of a programme of property rationalisation.

Within redundancy and other restructuring costs are amounts provided in the year of £22.2m (1993/94 £43.6m) for future costs related to decisions taken by the balance sheet date but not yet effected.

5 Net interest

	Group 1994/95	Group 1993/94
	£m	
Interest receivable	4.2	1.8
Interest payable on bank loans and overdrafts repayable within 5 years	(0.2)	(2.0)
	4.0	(0.2)

6 Surplus before taxation

This is stated after charging/(crediting):

	Group 1994/95	Group 1993/94
	£m	
Payments under operating leases:		
Land and buildings	11.9	11.5
Plant and machinery	9.3	9.2
Other	3.1	2.0
Research and development expenditure written off	6.4	6.7
Own work capitalised	(19.8)	(19.3)

Auditors' remuneration amounts to £0.5m (1993/94 £0.5m). Other fees paid to the auditors totalled £2.0m in the year (1993/94 £5.0m). This comprises consultancy fees relating to the restructuring of the BBC as a result of the introduction of new internal trading systems and other initiatives of £0.4m (1993/94 £3.5m), taxation compliance and advisory fees of £0.2m (1993/94 £0.2m) and systems reviews and other advisory fees of £1.4m (1993/94 £1.3m).

Notes to the Financial Statements for the year ended 31 March

7 Taxation

The BBC 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% (1993/94 33%), comprises:

	Group 1994/95	Group 1993/94
	£m	£m
Current year		
Corporation tax	10.7	9.8
Deferred taxation	(3.5)	(3.4)
Double taxation relief	(0.8)	(0.5)
	6.4	5.9
Overseas taxation	2.9	1.8
	9.3	7.7
Prior year		
Corporation tax	(11.5)	(1.4)
Deferred taxation	4.3	2.1
	(7.2)	0.7
	2.1	8.4

Of the total taxation charge, £4.5m (1993/94 £5.4m) relates to subsidiaries.

The prior year Corporation tax credit represents the release of provisions established in earlier years in respect of matters which have been settled during the year.

8 Employees and remuneration

8a Staff costs

	Group 1994/95	Group 1993/94
	£m	£m
Salaries and wages (excluding redundancy costs)	604.2	581.9
Social security costs	53.7	52.3
Other pension costs	29.6	26.7
	687.5	660.9
Comprising:		
Home Services	645.3	621.5
BBC Worldwide Commercial Activities	35.8	32.7
Other Activities	6.4	6.7
	687.5	660.9

8b 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 3 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 4.5% of pensionable salary. This maintained the scheme surplus within the parameters of the Inland Revenue guidelines.

The pension charge in the Home Services Group financial statements for 1994/95 was £27.1m (1993/94 £24.8m) after deducting a proportion of the scheme surplus amortised over the average remaining service of the contributing members.

8c Governors

Governors are appointed by the Queen in Council to serve for periods not exceeding five years. The remuneration of the Board of Governors is determined by the Secretary of State for National Heritage with the approval of the Minister for the Civil Service. In addition Governors are reimbursed for expenses incurred on BBC business.

The aggregate fees and remuneration of the members of the Board of Governors was £248,837 (1993/94 £206,927). 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 increase in annual remuneration notified for 1994/95 was 5.3%. The rest of the increase over the previous year is due to expenses relating to an increased level of activity by the Governors in carrying out their duties.

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

	1994/95	1993/94
Band	Number	Number
£0 - £5,000	-	4
£5,001 - £10,000	5	3
£10,001 - £15,000	3	3
£15,001 - £20,000	3	4
£40,001 - £45,000	1	-
£70,001 - £75,000	-	1
£75,001 - £80,000	1	-

These amounts include £78,898 (1993/94 £73,312) in respect of the Chairman who was the highest paid Governor.

8d 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:

	1994/95	1993/94
	£	£
Salaries and other benefits	2,276,411	1,785,589
Performance related bonus payments	161,350	178,499
	2,437,761	1,964,088
Pension contributions	191,192	153,011
Compensation for loss of offices	-	100,154
	2,628,953	2,217,253

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

In common with other senior BBC managers, the Board of Management participates in an annual bonus scheme. Qualitative and quantitative objectives are set at the beginning of each financial year, and performance is reviewed at the year end. All bonuses awarded to Board of Management are recommended by the Remuneration Committee to the Board of Governors for their approval.

Bonuses are reflected on a paid basis; bonuses paid in 1994/95 are principally in respect of 1993/94. In 1993/94, Board of Management were eligible for bonus payments in the range of 0-10% of salary dependent on performance.

Compensation for loss of offices includes £Nil (1993/94 £76,809) in respect of pension benefits.

During the year ended 31 March 1995 there were 16 (31 March 1994 15) members of the Board of Management who had served for part or all of the year and received remuneration, including bonus payments but excluding contributions paid to a pension scheme, in the following bands:

	1994/95	1993/94
Band	Number	Number
£15,001 - £20,000	-	1
£45,001 - £50,000	1	-
£65,001 - £70,000	-	1
£75,001 - £80,000	1	-
£85,001 - £90,000	1	-
£105,001 - £110,000	-	1
£110,001 - £115,000	-	1
£115,001 - £120,000	-	2
£125,001 - £130,000	1	1
£130,001 - £135,000	-	2
£135,001 - £140,000	-	2
£140,001 - £145,000	1	1
£145,001 - £150,000	1	-
£150,001 - £155,000	1	-
£160,001 - £165,000	4	-
£165,001 - £170,000	1	1
£170,001 - £175,000	1	-
£180,001 - £185,000	1	-
£210,001 - £215,000	-	1
£215,001 - £220,000	1	-
£235,001 - £240,000	-	1
£260,001 - £265,000	1	-

The highest paid member of the Board of Management received remuneration of £264,630 (1993/94 £238,721). This included performance related bonus payments of £18,500 (1993/94 £16,000) but excluded pension contributions made by the BBC of £27,092 (1993/94 £28,062).

On appointment to the Board of Management on 1 August 1994, under a scheme available to all staff, Jane Drabble had an interest free loan of £1,106 from the BBC, repayable in equal monthly instalments. The loan was repaid in full on 30 September 1994 shortly after her appointment to the Board of Management.

At 31 March 1994, under a scheme available to all staff, Rod Lynch had an interest free season ticket loan outstanding of £853. The last instalment of this loan was repaid on 15 August 1994.

8e Persons employed

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

	Average for the year	Average for the year restated	At 31 March	At 31 March restated
	1994/95	1993/94	1995	1994
Programme Directorates	10,480	9,663	10,771	10,011
Resources, Transmission and Services	10,279	11,278	9,958	10,672
Total Home Services	20,759	20,941	20,729	20,683
BBC Worldwide				
Commercial Activities	1,145	1,154	1,199	1,137
Other Activities	231	238	232	229
	22,135	22,333	22,160	22,049

The persons employed note has been re-presented to reflect the new segmental analysis in note 1. Staff employed by BBC World Service Television Limited, which was sold to BBC Worldwide Limited on 31 March 1995, have been included in the staff numbers for BBC Worldwide Commercial Activities for the whole of 1994/95.

The number of persons previously reported as employed excluded singers and members of orchestras. This note now includes these categories and the prior year figures have been adjusted accordingly.

Within the averages above, 1,110 (1993/94 995) part-time employees have been included at their full-time equivalent of 628 (1993/94 579).

Notes to the Financial Statements for the year ended 31 March

9 Tangible fixed assets

9a 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 1994	537.4	837.0	20.2	68.2	1,462.8
Additions	13.1	9.5	1.0	118.5	142.1
Brought into service	13.0	55.5	0.7	(69.2)	-
Disposals	(23.2)	(41.0)	(3.3)	(2.0)	(69.5)
Transfers	(17.8)	22.4	(4.6)	-	-
At 31 March 1995	522.5	883.4	14.0	115.5	1,535.4
Comprising:					
Cost	522.5	137.6	14.0	115.5	789.6
Valuation 31 March 1993	-	745.8	-	-	745.8
	522.5	883.4	14.0	115.5	1,535.4
Depreciation					
At 1 April 1994	116.8	479.8	15.0	-	611.6
Charge for the year	22.7	70.0	2.5	-	95.2
Elimination in respect of disposals	(6.8)	(40.9)	(2.1)	-	(49.8)
Transfers	(17.8)	22.4	(4.6)	-	-
At 31 March 1995	114.9	531.3	10.8	-	657.0
Net book values					
At 31 March 1995	407.6	352.1	3.2	115.5	878.4
At 31 March 1994	420.6	357.2	5.2	68.2	851.2

Home Services plant and machinery was revalued at 31 March 1993. The revaluation was undertaken by the BBC's engineers and approved by the Governors and Board of Management.

During the year, as part of the introduction of a new fixed asset accounting system, certain assets have been reclassified. These have been shown as transfers.

Historical cost basis

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

	Plant and machinery 1995	Plant and machinery 1994
	£m	£m
At 31 March		
Cost	738.0	691.6
Depreciation	424.0	379.9
Net book value	314.0	311.7

9b 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 1994	526.6	816.0	11.6	68.2	1,422.4
Additions	12.4	0.4	-	117.6	130.4
Brought into service	13.0	54.6	0.7	(68.3)	-
Disposals	(22.7)	(40.6)	(2.8)	(2.0)	(68.1)
Transfers	(17.8)	22.4	(4.6)	-	-
At 31 March 1995	511.5	852.8	4.9	115.5	1,484.7
Comprising:					
Cost	511.5	107.0	4.9	115.5	738.9
Valuation 31 March 1993	-	745.8	-	-	745.8
	511.5	852.8	4.9	115.5	1,484.7
Depreciation					
At 1 April 1994	114.4	466.6	8.1	-	589.1
Charge for the year	21.0	65.7	1.2	-	87.9
Elimination in respect of disposals	(6.3)	(40.6)	(2.0)	-	(48.9)
Transfers	(17.8)	22.4	(4.6)	-	-
At 31 March 1995	111.3	514.1	2.7	-	628.1
Net book values					
At 31 March 1995	400.2	338.7	2.2	115.5	856.6
At 31 March 1994	412.2	349.4	3.5	68.2	833.3

Historical cost basis

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

	Plant and machinery 1995	Plant and machinery 1994
	£m	£m
At 31 March		
Cost	707.4	670.6
Depreciation	406.8	366.7
Net book value	300.6	303.9

9c Land and buildings at net book value comprise:

	Group 1995	Group 1994	Home Services 1995	Home Services 1994
	£m	£m	£m	£m
At 31 March				
Freeholds	353.9	324.4	351.0	320.0
Long leaseholds	43.2	89.6	39.3	85.6
Short leaseholds	10.5	6.6	9.9	6.6
407.6	420.6	400.2	412.2	

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

10 Investment in programmes for future sale

	Group
	£m
Cost	
At 1 April 1994	107.9
Exchange adjustment	(2.7)
Additions	30.6
Written off during the year	(8.9)
Write off of programmes fully amortised	(20.0)
At 31 March 1995	106.9
Amortisation	
At 1 April 1994	52.9
Exchange adjustment	(1.4)
Charge for the year	29.8
Amortisation on programmes written off during the year	(8.9)
Write off of programmes fully amortised	(20.0)
At 31 March 1995	52.4
Net book values	
At 31 March 1995	54.5
At 31 March 1994	55.0

11 Investments

11a The Home Services own 100% of the issued share capital of the following companies incorporated in Great Britain and registered in England and Wales:

	Cost 1995	Cost 1994
	£m	£m
BBC Worldwide Limited (formerly BBC Enterprises Limited)	0.3	0.3
BBC Subscription Television Limited	-	-
BBC Investments Limited	-	-
BBC World Service Television Limited	6.0	6.0
	0.3	6.3

BBC World Service Television Limited was sold by the Home Services to BBC Worldwide Limited on 31 March 1995 for £6.0m, being the amount at which the investment was held in the books of the Home Services.

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

	Holding of issued ordinary shares
	%
Parliamentary Broadcasting Unit Limited	33
Broadcasters Audience Research Board Limited	50
RAJAR (Radio Joint Audience Research) Limited	50

11b BBC Worldwide Limited holds the following significant interests in companies which, except where stated, are incorporated in Great Britain and registered in England and Wales:

	Holding of issued ordinary shares
	%
Subsidiaries	
BBC Worldwide Americas Inc. (formerly Lionheart Television International Inc; registered in Delaware, USA)	100
European Channel Broadcasting Limited	75
Woodlands Publishing Limited	100
BBC World Service Television Limited	100
Associates	
European Channel Management Limited	45
BBC Frontline Limited	23
Investments	
UK Gold Television Limited	20
Satellite News Corporation Limited	20

As part of the creation of BBC Worldwide, BBC Enterprises Limited changed its name to BBC Worldwide Limited on 3 January 1995, and Lionheart Television International Inc. changed its name to BBC Worldwide Americas Inc. on 9 November 1994.

European Channel Management Limited, which commenced trading in January 1995, is regarded as an associate undertaking of BBC Worldwide Limited but BBC Worldwide Limited has no obligation to provide it with financial support under the investment agreement. As a result BBC Worldwide Limited's share of start up losses for the period to 31 March 1995 (£5.2m) and net liabilities at 31 March 1995 (£5.1m) have not been consolidated within these financial statements.

12 Stocks

	Group 1995	Group 1994	Home Services 1995	Home Services 1994
	£m	£m	£m	£m
Raw materials	5.3	4.0	2.5	2.4
Work in progress				
Originated programmes	158.5	111.5	156.7	110.0
Payments on account	21.5	13.5	21.5	13.5
Other	8.0	6.1	2.4	2.7
Finished programmes				
Acquired programmes and films	80.3	75.1	80.3	75.1
Originated programmes	80.6	64.5	80.6	64.5
Other	6.8	4.2	0.2	0.2
	361.0	278.9	344.2	268.4

Notes to the Financial Statements for the year ended 31 March

13 Debtors

	Group	Group	Home	Home
	1995	1994	Services	Services
At 31 March	1995	1994	1995	1994
	£m	£m	£m	£m
Receivable within one year				
Trade debtors	82.1	61.6	27.1	31.5
Amounts owed by associated companies	9.8	8.6	-	-
Department of National Heritage licence fee debtors	115.3	101.7	115.3	101.7
VAT recoverable	20.6	17.6	20.6	17.6
Amounts owed by subsidiaries	-	-	22.9	3.4
Other debtors	25.9	13.2	23.2	10.4
Prepayments	35.5	33.1	29.7	24.3
	289.2	235.8	238.8	188.9
Receivable after more than one year				
Trade debtors	0.3	0.7	-	-
Amounts owed by subsidiaries	-	-	6.8	18.0
Other debtors	0.3	0.9	0.3	0.9
Prepayments	5.7	8.8	5.7	8.8
Prepaid pension contributions	36.7	50.3	35.9	49.2
	43.0	60.7	48.7	76.9

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 an unsecured £40m interest bearing facility provided to BBC Worldwide Limited in March 1994, for which the repayment terms are within 5 years.

14 Supplementary cashflow information

	Cash at bank and in hand	Bank over-drafts	Unpre-sented cheques	Subtotal	Gifts and certificates of deposit	Total
	£m	£m	£m	£m	£m	£m
Group						
At 31 March 1993	53.6	(8.3)	(47.9)	(2.6)	-	(2.6)
Change in the year	33.5	6.1	(3.3)	36.3	-	36.3
At 31 March 1994	87.1	(2.2)	(51.2)	33.7	-	33.7
Change in the year	(43.7)	(5.5)	8.0	(41.2)	34.4	(6.8)
At 31 March 1995	43.4	(7.7)	(43.2)	(7.5)	34.4	26.9

Short term bank deposits and cash includes cash at bank and in hand together with gilts and certificates of deposit.

15 Creditors

	Group	Group	Home	Home
	1995	1994	Services	Services
At 31 March	1995	1994	1995	1994
	£m	£m	£m	£m
Amounts falling due within one year				
Unpresented cheques	43.2	51.2	38.6	47.3
Overdrafts	7.7	2.2	5.4	2.2
	50.9	53.4	44.0	49.5
Trade creditors				
Programme creditors	76.8	77.6	76.7	77.6
Programme acquisitions	32.8	14.1	32.8	14.1
Salaries and wages	54.9	60.5	54.1	59.1
Residual copyright payments	24.1	14.6	-	-
Licence fee collection creditors	4.1	1.8	4.1	1.8
Other trade creditors	103.3	95.0	75.7	68.8
	296.0	263.6	243.4	221.4
Other creditors				
Capital	27.4	17.3	27.4	17.3
Corporation tax	8.4	13.5	3.3	9.4
	35.8	30.8	30.7	26.7
Accruals and deferred income	87.2	46.0	44.8	7.0
Licence saving stamps	153.8	152.3	153.8	152.3
	241.0	198.3	198.6	159.3
	623.7	546.1	516.7	456.9

Amounts falling due after more than one year

Programme acquisitions **12.5** **26.1** **12.5** **26.1**

16 Provisions for liabilities and charges

	Restructuring	Litigation and insurance	Deferred taxation	Other	Total
	£m	£m	£m	£m	£m
Group					
At 1 April 1994	56.9	12.8	0.5	7.6	77.8
Expenditure during the year	(26.8)	(5.6)	-	(2.5)	(34.9)
Charge for the year	8.0	6.7	0.8	0.5	16.0
At 31 March 1995	38.1	13.9	1.3	5.6	58.9
Home Services					
At 31 March 1995	38.1	13.9	-	5.6	57.6

The deferred taxation provision mainly relates to capital allowances on investment in programmes for future sale.

17 Reserves

	Revaluation reserve	Capital reserve	Operating reserve	Total
	£m	£m	£m	£m
Group				
At 1 April 1994	45.5	794.2	79.1	918.8
Exchange differences	-	-	(1.0)	(1.0)
Surplus for the year	-	-	93.2	93.2
Revaluation reserve transfer	(7.4)	-	7.4	-
Transfer to capital reserve	-	24.7	(24.7)	-
At 31 March 1995	38.1	818.9	154.0	1,011.0
Home Services				
At 1 April 1994	45.5	794.2	44.1	883.8
Surplus for the year	-	-	83.9	83.9
Revaluation reserve transfer	(7.4)	-	7.4	-
Transfer to capital reserve	-	24.7	(24.7)	-
At 31 March 1995	38.1	818.9	110.7	967.7

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.

18 Commitments

18a Purchases

	Group 1995	Group 1994	Home Services 1995	Home Services 1994
	£m	£m	£m	£m
At 31 March				
Contracted but not provided:				
Fixed asset additions	36.6	29.0	36.6	27.5
Programme acquisition and sports rights	310.4	177.9	310.4	177.9
Independent programmes	37.1	54.0	37.1	54.0
	384.1	260.9	384.1	259.4
Authorised but not contracted:				
Fixed asset additions	73.7	50.9	72.7	48.8

In addition to the above, in the ordinary course of business the BBC enters into a large number of contracts with artists, writers, licence collection agencies and providers of other services.

18b Operating leases

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

	Group 1995	Group 1994	Home Services 1995	Home Services 1994
	£m	£m	£m	£m
At 31 March				
Within one year	3.7	3.0	3.5	3.0
In two to five years	9.3	11.7	8.4	10.8
After five years	9.4	8.2	8.5	7.8
	22.4	22.9	20.4	21.6
Comprising:				
Land and buildings	11.8	11.2	10.7	10.7
Plant and machinery	8.4	9.7	7.5	8.9
Other	2.2	2.0	2.2	2.0
	22.4	22.9	20.4	21.6

19 Contingent liabilities

At any time, the BBC has a number of contingent liabilities arising from litigation. The BBC makes specific provision against an estimate of any damages and costs which may be awarded.

At 31 March 1995 the Group had contingent liabilities equivalent to £4.5m (31 March 1994 £1.5m).

In addition the BBC has guaranteed the bank facilities provided to BBC Worldwide Limited by Midland Bank Plc up to a maximum of £10m.

World Service

Statement of Income and Expenditure for the year ended 31 March

Note

	1994/95	1993/94
	£m	£m
Income – Grants-in-Aid		
Broadcasting	156.9	156.6
Monitoring	18.0	19.1
	<u>174.9</u>	<u>175.7</u>
Operating expenditure		
1 Broadcasting	(161.8)	(153.6)
1 Monitoring	(16.1)	(15.8)
2 Other income	9.5	10.3
	<u>(168.4)</u>	<u>(159.1)</u>
Operating surplus	6.5	16.6
Interest receivable	0.3	0.2
	<u>6.8</u>	<u>16.8</u>
Surplus before taxation	6.8	16.8
3 Taxation	(0.4)	(0.4)
	<u>6.4</u>	<u>16.4</u>
11 Surplus after taxation	6.4	16.4
11 Transfer to capital reserve	(9.4)	(14.4)
	<u>(3.0)</u>	<u>2.0</u>
(Deficit)/surplus for the year transferred to operating reserve	<u>(3.0)</u>	<u>2.0</u>

The World Service has no gains or losses other than those recognised above. There is no difference between the historical cost (deficit)/surplus for both years and those shown above. The above results are derived from continuing operations.

Balance Sheet at 31 March

Note

	1995	1994
	£m	£m
Fixed assets		
5,6 Tangible fixed assets	<u>137.7</u>	<u>128.3</u>
Current assets		
7 Stocks	1.3	3.4
8 Current debtors	10.4	10.7
8 Long term debtors	5.3	7.0
9 Cash at bank and in hand	<u>5.9</u>	<u>4.8</u>
	22.9	25.9
10 Creditors – amounts falling due within one year	<u>16.9</u>	<u>16.9</u>
Net current assets	<u>6.0</u>	<u>9.0</u>
Total assets less current liabilities	<u>143.7</u>	<u>137.3</u>
Represented by		
11 Capital reserve	137.7	128.3
11 Operating reserve	<u>6.0</u>	<u>9.0</u>
	<u>143.7</u>	<u>137.3</u>

Approved by the Governors
and Board of Management
on 22 June 1995.

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

Note

	1994/95	1993/94
	£m	£m
Net cash inflow from operating activities	28.8	25.9
Return on investments and servicing of finance		
Interest received	0.3	0.2
Taxation		
UK Corporation tax paid	(0.3)	-
Investing activities		
Capital expenditure	(27.9)	(26.4)
Net cash inflow/(outflow) before financing	0.9	(0.3)
Financing		
9 Increase/(decrease) in cash and cash equivalents	0.9	(0.3)
Reconciliation of surplus before taxation to net cash inflow from operating activities:		
Surplus before taxation	6.8	16.8
Interest receivable	(0.3)	(0.2)
Depreciation	18.7	10.2
Decrease in stocks	2.1	1.9
Decrease/(increase) in debtors	2.0	(0.1)
Decrease in creditors	(0.5)	(2.7)
Net cash inflow from operating activities	28.8	25.9

Notes to the Financial Statements for the year ended 31 March

1 Operating expenditure

	1994/95	1993/94
	£m	£m
Operating expenditure is analysed as follows:		
Broadcasting	161.8	153.6
Monitoring	16.1	15.8
	<u>177.9</u>	<u>169.4</u>

Key elements are:

Staff costs:		
Salaries and wages	77.4	74.7
Social security costs	6.8	6.7
Other pension costs	3.6	3.3
Other direct programme costs including artists	18.8	17.2
Depreciation	18.7	10.2
Redundancy costs	3.0	2.3
Own work capitalised	(1.7)	(1.6)

Operating expenditure also includes £0.03m (1993/94 £0.03m) in respect of auditors' remuneration. Non-audit fees paid to the auditors totalled £0.6m (1993/94 £0.1m) comprising principally consultancy fees relating to the introduction of new financial systems in the year. Payments under operating leases for land and buildings amounted to £7.8m (1993/94 £7.7m).

2 Other income

	1994/95	1993/94
	£m	£m
Transcription service	1.6	1.3
Sale of BBC English teaching material	1.1	3.0
Rental income	0.6	0.6
Other income	6.2	5.4
	<u>9.5</u>	<u>10.3</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% (1993/94 33%), was £0.4m (1993/94 £0.4m).

4 Employees and remuneration

4a Pensions

Most World Service employees are members of the BBC Pension Scheme described in note 8b 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 £3.6m (1993/94 £3.2m) after deducting the World Service amortised proportion of the scheme surplus.

4b Governors and Board of Management

Governors' remuneration is charged to the Home Services. The World Service financial statements include the remuneration of the Managing Director, World Service. Disclosure of remuneration is included in note 8c and note 8d of the Home Services Group financial statements.

4c Persons employed

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

	Average for the year 1994/95	Average for the year 1993/94	At 31 March 1995	At 31 March 1994
Broadcasting	2,163	2,269	2,183	2,183
Monitoring	502	539	488	518
Other Activities (including self-funding)	162	113	195	104
	<u>2,827</u>	<u>2,921</u>	<u>2,866</u>	<u>2,805</u>

Within the averages above, 172 (1993/94 179) part time employees have been included at their full-time equivalent of 97 (1993/94 100).

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 1994	52.4	126.3	1.6	8.3	188.6
Additions	0.5	17.1	-	10.5	28.1
Brought into service	3.8	3.4	-	(7.2)	-
At 31 March 1995	<u>56.7</u>	<u>146.8</u>	<u>1.6</u>	<u>11.6</u>	<u>216.7</u>
Depreciation					
At 1 April 1994	11.8	47.5	1.0	-	60.3
Charge for the year	3.6	15.0	0.1	-	18.7
At 31 March 1995	<u>15.4</u>	<u>62.5</u>	<u>1.1</u>	<u>-</u>	<u>79.0</u>
Net book values					
At 31 March 1995	<u>41.3</u>	<u>84.3</u>	<u>0.5</u>	<u>11.6</u>	<u>137.7</u>
At 31 March 1994	<u>40.6</u>	<u>78.8</u>	<u>0.6</u>	<u>8.3</u>	<u>128.3</u>

Land and buildings at net book value comprise:

At 31 March	1995	1994
	£m	£m
Freeholds	24.1	24.4
Short leaseholds	17.2	16.2
	<u>41.3</u>	<u>40.6</u>

Notes to the Financial Statements for the year ended 31 March

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
Mediaworld Services Limited (incorporated in England and Wales)	20

7 Stocks

At 31 March	1995	1994
	£m	£m
Raw materials	1.1	1.0
Programme work in progress	0.2	2.1
Finished goods	–	0.3
	<u>1.3</u>	<u>3.4</u>

8 Debtors

At 31 March	1995	1994
	£m	£m
Receivable within one year		
Trade debtors	5.1	4.9
Other debtors	2.9	3.3
VAT recoverable	0.4	0.6
Prepayments	2.0	1.9
	<u>10.4</u>	<u>10.7</u>
Receivable after more than one year		
Prepaid pension contributions	5.3	7.0

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

Other debtors, prepayments and other trade creditors as at 31 March 1994 have been re-presented to reflect certain minor reclassifications.

9 Supplementary cashflow information

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 1993	3.3	(1.8)	1.5
Change in the year	1.5	(1.8)	(0.3)
At 31 March 1994	4.8	(3.6)	1.2
Change in the year	1.1	(0.2)	0.9
At 31 March 1995	<u>5.9</u>	<u>(3.8)</u>	<u>2.1</u>

10 Creditors

At 31 March	1995	1994
	£m	£m
Amounts falling due within one year		
Unpresented cheques	3.8	3.6
Trade creditors		
Programme creditors	0.8	1.2
Salaries and wages	1.6	3.1
Other trade creditors	8.6	7.5
	<u>11.0</u>	<u>11.8</u>
Other creditors		
Capital	0.9	0.7
Corporation tax	0.6	0.5
Other	0.6	0.3
	<u>2.1</u>	<u>1.5</u>
	<u>16.9</u>	<u>16.9</u>

11 Reserves

	Capital reserve	Operating reserve	Total
	£m	£m	£m
At 1 April 1994	128.3	9.0	137.3
Surplus for the year	–	6.4	6.4
Transfer to capital reserve	9.4	(9.4)	–
At 31 March 1995	<u>137.7</u>	<u>6.0</u>	<u>143.7</u>

12 Commitments

At 31 March	1995	1994
	£m	£m
12a Purchases		
Contracted but not provided:		
Fixed asset additions	12.9	3.0
Authorised but not contracted:		
Fixed asset additions	22.8	11.4

12b 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>7.2</u>	<u>7.7</u>
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13 Contingent liabilities

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

At 31 March 1995 the World Service had no contingent liabilities (31 March 1994 £Nil).

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Facts and Figures

- 1 Overall BBC reach
Estimated proportion of all UK households viewing and listening to at least 2 hours of programming per week.

	94/95	93/94
	%	%
	95	96

Source: BARB, RAJAR and Licence Fee Payers' Database

- 2 The proportion of people watching or listening to each genre each week on the BBC (for one programme or more)

	94/95
	%
Drama	65
Long Running Series	65
Comedy	76
Other Entertainment	71
Films	45
Sport	55
National News	70
Regional News	38
Current Affairs	30
Documentaries / Features	85
Music and Arts	63
Children's	37

Source: Licence Fee Payers' database 94/95

- 3 The proportion of people aged 4+ watching or listening to each BBC service in an average week (for 15 minutes or more)

	94/95
	%
Television	
BBC1	91.6
BBC2	73.0
Radio	
Radio 1	23.8
Radio 2	16.6
Radio 3	4.8
Radio 4	16.1
Radio 5 Live	9.1
Local / Regional	18.8

Source: BARB/RAJAR

- 4 Comparative price per hour of viewing/listening

	94/95	93/94
Video Rental	41p	43p
All Satellite Channels	17p	14p
Sky Multichoice Package	16p	13p
All BBC	3.7p	3.3p
BBC Viewing	4.7p	4.7p
BBC Listening	2.1p	1.8p

Source: BARB, RAJAR, BBC Corporate Strategy Estimates

5 Costs per hour of originated programmes
Increases in cost per hour reflect inflation and the transmission of a richer mix of programmes within a genre or channel, offset by efficiency improvement. Increases in the costs of Children's and Schools programmes are due to a richer mix (e.g. more Drama).

	94/95	93/94
Television	£K	£K
BBC1	112	113
BBC2	89	84

Television Programme Type	94/95	93/94
Drama	489	504
Entertainment	214	248
Sport	59	58
Documentaries / Features	133	129
Children's	116	99
Music and Arts	116	105
Daytime	41	40
News	78	84
Daily News Programmes	36	39
Weekly Current Affairs and Specials	146	142
Political Programmes	26	21
Schools	138	108
Continuing Education	124	132

Radio	94/95	93/94
Radio 1	2.6	2.5
Radio 2	3.8	3.9
Radio 3	7.1	7.3
Radio 4	10.2	9.5
Radio 5	-	3.6
Radio 5 Live	3.1	-

6 Range of peaktime 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 during 1994/95

Programme 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 / Leisure Pursuits	• •			•	•
Natural History	• •			•	•
Science and Medical	• •	•		•	•
Human Interest	• •	•	•	•	•
Religious Programmes	•				
Music Contemporary	•	•			
Music Classical	•			•	
Special Events					
Total 1994/95	21 18	14	10	11	11
Total 1993/94	21 18	15	10	12	12

Source: BARB

8 Network radio output analysis

Hours of output

	Radio 1	Radio 1	Radio 2	Radio 2	Radio 3	Radio 3	Radio 4	Radio 4	Radio 5	Radio 5	Radio 5	Radio 5	Total	Total
	94/95	93/94	94/95	93/94	94/95	93/94	94/95	93/94	94/95	93/94	94/95	93/94	94/95	93/94
Features / Documentaries	96	114	270	239	138	118	621	586		99	23		1,148	1,156
Talks			75	75	106	142	192	205		4			377	422
Quizzes		18	32	27			168	184		115	34		234	344
Debates	4	8			13	8	428	427		34	23		468	477
Phone-In		53	142	141			67	71		53	63		272	318
Magazines	162	115	2,130	2,165	309	299	1,608	1,370		2,608	562	5	4,771	6,562
Sports / Events	73	72	81	57	56	185	432	118		1,472	1,194	8	1,836	1,912
Music	7,989	7,877	5,148	5,255	5,108	5,017	107	89					18,352	18,238
Plays	19	15	85	56	102	113	952	935		210	2		1,160	1,329
Readings			6	3	21	19	224	236		73			251	331
Variety	3	1	27	14		2		1					30	18
Campaigns / Information	22	21	251	239	183	189	469	483		510	749	12	1,674	1,454
Bought-In Programmes					254	311				412			254	723
BBC Co-Productions										348				348
News	355	405	488	465	64	99	2,147	2,375		148	6,086	90	9,140	3,582
Schools					295		1			450			296	450
Total	8,723	8,699	8,735	8,736	6,649	6,502	7,416	7,080	0	6,532	8,740	115	40,263	37,664
Open University					79	67	33	14		76			112	157
Total	8,723	8,699	8,735	8,736	6,728	6,569	7,449	7,094	0	6,608	8,740	115	40,375	37,821

7 Network television output analysis

Hours of output

General Programmes	BBC1 94/95	BBC 1 93/94	BBC2 94/95	BBC2 93/94
Documentaries / Features	944	796	928	1,065
Current affairs	78	71	67	74
Sport	643	586	835	801
Entertainment	539	572	332	245
Children's	458	522	203	145
Drama	368	399	95	136
Religion	105	95	40	33
Music	11	8	63	53
Weather	59	60	22	23
Subtotal	3,205	3,109	2,585	2,575
Continuing Education	96	125	129	115
Schools			618	674
Subtotal	3,301	3,234	3,332	3,364
News and daily news-related programmes	1,276	1,261	286	233
Parliamentary Broadcasting	66	70	272	244
Subtotal	4,643	4,565	3,890	3,841
Acquired Programmes				
Feature Films	939	770	1,113	1,099
Children's Series	344	331	202	97
Overseas Sport	56	71	46	162
Teleseries	513	489	340	250
Other (incl presentation)	87	89	298	272
Subtotal	6,582	6,315	5,889	5,721
Continuity	261	241	248	216
Open University			695	674
Total	6,843	6,556	6,832	6,611

9 Television hours of output

All figures in hours

	England London	England Midlands	England North	England South	Northern Ireland	Scotland	Wales	Total 94/95	Total 93/94
First transmissions									
General Programmes									
Network	3,420	679	585	153	21	80	19	4,957	4,626
Regional service only		30	45	58	222	416	265	1,036	1,068
Total	3,420	709	630	211	243	496	284	5,993	5,694
News and daily news-related programmes									
Network	1,563							1,563	1,494
Regional service only		729	740	1,005	254	262	268	3,258	3,188
Parliamentary broadcasting									
Network	338							338	313
Regional service only		34	51	70		20	20	195	186
Acquired programmes									
Feature films	321							321	298
Children's series and cartoons	175							175	125
Overseas sport	92							92	218
Teleseries	412							412	347
Other	194	21	13	28			3	259	250
Regional service only									
Total first transmissions									
Network	6,515	700	598	181	21	80	22	8,117	7,672
Regional service only		793	836	1,133	476	698	553	4,489	4,442
Of which independents									
Network	628	225	367	37	17	31	8	1,313	1,280
Regional service only		4	6	9	42	90	65	216	218
Total	628	229	373	46	59	121	73	1,529	1,498
Repeats									
Network originations	1,441	33	74	64	4	44	16	1,676	1,975
Network acquisitions	2,674		2	2				2,678	2,389
Regional service only		19	26	70	59	81	29	284	364
Total repeats (all sources)	4,115	52	102	136	63	125	45	4,638	4,728
Total hours of broadcasting									
Network	10,630	733	674	247	25	124	38	12,471	12,036
Regional service only		812	862	1,203	535	779	582	4,773	4,806
Continuity									
Network								509	457
Regional service only		2	4	8	90	84	112	300	284
Open University								695	674
Total hours of broadcasting	10,630	1,547	1,540	1,458	650	987	732	18,748	18,257

11 Radio hours of output

All figures in hours

	Radio 1	Radio 2	Radio 3	Radio 4	Radio 5	Radio 5 Live	Network Radio Total	Regional Radio Total	Local Radio Total	Total 94/95	Total 93/94
Programmes produced in London	8,295	7,631	5,226	5,938		8,673	35,763			35,763	33,042
Programmes produced in the regions											
England - Midlands		848	391	445		41	1,725			1,725	1,855
North	427	205	432	521		17	1,602			1,602	1,448
South		1	4	325		9	339			339	394
Northern Ireland		16	91	45			152	7,168		7,320	6,544
Scotland		1	20	258	76		355	6,495		6,850	6,611
Wales		15	245	66			326	10,537		10,863	10,765
Community stations								2,175		2,175	2,044
Total programmes produced in the regions	429	1,104	1,421	1,478		67	4,499	26,375		30,874	29,661
Total programmes produced in London and the regions	8,724	8,735	6,647	7,416		8,740	40,262	26,375		66,637	62,703
Local Radio									221,477	221,477	214,756
Open University			79	33			112			112	157
Total hours of broadcasting	8,724	8,735	6,726	7,449	0	8,740	40,374	26,375	221,477	288,226	277,616

10 Subtitled output

	94/95 hours	93/94 hours
BBC Television	5,226	4,260
	94/95 %	93/94 %
BBC Television	33	27

12 Regional television output analysis

	94/95 hours	93/94 hours	92/93 hours
News and Daily News-Related			
Current Affairs and Parliamentary Broadcasts	3,453	3,373	2,980
Opt-out / Specials and Current Affairs	200	212	243
Light Entertainment, Comedy, Children's and Drama	95	40	9
Factual	166	229	217
Music and Arts	75	78	70
Schools	36	37	29
Sport	464	470	386
Repeats	284	365	281
	4,773	4,804	4,215
Continuity	300	284	243
Total	5,073	5,088	4,458

13 Regional programme deliveries to the networks

	94/95 £m
Midlands Et East	60.8
North	56.7
South	32.1
Scotland	18.6
Wales	10.6
Northern Ireland	5.5

14 Local Radio own hours of transmission

Station	94/95 hours	93/94 hours	92/93 hours
Berkshire	4,430	3,738	2,687
Bristol	8,991	8,369	8,203
Cambridge	5,407	6,006	5,995
Cleveland	4,962	5,050	4,897
Cornwall	5,295	4,588	4,397
Cumbria	6,070	6,074	5,712
CWR	5,159	5,011	4,927
Derby	5,521	5,029	4,828
Devon	8,061	8,134	7,024
Essex	5,133	5,037	4,832
Gloucester	5,347	5,043	4,412
GLR	6,992	7,252	7,345
Guernsey	2,884	3,040	2,725
Hereford and Worcester	5,231	5,076	4,897
Humberside	5,476	5,177	4,929
Jersey	3,705	2,942	2,726
Kent	6,570	6,566	5,892
Lancashire	6,716	6,483	6,069
Leeds	6,293	6,157	6,019
Leicester	8,257	7,438	6,450
Lincolnshire	4,457	4,268	4,093
Manchester	5,747	5,565	5,047
Merseyside	5,827	5,773	5,457
Newcastle	5,494	5,273	4,736
Norfolk	5,538	5,541	5,217
Northampton	6,008	6,032	5,822
Nottingham	5,651	5,628	5,407
Oxford	5,896	5,907	5,320
Sheffield	5,308	5,366	5,419
Shropshire	5,078	5,057	5,019
Solent	6,556	6,488	6,100
Stoke	4,936	4,959	4,976
Suffolk	5,112	5,075	5,130
Sussex and Surrey	7,113	7,303	7,767
Three Counties	5,887	5,788	5,555
West Midlands	8,898	7,856	7,815
Wiltshire Sound	6,333	5,728	5,347
York	5,138	4,939	4,668
Total	221,477	214,756	203,861

15 Equal opportunities initiatives

	94/95 Year End	93/94 Year End	Target for year 2000
Proportion of women in management			
Senior executives	20%	18%	30%
Senior managers	26%	27%	40%
Middle management and senior professionals	32%	30%	40%
Proportion of ethnic minorities			
London Based Directorates			
Network Television	8.3%	7.8%	8%
Network Radio	6.3%	6.5%	8%
World Service (recruited in UK)	12.9%	10.2%	8%
NCA	7.6%	7.2%	8%
Education	6.6%	5.7%	8%
London based Resources	6.5%	6.5%	7%
Policy and Planning	8.5%	13.3%	8%
Legal Advisor	11.7%	13.7%	11%
Corporate Affairs	0%	2.2%	8%
Finance	12.6%	14.4%	13%
Personnel	5.0%	8.6%	11%
Regions (including Regional Broadcasting and Regional Resources)			
Scotland	1.0%	0.8%	2%
Wales	1.3%	1.0%	2%
North	3.8%	3.5%	4%
South	2.0%	1.6%	4.7%
Midlands Et East	5.0%	4.9%	6%

18 Corporate management and governance as a proportion of total cost

94/95 %	93/94 %
3.1	3.2

19 Spending on major areas of creative talent

	94/95 £m	93/94 £m
Artists and contributors	100	91
Copyright (inc. music copyright)	57	53
House orchestras	16	15

16 Letters and telephone calls

During 1994/95, Viewer and Listener information handled 92,623 letters, 80% of which were replied to within 10 working days, and 471,779 telephone calls.

In addition, significant numbers of calls and letters were handled by other departments across the corporation, particularly production departments.

17 Transmission coverage

Terrestrial transmission coverage of UK population

	94/95 %	93/94 %
TV Transmission	99.4	99.4

Radio Transmission		
FM, MW and LW	98	98
FM only	99	98.6

99.4% of the UK population can receive the BBC's television transmissions, and 98% can receive FM, medium and long wave radio transmissions. FM coverage (99%) 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.

18 Corporate management and governance as a proportion of total cost

94/95 %	93/94 %
3.1	3.2

19 Spending on major areas of creative talent

	94/95 £m	93/94 £m
Artists and contributors	100	91
Copyright (inc. music copyright)	57	53
House orchestras	16	15

20 Spending on external providers of programmes and resources

Spending	94/95 £m	93/94 £m
Independent Producers	174	160
External Resource Use		
Output directorates	78	57
Resources	70	42
Total	148	99

21 Environment

Over a five-year period from 1991/92 to 1996/97 the BBC has a target to reduce CO2 emissions (through reduced energy consumption) by 15%.

The largest project has been the installation of a combined heat and power plant at Television Centre which will be commissioned in late 1995.

The focus this year has been on purchasing initiatives, setting targets for a reduction in the use of paper and the greater use of recycled products. Major strides were made towards these objectives in 1994/95.

22 Public meetings and forums

12 major public forums were held during 1994/95, two in each English region and National region. An average of two other meetings a week (over 100 in all across the UK) were held, when there was an opportunity for members of the public to put across their views, including question and answer sessions before *Question Time* and *Local Open Evenings*.

Major television awards in 1994/95

BAFTA Lloyds Bank Production and Performance Awards	Best Costume Design Jeremy Turner for Martin Chuzzlewit	Best Actress Jane Horrocks for Suffer the Little Children	RTS Educational Awards	International EMMY Awards
Best Single Drama Screen Two: Skallagrigg	Best Graphic Design Richard Norley and Russell Hilliard for The Day Today	Single Drama Criminal	Pre-school and Infants Watch: Louis Braille	Popular Arts (Joint) Absolutely Fabulous and Red Dwarf
Best Drama Serial Takin' Over The Asylum	Best Sound (Factual) David Welch, Paul Hardy and Keith Marriner for Torvill and Dean: Facing the Music	Drama Serial Family	Secondary Science Seeing Through Science: The Cave That Time Forgot	Drama Screen One: The Bullion Boys
Best Comedy Programme or Series Three Fights, Two Weddings And A Funeral	Best Sound (Fiction/Entertainment) Kieran Horgan, Rupert Miles, David Old and Paul Conway for Family	Drama Series Common as Muck	Adult Educational Television Science Matters: Does Science Matter?	Documentary Life in the Freezer: The Big Freeze
Best Children's Programme (Factual) As Seen On TV	Best Editing (Fiction/Entertainment) Ian Farr for Takin' Over The Asylum	Children's (Factual) As Seen on TV	Judges' Award BBC Open University Production Centre	Performing Arts Peter and the Wolf
Best Sports/Events Coverage in Real Time The Grand National	RTS Programme and Technology Awards	RTS Journalism Awards	RTS Design Awards	News and Documentary EMMY Awards
Best Actress Juliet Aubrey for Middlemarch	Regional Documentary Before Your Eyes: The Hardest Way BBC Wales for S4C	News Award (International) BBC Breakfast News report on Chinese prison camps by Sue Lloyd-Roberts	Camera Trafford Tanzi Peter Goldring	Outstanding Historical Programming (Segments) Timewatch: The True Story of the Roman Arena
Best Comedy Performance Joanna Lumley for Absolutely Fabulous	Regional Programme The Empire Laughs Back for BBC Northern Ireland	Regional Daily News Magazine BBC Midlands for East Midlands Today	Costume Design (Drama) Jill Taylor for In the Cold Light of Day	Outstanding Historical Programme Timewatch: Allied to the Mafia
Flaherty Documentary Award Silent Twin: Without My Shadow	Single Documentary 25 Bloody Years—The Dead	Current Affairs (Regional) BBC Northern Ireland for Spotlight: Cockfighting	Costume Design (Non-Drama) Ros Little for KYTV	Academy Awards (Oscars)
BAFTA Lloyds Bank Council and Craft Awards	Arts Programme Shakespeare on the Estate	International Current Affairs Special Commendation: Assignment: Algeria's Hidden War	Make-Up (Non-Drama) Vivien Riley for If You See God Tell Him	Best Live Action Short Film Franz Kafka's It's a Wonderful Life
Richard Dimbleby Award Desmond Lynam	Regional Presenter Jane Franchi BBC Scotland	Current Affairs (International) Panorama: Journey Into Darkness	Production Design (Drama) Bruce Macadie for Hard Times	Prix Italia
Alan Clarke Award Edward Mirzoeff	Writers' Award Donna Franceschild for Takin' Over the Asylum	Television Journalist of the Year Fergal Keane South Africa Correspondent	Graphic Design (Channel Identities) Iain Greenway and Jane Fielder for Christmas on BBC2	Television Fiction Roddy Doyle's The Snapper
Dennis Potter Award Jimmy McGovern	Live Events Award D-Day Remembered	Judges' Award Peter Taylor	Graphic Design (Content Sequences) Steve Burrell, Penny Delmon, Steve Bonnett and Keith Haynes for Poems on the Box	Music and Dance Strange Fish
Best Original TV Music Stanley Myers and Christopher Gunning for Middlemarch	Best Actor Tom Wilkinson for Measure for Measure and Martin Chuzzlewit	RTS Sports Awards	Team The Buddha of Suburbia	Television Documentaries Special Prize Black Daisies for the Bride
Best Make-up Deanne Turner for Middlemarch		Sports Presenter Award Desmond Lynam		
Best Photography and lighting (Fiction/Entertainment) Daf Hobson for Family		Judges' Award Richie Benaud		

Major radio awards in 1994/95

Sony Radio Awards	News and Current Affairs Programme	Arts or Music Feature	Creative Writing	The Society of Authors Award for Original Drama
Magazine Programme	Affairs Programme	Gold	Gold	Gold
Gold	Gold	Leonard Cohen:	Ronan Bennett for	Elgar's Third
Out This Week	Eye on Wales	Tower of Song	Fire and Rain	BBC Radio 3
BBC Radio 5 Live	BBC Radio Wales	BBC Radio 1	BBC Radio 4	Silver
Silver	Silver	Silver	Silver	The Empress Wu, the
The Big Holy One:	Today	Nightwalking: Meridian	Adrian Mourby for	Concubine Wang
Do the Right Thing	BBC Radio 4	BBC World Service	Whatever Happened	BBC World Service
BBC Radio 1	Bronze	Bronze	to Pop-Eye?	Bronze
Bronze	File on 4:	Frank Zappa: Air Sculpture	BBC Radio 4	Fuchsia Splendens
Law In Action	The Liquidators	BBC Radio 1	Bronze	BBC Radio 3
BBC Radio 4	BBC Radio 4	Popular Music Programme	James Saunders for	Radio Academy Award
		Gold	The Three Musketeers	Jenny Abramsky for the
Topical Debates	Local or Regional	Gold	BBC Radio 4	launch of Radio 5 Live
Gold	Broadcaster of the Year	It Was Thirty Years	Drama Production	Local Station of the Year
Talkback: Bullying	Gold	Ago Today	Gold	Gold
BBC GMR	Gold	BBC Radio Humberside	Mr McNamara	BBC Radio Gloucestershire
Silver	Gold	Silver	BBC World Service	Managing Editor
The Magazine:	Liz Green	Feed the World	Silver	Steve Egginton
Myra Hindley	BBC Radio Leeds	BBC Radio 1	The Three Musketeers	Joint Bronze
BBC Radio 5 Live	Joint Silver	Bronze	BBC Radio 4	BBC Hereford & Worcester
Bronze	Roger Bennett	Music Machine: Supertunes	Bronze	Managing Editor
Speaking Out: Prostitution	BBC Radio Bristol	BBC Radio 3	Fungus the Bogeyman	Eve Turner
BBC Radio Scotland			BBC Radio 3	
	Short Form Feature or	Popular Music Programming		
Response to a News Event	Documentary Feature or Series	Gold	Dramatic Performance	Regional Station of the Year
Gold	Gold	Collins and Maconie's	Joint Gold	Silver
The Magazine: IRA Ceasefire	The Fly	Hit Parade	Christine Lahti for	BBC Radio Leeds
Radio 5 Live	BBC Radio Wales	BBC Radio 1	Three Hotels	Managing Editor
Silver	Joint Bronze		BBC World Service	Ashley Peatfield
Worcester Water Pollution	The Real Thing	Use of Comedy or Comedy Show	Joint Gold	Bronze
BBC Hereford and Worcester	BBC Radio 3	Gold	Bernard Hepton for	BBC Radio WM
Joint Bronze	Anything for the Weekend?	I'm Sorry I Haven't A Clue	Elgar's Third	Managing Editor
GMR Sport:	BBC Radio 4	BBC Radio 4	BBC Radio 3	Peter Davies
The Death of Sir Matt Busby	BBC Radio 4	Joint Silver	Silver	
BBC GMR	BBC Radio 3	Chris Morris for	Nicol Williamson for	UK Station of the Year
	Joint Bronze	Why Bother?	A Night on the Town	Gold
Breakfast Show (Speech-Based)	Number Seven	BBC Radio 3	with John Barrymore	BBC Radio 2
Gold	Planty Street	Joint Silver	BBC Radio 4	Controller
Today	Bronze	Chris Morris	Bronze	Frances Line
BBC Radio 4	Laura's Story	BBC Radio 1	Donald Sumpter for	Silver
Silver	BBC Radio Devon	Bronze	Aimee	BBC Radio 5 Live
Good Morning Scotland		Jeremy Hardy	BBC World Service	Controller
BBC Radio Scotland	Specialist Music	Speaks to the Nation		Jenny Abramsky
Bronze	Gold	BBC Radio 4		
The Breakfast Show	Music of Madagascar	Service to the Community	Reporter of the Year	Gold Award
BBC Radio Nottingham	BBC Radio 3	Gold	Gold	for outstanding contribution
	Silver	Man Matters	John Waite	to radio over the years
Breakfast Show (Music-Based)	Peggy Seeger	BBC Radio 2	Face the Facts	Alastair Cooke
Joint Gold	BBC Radio 2	Silver	BBC Radio 4	
Sarah Kennedy's Early Show	Bronze	Careline	Silver	
BBC Radio 2	Essential Selection:	BBC Radio Nottingham	Alex Brodie	
	Brighton Rock	Bronze	Middle East Correspondent	
	BBC Radio 1	In Touch:	BBC Radio News	
		The National Braille Reading	Bronze	
		Competition	Janet Cohen	
		BBC Radio 4	The World Tonight	
			BBC Radio 4	

(ERT)

Getting in touch with the BBC

The BBC welcomes direct contact with Licence Fee payers. There are different points of contact for different kinds of comments and enquiries.

For comments, queries or criticism relating to programmes or policy, write to:

Viewer and Listener Correspondence
Villiers House
The Broadway
Haven Green
Ealing
London W5 2PA

If you prefer to telephone, call the Television Information Office on 0181 743 8000 (8am to midnight, 7 days a week) or the Radio Information Office on 0171 580 4468 (7.30am to 9pm, 7 days a week).

If you are deaf or hard of hearing, you may wish to use our minicom number, 0181 576 8988.

All comments or criticism will be drawn to the attention of programme-makers. Alternatively you can write directly to the editor of a programme or to a channel or network controller.

The Programme Complaints Unit

If you think that a programme has included a specific and serious injustice, a serious invasion of privacy, a specific and serious inaccuracy or serious breach of broadcasting standards, please write to:

Peter Dannheisser
Head of Programme Complaints
Programme Complaints Unit
BBC Broadcasting House
London W1A 1AA

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