



BBC World Service

Annual Review 2000/2001



Our aims for the future

To be the world's best known and most respected voice in international broadcasting, thereby bringing benefit to Britain.

To be the world's first choice among international broadcasters for authoritative and impartial news and information, trusted for its accuracy, editorial independence and expertise.

To be the world's reference point – a global hub for high quality information and communication

- projecting Britain's values of trustworthiness, openness, fair-dealing and creativity, enterprise and community
- providing a forum for the exchange of ideas across cultural, linguistic and national boundaries
- promoting the English language, learning and interest in modern, contemporary Britain
- offering a showcase for British talent across the world

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Chairman's introduction

A world record breaker

In 2001 World Service achieved its highest audience ever – 153 million weekly listeners across the world.

At a time when it often seems fashionable to knock established British institutions, the World Service has pulled off a remarkable feat. In 2001 it achieved its highest audience ever – 153 million weekly listeners across the world. Its audience is bigger than the no. 2 and no. 3 competitors combined. The World Service has consolidated its position as the best known and most respected voice in international broadcasting. A recent independent survey revealed that 98% of all MPs agree that BBC World Service brings significant benefit to Britain.

What this year's record radio audience figure does not reveal is the World Service's achievement in preparing itself for the digital age. Listeners in all 43 languages, with access to the web, can now hear World Service programmes online anywhere in the world. Online traffic has gone up by 62%. A whole new audience has opened up, taking the World Service into a new era as a multimedia broadcaster.

We welcome the Government's decision to provide extra funding over the next three years to support online development, the expansion of the World Service FM presence and the upgrading of the transmitters in Cyprus and Singapore. This increased investment will help to ensure that BBC World Service has a strong future to match its past.



We must continue to focus on high quality and authoritative content. BBC World Service is committed to bringing audiences independent, impartial news and information that can be trusted, and a broad international agenda, offering insight and analysis that no competitor can match. The commitment and professionalism of our staff, sometimes in dangerous circumstances, makes all this possible. I pay tribute to them for a year of outstanding achievement.

In her capacity as a BBC governor, Dame Pauline Neville-Jones has special responsibility on the Board for BBC World Service and chairs the World Service Consultative Group. She takes a keen and active interest in World Service affairs and I would particularly like to thank her for the valuable knowledge and guidance which she contributes.

I am delighted that more and more UK citizens can now hear World Service programmes at home in a growing number of ways, including through the internet, digital radio and digital satellite. I am one of those regular daily UK listeners – I can thoroughly recommend it.

A handwritten signature in blue ink that reads "Sir Christopher Bland".

Sir Christopher Bland
BBC Chairman

Director's overview

Building for the future in a changing world

Online traffic to the World Service and World News sites grew 62% to 39.3 million monthly page impressions by March 2001.



Radio audiences are at record levels, internet investment is paying strong dividends and FM expansion is ahead of target. But BBC World Service must sustain the pace of development if it is to continue competing as successfully in fast-changing markets across the world.

This year's record audience figure of 153 million weekly listeners, our largest audience ever, represents a tremendous vote of confidence in the World Service from listeners – just as the 3.8% real-terms growth in funding over the next three years is important recognition by the British Government of our importance and impact.

The welcome Government Spending Review 2000 settlement provides an extra £64 million over the three years 2001-2004, enabling us to launch a crucial development programme, supported by our own efficiency savings. However, while celebrating the year's achievements in this review, it is right to strike a note of caution.

Competition continues to intensify across the world, led by deregulation and an explosion in the number of new radio and television stations. In the battle for listeners, it will be tough to maintain our recent growth.

Our global audience has increased by two million listeners following a comprehensive programme of independent audience research surveys carried out in 29 countries. Gains were seen in Nigeria, Kenya and Saudi Arabia. The strong performance across Africa and the Middle East was the foundation for overall audience growth. However, audience losses were recorded in Russia and Pakistan.

We achieved our target of being present on FM in 120 capital cities of the world. This represents 62% of the world total. The FM capability is critical in highly competitive urban markets and much of our FM presence is through re-broadcasting partnerships with local stations. Our aim is to be present on FM in 70% of all capital cities by the end of 2003/04.

Our internet growth is surpassing expectations. Online traffic to the World Service and World News sites grew 62% to 39.3 million monthly page impressions by March 2001. All 43 language services now provide audio online, and we have introduced major interactive sites in Arabic, Chinese, Russian and Spanish as well as English. In Arabic alone, monthly page impressions have increased from one million to nearly four million in a year.

These internet services complement our radio offer and are connecting the world in new and sometimes surprising ways. When I was in Sydney recently, I met a cab driver who was listening to our English programmes being rebroadcast via ABC in his car. A Somali exile, he told me that he and his friends now gather at his flat every evening to listen to the BBC Somali service online.

In all markets, our role is to complement national and local media, placing the emphasis on high quality, independence and impartiality, and the authority and expertise of our journalism.

A strong future for the World Service is something that matters deeply, above all to our 153 million listeners – and, as I am constantly reminded, that includes all kinds of people.

Creatively this was an impressive year, with many successful and inspiring series. We broke new ground with our landmark coverage of the international drugs trade, AIDS, and human rights, bringing together the resources of English and other language services both on radio and the internet. We strengthened business news. Our biggest coverage ever of the Olympic Games led a strong year for sport.

Throughout the year, our news programmes provided outstanding coverage of key events such as the fall of President Milosevic, the collapse of the Middle East peace process, unrest in Indonesia, conflicts in West Africa, the US presidential race, the Indian earthquake and issues of EU enlargement and global warming. Once again the dedication of our journalists in the field has been unflinching. We deplore the intimidation and violence some have suffered. The death of Mayilvaganam Nimalarajan, a reporter for our Tamil and Sinhala services, attacked in his home in Jaffna, is a matter of deep regret and sorrow.

Last April we relaunched our English service. In addition to the new provision of eight separate English programme streams to eight time zones, a modernised programme schedule offers increased flexibility to react to breaking news and more tailored schedules for different parts of the world. The new level of 42 million weekly listeners represents the English service's highest ever audience.

BBC Monitoring, based at Caversham near Reading, achieved high customer satisfaction ratings, expanding its electronic delivery and coverage capability. Monitoring the world's media in more than 150 languages across more than 100 countries, it, too, achieved a good Spending Review outcome enabling it to develop services for its key stakeholders, the Foreign and Commonwealth Office, the Ministry of Defence and the World Service.

In London, World Service staff are preparing for the move from our historic home at Bush House to the BBC's new global broadcasting centre at Portland Place in 2006/07. As we draw up detailed plans to join domestic radio and BBC news at the centre, there is a keen sense of looking forward.

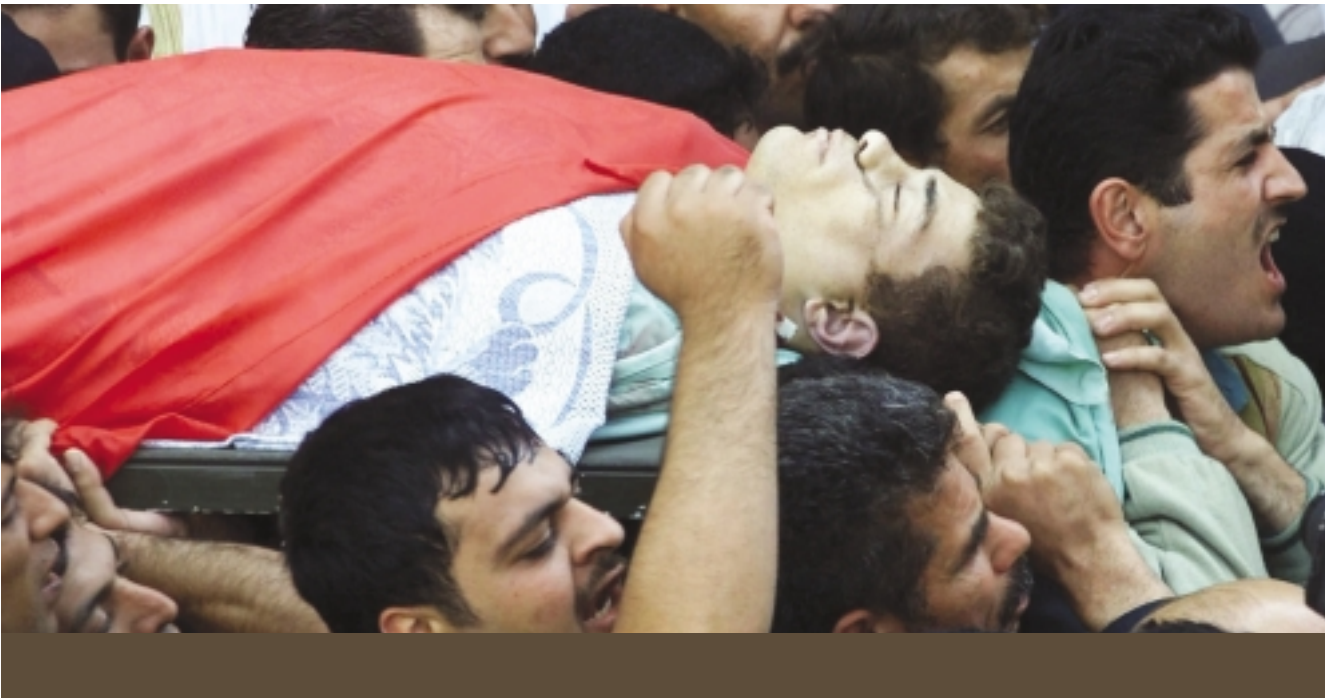
A strong future for the World Service is something that matters deeply, above all to our 153 million listeners – and, as I am constantly reminded, that includes all kinds of people. When I visited Malawi recently for the launch of our new FM transmissions in Lilongwe and Blantyre, I was delighted to hear directly from President Bakili Muluzi that he listens regularly to our programmes *Network Africa* and *Focus on Africa*. Later, Dick Zango Mhone, a boatman on the Shire River who's been listening since he was a child, told me one of the best things that has happened to him this year is that, at last, he can hear us on FM.



Mark Byford
Director, BBC World Service



Top: Denise Lewis, Olympic gold medal winner in the Women's Heptathlon. BBC World Service provided its most ambitious ever Olympic Games coverage from Sydney in September 2000. The centrepiece was the daily two-hour *Olympic Sportsworld* which carried reports, commentaries and interviews with athletes and officials. © PA **Bottom:** *Shadow Trade*, a special series of programmes in June 2000 focused on the international drugs trade worth an estimated \$400 billion annually. © AP



Top: Both the Arabic and English services provided special programmes and debates throughout the year as the Middle East peace process collapsed. © AP Middle: Responding to the devastating earthquake in Gujarat, India in March 2001, the Hindi service provided extended output and a special lifeline linking dispersed families. © AP Bottom: Comprehensive coverage of two key historic elections in Yugoslavia and the USA included full analysis of the global implications of the results. © AP

A year in review

Journalistic lifelines – BBC World Service News

'They don't just give the news about what's happening to the rest of the world but to the people who are directly affected.'

From the fall of Slobodan Milosevic to the election of a new American president, from unrest in Indonesia and fighting in Sierra Leone to the escalation of violence in the Middle East, one feature above all has distinguished World Service news coverage in the past year: its commitment to eyewitness reporting.

On the spot reportage

'We have been covering places like West Africa and Afghanistan year after year, putting in serious resources and effort when they haven't been in the headlines,' says Bob Jobbins, outgoing director, English Networks and News. 'As a result we have built up significant audiences in those areas.'

The work of correspondents such as Mark Doyle and Kate Clark in these areas illustrates how a committed presence pays off when major developments suddenly force the story into the world's headlines. Moreover, their reports are vital to the local population.

'They may not be well known in Britain – but in their target areas they are journalistic lifelines,' says Jobbins. 'They don't just give the news about what's happening to the rest of the world but to the people who are directly affected.'

Overseas reporters for the 43 language services work alongside BBC staff correspondents. But as the death of a Sri Lankan reporter this year makes chillingly clear, it can be dangerous work for anyone involved, despite all the precautions.

'Many of our reporters have to live and work in difficult circumstances and sometimes in places that are dangerous,' accepts Jobbins. 'We would not sacrifice somebody's security or safety for the sake of a story. But sometimes in the local political environment their work can become dangerous or controversial very quickly.'

Sri Lanka

An overseas reporter in Sri Lanka who regularly worked for the BBC Tamil and Sinhala services, Mayilvaganam Nimalarajan was at his home in Jaffna with his parents when gunmen broke in. The attack left him dead, his father seriously injured and his mother traumatised. His wife and small children were not present during the attack.

'We believe that the attack took place because of his reporting on the recent election campaign,' says Elizabeth Wright, head of Asia & the Pacific. 'There had been many accusations of dirty tricks and vote rigging, and Nimal had filed regularly. It highlights the dangers our journalists face all the time.'

Colleagues say he often talked about the risks of working in one of the most dangerous areas in the world, but this never prevented him from doing his job – or campaigning for press freedom.

'So many people listen to the BBC and you want to get the news right for them.'



West Africa

Mark Doyle (1) led the field with his reports from Sierra Leone and Guinea on themes of migration, refugees and conflict. On reporting from Africa, he says: 'Like anywhere, it's full of ordinary people just getting on with their personal lives. Anyone who claims to be an "expert" on Africa – as if it were a homogenous region where simple rules apply – is either arrogant or just plain silly.'

Afghanistan

After accusing the BBC of biased reporting of its order to destroy Afghanistan's Buddhist statues, the ruling Taliban government ordered Kate Clark (2), the BBC's Kabul correspondent, to leave the country. 'I've always known I could have to leave at a moment's notice, and always tried not to get too attached. But still, the order to leave was a huge shock,' she said. 'So many people listen to the BBC and you want to get the news right for them.'

Yugoslavia

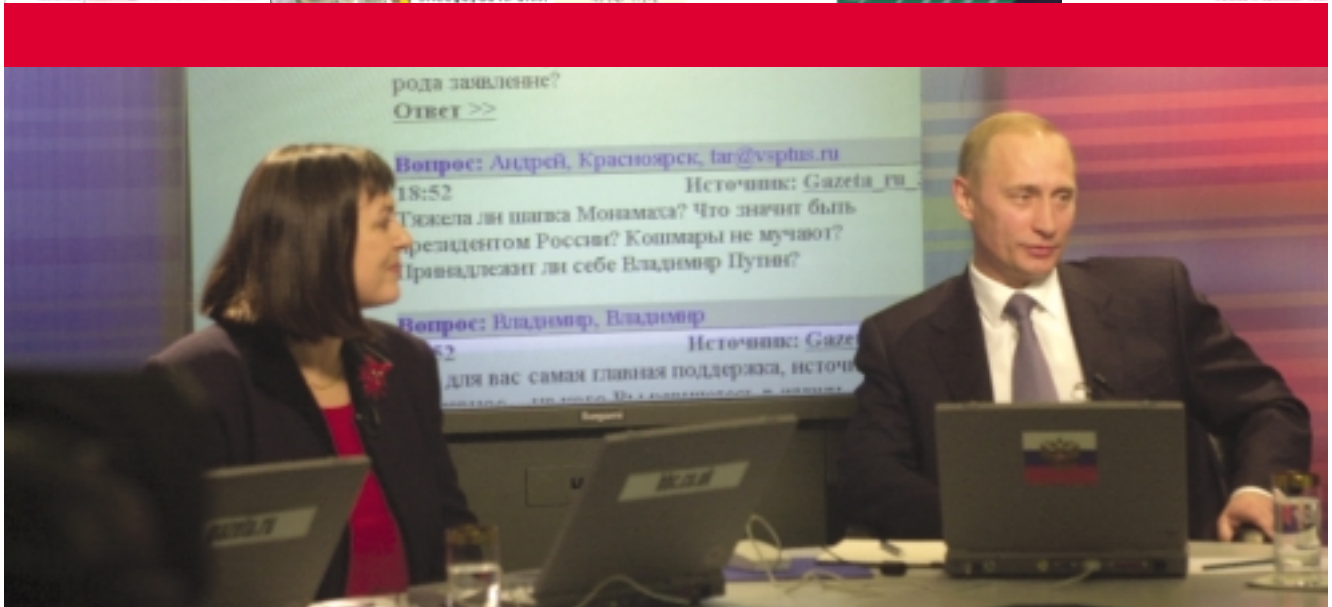
Belgrade correspondent Jacky Rowland (3) was summoned to the army press centre three days before the elections in September 2000 that led to the fall of President Milosevic. 'An evil media war is being waged against Yugoslavia,' announced information minister Goran Matic. '[It is] more dangerous than the Nato bombing campaign. And in this very room I can see the BBC correspondent, Jacky Rowland, who says the elections are already over and the opposition has won.'

Zimbabwe

First he was ordered by the authorities to leave Zimbabwe at 24 hours notice. Then BBC correspondent Joseph Winter (4) was forced to take refuge with his wife and small daughter at the British High Commission when a group of men tried to break into his house. 'We were terrified, and we didn't know what was going to happen to us,' he said. 'After intimidating opposition supporters, local journalists, lawyers, judges, and now the foreign press, there are people in Zimbabwe asking, who will be next?'



Top left: BBC World Service led the way with its coverage of the destruction of the ancient Buddhist statues in Afghanistan. © PA Top right: The Serbian service was the first international broadcaster to be transmitted again on Yugoslavia's leading independent radio station B-92 following the fall of President Milosevic in October 2000. © AP Centre: Live coverage of the Wimbledon tennis championships was broadcast every day of the tournament, featuring match commentaries, personality interviews and a comprehensive results service. © PA Bottom: The BBC Indonesian service, together with Jakarta correspondent Richard Galpin, faced a challenging year providing strong coverage of the political developments and unrest in Indonesia. © AP



Top: Surfing the net in Riyadh. In October 2000 bbarabic.com was voted best Arabic news site at the Visa International and arabianbusiness.com awards. © AP Middle: Audio from each of the 43 language services is now available on the World Service website. Bottom: President Putin took part in a special live webcast in March 2001 which generated more than 24,000 questions – in English and in Russian – emailed from across the world. © BBC (Jeff Overs)

A year in review

Making a global impression – Internet services

'Our online services complement radio output, enabling us to make the most of our investment in journalism and programme-making.'

Audio from all 43 language services is now available online and major sites have been developed in Arabic, Chinese, Russian and Spanish. Impressive growth has taken total page impressions to nearly 40 million a month, significantly ahead of target.

Over the year, use of the BBC Arabic site alone tripled to nearly four million page impressions a month. Success like this is a remarkable achievement and strong endorsement of the World Service's internet strategy. Across World Service and World News sites, page impressions have reached 39.3 million a month, 9.3 million ahead of target. World-class sites, updated 24 hours a day, seven days a week, have been launched in Spanish and Russian, joining Arabic, Chinese – and of course English.

'The internet is a very powerful tool to reach potential users of the World Service in a contemporary way,' says deputy director Nigel Chapman. 'Our online services complement radio output, enabling us to make the most of our investment in journalism and programme-making. Through the internet, we can reach audiences who may not be able to hear us on FM or even on short wave. We can offer a depth of content that would not be possible on radio, and audiences can interact in new ways such as online discussions. What's more, it's an on-demand medium, so you can hear the latest edition of *Newshour*, *The World Today* or any other programme you missed at a time when it suits you.'

The award-winning Arabic site has introduced a new debating forum and is providing an increasing amount of background information and reference material. 'From our experience, what attracts users is high quality content rather than flashy images and technology,' says Hosam El Sakkari, head of BBC Arabic Online. 'To move ahead we must build on our ability to provide multimedia content. Given the resources, one of our priorities would be to provide video with Arabic commentary, and to offer more interactivity.'

For World Service as a whole, staying ahead of the competition online means adapting to rapidly evolving technology. 'A key issue in the future will be the role of broadband,' says head of New Media, Chris Westcott. 'Undoubtedly it is coming and with it there will be greater opportunities for what we may provide.'

This year's achievements are just a starting point, as development moves from PCs to mobile phones and other mobile devices. 'We will have to deliver content to a range of devices, some of which have yet to be invented,' explains Westcott. 'To do this within our funding base means finding new ways to produce material once and publish it many times in different formats. This is still an incredibly young medium. The pace of development is outstripping anything seen in the early days of radio or television. For the World Service, the opportunities are tremendous.'

A year in review

Real life stories – Landmark programmes from BBC World Service

Radio series and special websites put the spotlight on issues of global concern.

In its landmark coverage of human rights, the international drugs trade and the human tragedy of AIDS in Africa, major radio series and special websites put the spotlight on issues of global concern. BBC World Service broke new ground by co-ordinating programme-making across its English and vernacular language services. The results have been widely acclaimed and will form a template for future initiatives.

Human rights

In *'I have a right to...'*, World Service is making its biggest ever commitment to the support of human rights. In the first phase of the project, radio series in 13 languages and a special website have given audiences a perspective on human rights issues across the globe, an understanding of how the Universal Declaration of Human Rights relates to them, and an up-to-date picture of the involvement of their own countries.

At the launch of the project in October 2000, the then Foreign and Commonwealth Office Minister of State, Peter Hain, praised its ambition and scale: 'We are delighted BBC World Service is embarking on this exciting and groundbreaking project which uses the power of BBC World Service radio to tell the real-life stories of how ordinary people have made a difference in human rights.'

Drugs

In *Shadow Trade*, Phillip Fiske investigated the extent to which the illegal drugs trade has achieved an economic grip on the world, from the fields of Afghanistan and Colombia to the streets of New York and Britain. The acclaimed series was broadcast as part of a special World Service Drugs initiative in June 2000, involving many language services. Reports from places as far afield as Afghanistan, Peru, Haiti, Nigeria, Russia and the UK investigated different aspects of the production, trafficking, control and prevention of drugs.

AIDS

To coincide with the World AIDS conference in Durban in South Africa in July 2000, Robin Lustig presented *The Orphaned Continent*, a major documentary on the devastating impact of the disease across Africa, which kills 6,000 victims a day – more than wars, famine or floods. Greg Barrow's award-winning World Service reports from southern Africa on AIDS won the One World Broadcasting Award for the News Report of the Year for 2000.

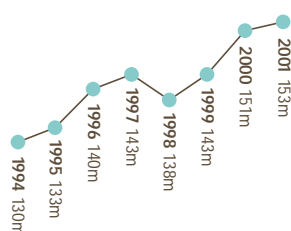


Top: Following the 50th anniversary of the United Nations Declaration of Human Rights, *I have a right to* has been the World Service's most ambitious education series. © Still Pictures **Bottom:** Nomusa Duma, one of thousands of people living with HIV across southern Africa, rests in her home in Mtswalume. BBC World Service provided major coverage of the World Aids Conference, hosted in Durban, in July 2000. © PA

A year in review

Output and performance measures

BBC World Service Record Audience reached in 2001



1 Audience Size

Number of adults listening in an average week, through direct and/or indirect broadcasting (in millions), excluding areas where measurement is not possible. Global totals are shown rounded to whole numbers; regional figures are shown rounded to nearest half million. The regional figures, therefore, may appear not to add up to the global total.

National surveys are carried out in a range of countries every year in order to update the global audience figure and to assess performance amongst target audiences.

	1998/1999 Actual	1999/00 Actual	2000/01 Target	2000/01 Actual
Global	143	151	153	153
Regional				
Africa and the Middle East	42.0	47.0	48.0	52.5
Americas	9.0	9.0	9.0	9.0
Asia and the Pacific	63.5	69.5	70.0	68.5
EurAsia	12.0	11.5	11.5	9.0
Europe	16.0	14.5	14.5	14.0

Performance by Audience Segment

In addition to the national surveys, tracking studies are carried out in major cities in a number of countries every year, measuring awareness, reach and trust amongst cosmopolitans and aspirants.

The target segments:

C – Cosmopolitans; highly educated decision makers and opinion formers

A – Aspirants; those who aspire to improve their lives and for whom the World Service offers a vital link to the wider world

IP – Information poor; audiences who are deprived of free information for either political or economic reasons: (Data for this category will only be available when country-wide surveys have been carried out.)

Awareness – Percentage of respondents who are aware of BBC World Service broadcasts

Country	Survey coverage	1999/00 Actual		2000/01 Target		2000/01 Actual	
		C	A	C	A	C	A
Africa and the Middle East							
Nigeria	Lagos	90	76	90	76	99	94
Egypt (a)	Cairo	57	31	59	33	90	71
Americas							
USA (Cosmopolitans only)	Boston New York Washington	82	–	82	–	96	–
Asia and the Pacific							
India	Mumbai	57	41	59	41	87	46
EurAsia							
Russia	Moscow, St Petersburg	85	85	85	85	89	88
Europe							
Czech Republic	Prague	72	72	75	75	67	66

a) Egypt: Improved questionnaire design introduced in 2000/01.

Reach – Weekly combined audience in any language (% of sample)

Country	Survey coverage	1999/00 Actual		2000/01 Target		2000/01 Actual	
		C	A	C	A	C	A
Africa and the Middle East							
Nigeria (a)	Lagos	47.9	34.5	49.0	36.0	39.0	23.3
Egypt (b)	Cairo	8.0	5.3	9.5	7.0	25.3	12.6
Americas							
USA (Cosmopolitans only)	Boston New York Washington	14.0	–	14.0	–	20.3	–
Asia and the Pacific							
India	Mumbai	8.2	8.1	8.2	8.1	8.8	4.9
EurAsia							
Russia	Moscow, St Petersburg	9.7	4.9	9.7	4.9	2.8	1.6
Europe							
Czech Republic	Prague	6.4	7.8	7.0	8.0	9.9	2.7

a) Nigeria: Fieldwork carried out when Ray Power (FM rebroadcaster) was off air.

b) Egypt: Improved questionnaire design introduced in 2000/01.

Trust – Percentage of BBC World Service weekly listeners who say the BBC is 'a source that I trust'. For reasons of sample size this measurement is only possible for cosmopolitans and aspirants combined.

Country (Cosmopolitans and Aspirants combined)	Survey coverage	1999/00 Actual	2000/01 Target	2000/01 Actual
Africa and the Middle East				
Nigeria	Lagos	93	93	90
Egypt (a)	Cairo	78	78	91
Americas				
USA (b) (Cosmopolitans only)	Boston, New York, Washington	(b)	–	86
Asia and the Pacific				
India (c)	Mumbai	90	90	79
EurAsia				
Russia (d)	Moscow, St Petersburg	47	50	55
Europe				
Czech Republic (e)	Prague	86	87	74

a) Cairo: 1999/00 data based on listeners in last three months; 2000/01 data based on weekly listeners.

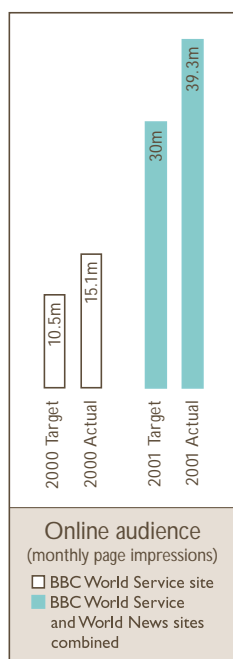
b) USA: Questions on trust could not be included in 1999/00 agency survey, but were included in 2000/01 survey.

c) India: 2000/01 data based on sample of listeners in last three months.

d) Russia: All data based on sample of listeners in last three months, as sample of weekly listeners was too small.

e) Czech Republic: All data based on sample of listeners in last three months, as sample of weekly listeners was too small.

Other countries will be surveyed once every three years, contributing to the global audience estimate. Findings from this research will be reported regularly to the FCO.



Online Audience

Monthly text and audio page impressions to World Service and World News sites (millions)

	March 1999 Actual	March 2000 Actual	March 2001 Target	March 2001 Actual
Text page impressions: World Service site	2.5	5.3	–	–
Audio page impressions: World Service site	1.6	2.5	–	–
Combined text and audio page impressions: World Service site	4.7	7.9	10.5	15.1
Combined text and audio page impressions: World News site		16.3	19.5	24.2
Combined text and audio page impressions: World Service site plus World News site		24.2	30.0	39.3

2 Short Wave Audibility

Short Wave Audibility (overall percentage scores)

	March 2000 Actual	March 2001 Target	March 2001 Actual
Global	81	81	80
Africa and the Middle East	86	86	82
Americas	63	70	65
Asia and the Pacific	79	79	79
EurAsia	81	81	82
Europe	85	85	82

The audibility measurement is based on regular ratings of the best World Service short wave frequency in any given area. A weighted average score for each language and region is calculated and expressed as a percentage: 100% represents outstanding, while 70% is good quality audibility. In practice, variations of up to 5% will not have a significant effect and the impact of even a 10% change will only be moderate.

Variations in short wave propagation are inevitable because of changing ionospheric conditions. Unusual solar activity throughout 2000/01 may have exaggerated this effect.

3 Staff Numbers (World Service Broadcasting)

Numbers refer to equivalent full-time staff at 31 March

	March 1999 Actual	March 2000 Actual	March 2001 Target	March 2001 Actual
UK based	1,037	1,000	1,010	1,027
Overseas based	n/a	190	185	210

4 Hours of Output per Member of Staff per Week

	1998/1999 Actual	1999/00 Actual	2000/01 Target	2000/01 Actual
	0.82	0.86	0.86	0.86

This indicator is based on the hours of language programming produced per week and the numbers of equivalent full-time staff employed both in the UK and overseas, excluding staff involved with online output.

5 Revenue Earning

These figures refer to gross revenue – not net profit. They reflect the additional revenue generated by World Service Broadcasting from sources other than the FCO Grant in Aid. They also include income generated by the BBC World Service Trust, a charitable company associated with BBC World Service which was established during 1999/00.

	1999/00 Actual £m	2000/01 Target £m	2000/01 Actual £m
BBC World Service	4.7	4.7	5.1
BBC World Service Trust	3.8	4.6	4.7
	8.5	9.3	9.8

The BBC World Service figure includes turnover from the BBC World Service shop of £0.6 million (1999/00 £0.5 million). The shop is now operated by another BBC division and therefore this income does not appear in the World Service financial statements.

These figures exclude any quantification of benefits in kind, for example gaining rebroadcasting agreements with local partners around the world, which increase BBC World Service's audience reach at no additional cost.

A year in review

Listening to voices, getting the message – BBC Monitoring

'Our material gives policymakers, analysts, broadcasters and other customers an authoritative and representative picture of a rapidly shifting world, where media comment is often highly relevant.'

BBC Monitoring is adapting to an increasingly challenging media environment, improving coverage and flexibility in key regions of the world and developing new multimedia and digital services.

BBC Monitoring, based at Caversham near Reading, provides a service of international news and comment, gathered from the mass media around the world. With additional funding of £5 million over the three years 2001-2004, it is extending its ability to deliver accurate news and comment. Coverage is being improved in parts of the world where customer interest is growing in response to fast changing events and where media access is difficult. Digital and multimedia projects have high priority and the internet is transforming the collection and delivery of information.

Monitoring is broadening its customer base among core users – government departments and the BBC – and other organisations. 'Our material gives policymakers, analysts, broadcasters and other customers an authoritative and representative picture of a rapidly shifting world, where media comment is often highly relevant,' says Monitoring director Andrew Hills. 'As it becomes harder to predict where the next political or economic crisis is going to take place, our ability to respond to events has to be flexible.'

In Africa, for example, Sierra Leone and Zimbabwe have loomed large on the year's agenda alongside the continuing problems in Congo, Ethiopia and Eritrea. Monitoring has improved its ability to respond to such events, often involving British interests, while maintaining coverage in established high priority areas such as the former Soviet Union, Iran, and the Balkans.

'Our investment in digital technology is transforming the way we handle material throughout our operations,' notes Andrew Hills. 'Over the next few years, the aim is to offer increasingly versatile access to TV pictures and audio actuality in addition to text material.'

There is progressively less emphasis on hard copy. This year Monitoring finally replaced the Summary of World Broadcasts, published since 1939, with soft copy successors such as Monitoring Select, an improved electronic digest.

The internet is now a major source of information in its own right, and has already transformed the way material is collected and delivered. Monitoring staff regularly track hundreds of internet sources and increasingly access radio and newspaper sites online.

'Through BBC Online, we are delivering material to a wide range of BBC users,' comments Andrew Hills. 'This year we introduced country profiles which provide background information to stories on the BBC News website, drawing upon our extensive sources of reference material.'



Top left: Political developments in Iran, on the path to the elections in June 2001, featured prominently throughout the year, especially on the BBC Persian service. © AP **Top right:** Open, democratic elections in Ghana in December 2000 saw the opposition candidate, John Kufuor, voted in as the new president, succeeding Jerry Rawlings after 19 years in power. © PA **Centre:** BBC Monitoring aims to be the best source of information on what the media across the world are reporting and, particularly, to be an indispensable information-provider to government and the BBC. © BBC (Jeff Overs) **Bottom:** BBC Russian online coverage of the Kursk submarine disaster led to a major increase in traffic to the site, peaking at six times the previous daily average. © AP



Top: The work of the BBC World Service Trust included civil society development programmes in south east Europe and the Balkans. © AP **Bottom:** Two major leprosy awareness campaigns in Nepal and India, with the support of the British Government's Department for International Development, achieved real success in the region, helping to change attitudes and persuade sufferers to come forward for treatment. © AP

A year in review

Using communications to support development – BBC World Service Trust

The BBC World Service Trust brings expertise in a range of media and, with the BBC's reputation as a trusted broadcaster, provides vital information to millions of people worldwide.

Through its non-profit-making charitable trust, BBC World Service is promoting education and development and building independent media expertise. Funding comes from a variety of governmental sources, NGOs and private foundations.

Leprosy awareness

When the BBC World Service Trust ran a leprosy awareness campaign in India last year, attitudes changed dramatically. Belief that the disease is hereditary fell from 56% to 19% of the total population after special radio and TV broadcasts were shown in five states. Some 186,000 sufferers were persuaded to come forward for treatment.

Featuring 800 broadcasts on Indian TV and 5,500 on All-India Radio, this extensive campaign was made possible by a strong partnership with the national broadcaster, an essential ingredient in the Trust's approach.

Training journalists

Helping to rebuild societies that have been torn apart by a major conflict or upheaval is another way the Trust can help. For example, training courses for journalists are being run in Somalia and Rwanda, where a three year programme is designed to help the state media organisation develop into a public service broadcaster. Developing balanced political and election reporting skills is contributing to emerging democracies in countries such as Nigeria, Indonesia and Ukraine.

Training courses for independent journalism are now being run in more than 30 countries and a fourth training school is being opened this year in Belgrade, joining the existing BBC Journalism Schools in Bosnia, Romania and Russia.

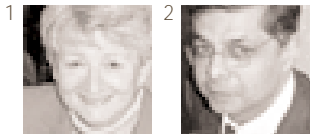
Sustainable projects

Sustainable projects facilitating debate and change are another part of the Trust's remit. An educational radio soap in Albania – *Rruga me Pisha* (Pine Street) – promotes tolerance and is listened to by 65% of the population. The Trust's plan now is to withdraw and leave it running under Albanian management. In Russia, the Trust completed the establishment of a self-sustaining media NGO committed to developing an independent radio sector with a potential weekly audience of 25 million.

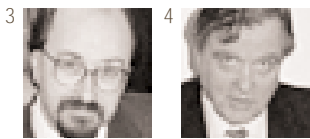
Working with refugee children

Radio series for children in refugee camps were produced in six languages – Pashto, Persian, Portuguese for Africa, Somali, Azeri and Nepali – and broadcast on BBC World Service. Produced with the help of UNHCR, the aim was to help children to learn in an accessible way, drawing on their own experiences and using engaging story formats.

BBC Board of Governors' Consultative Group



1 Dame Pauline Neville-Jones *DCMG, BBC Governor*
2 Professor Monojit Chatterji *Professor of Applied Economics, University of Dundee*



3 Bill Emmott *Editor, The Economist*
4 Sir Brian Fall *GCVO KCMG Principal, Lady Margaret Hall, Oxford*
5 Sir Michael Perry *CBE Chairman, Centrica plc*
6 William Shawcross *Journalist and author*



The BBC Governors' World Service Consultative Group, chaired by Dame Pauline Neville-Jones, was established following the BBC restructuring in 1996 in order to provide the governors with independent external advice on the range and quality of World Service output. The Group aims to review World Service English and vernacular output over a three-year cycle.

For 2000/01 the Group decided to review again services to Europe and the EurAsia region, both on radio and online. Languages selected this time were English, Albanian, Czech, Polish and Serbian for Europe, and English, Persian, Russian and Turkish for EurAsia.

For each of these languages, between two and four assessors were recruited by an independent consultant, using a number of local market research agencies and other contacts. The assessors were asked to listen to up to ten hours of highlighted output with the focus on news and current affairs programmes, or to surf BBC World Service online sites. Altogether, 36 individual assessors submitted reports.

The Consultative Group members note the higher quality of the assessors' reports this year. Whilst being aware of the limitations of the research, the Group feels that the reports provide valuable diagnostic tools and give detailed feedback which should be useful to programme makers.

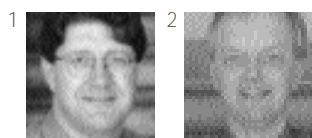
The Consultative Group is pleased to note, as the single most important finding of the review, that the quality, authority and trustworthiness of World Service broadcasts continues to be rated very highly. The Group is also impressed this year by the perception of relevance and added value displayed regularly in the assessors' reports.

In its discussions the Group identified, however, a number of areas where the assessors' reports indicate room for improvement. These are:

- the balance between world news and local news
- the order in which news items are presented
- presentation style
- labelling of programmes and the clarity of output structures
- trailing and promotion of programmes across radio and online output
- opportunity for more interactivity with listeners, particularly online
- ease of navigation on the World Service online site

The Consultative Group has also asked World Service management for a report for its next meeting in the autumn on how it is planning to improve the relevance of the present output mix to its audience.

BBC World Service Management Board



2



BBC World Service Management Board was re-shaped on 16 October 2000 with regional heads and professional heads in Marketing, New Media and Strategy and Public Affairs(*) joining the Board. The director of Regions post was closed.



4



Caroline Thomson left as deputy director on 31 July 2000 to become director, Public Policy at the BBC. She was succeeded by Nigel Chapman, formerly director, BBC Online, on 11 September 2000.



6



Chris Gill left as controller, Distribution and Technology on 20 October 2000 to become chief technology officer for BBC Technology. He was succeeded by Mike Cronk, formerly head of Transmission Services, on 20 November 2000.

Zdenka Krizman joined the Board as head of Europe on 8 January 2001.

Andrew Taussig, formerly director of Regions, retired on 31 December 2000 after 30 years distinguished service with the BBC. Bob Jobbins retired on 4 May 2001 as director, English Networks and News, after nearly 30 years outstanding service with the BBC. He was succeeded by Phil Harding, formerly controller, BBC Editorial Policy, on 11 June 2001.



8



Both Bob and Andrew contributed enormously to BBC World Service over many years and we are deeply grateful for their outstanding leadership and commitment.



10



1 Mark Byford *Director*

2 Nigel Chapman *Deputy Director*

3 Andrew Hind *Finance and Business Development Director*

11 Elizabeth Wright *Head of Asia and the Pacific**

12 Chris Westcott *Head of New Media**

13 Fritz Groothues *Controller Strategy and Public Affairs**



12



4 Phil Harding *Director English Networks and News*

5 Andrew Hills *Director BBC Monitoring*

6 Lesley Granger *Controller Human Resources*

14 Mike Cronk *Controller Distribution and Technology*

15 Alan Booth *Controller Marketing**

16 Benny Ammar *Head of Go Digital**

17 François Delauzun *World Service Secretary*



14



7 Jerry Timmins *Head of Americas**

8 Zdenka Krizman *Head of Europe*

9 David Morton *Head of EurAsia**



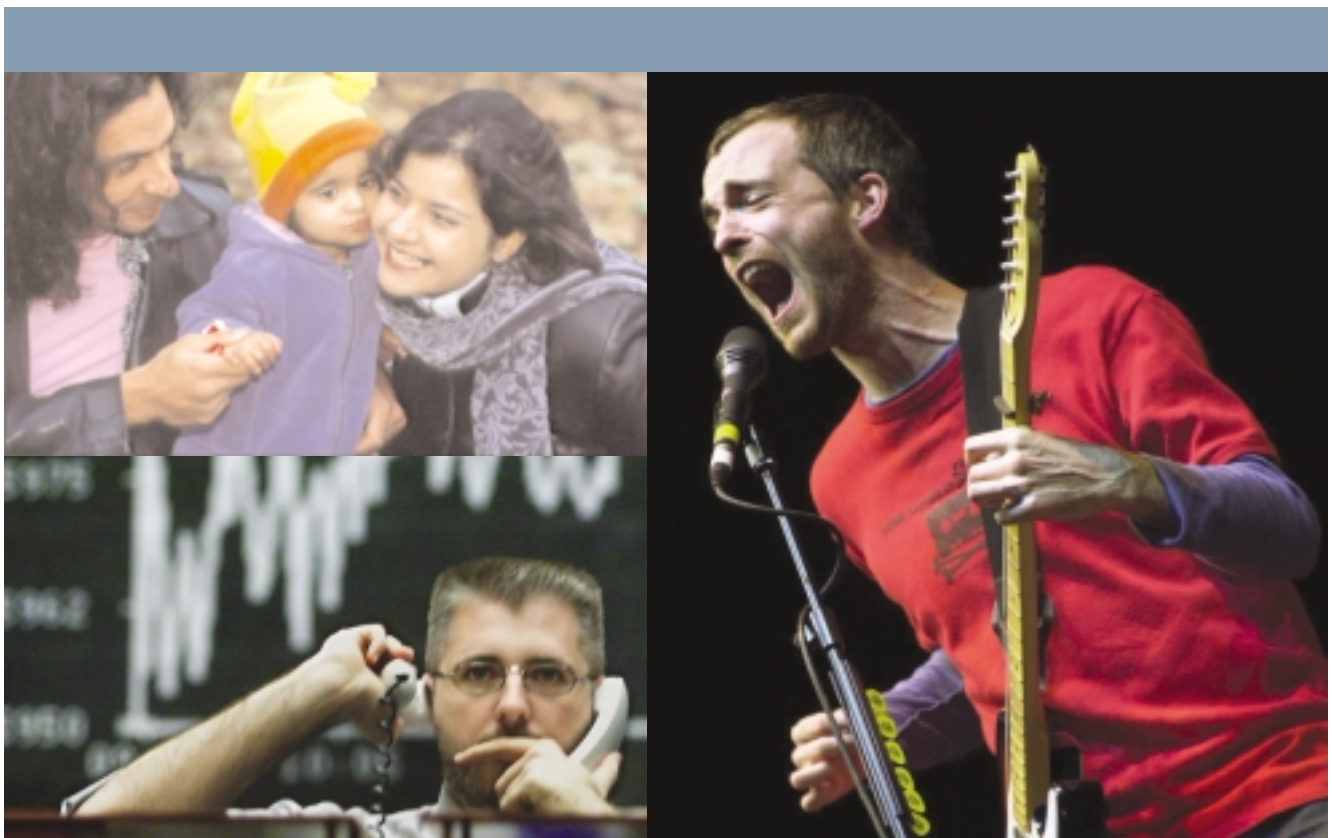
16



10 Barry Langridge *Head of Africa and the Middle East**



17



Top: Science coverage highlighted the pioneering work on the Human Genome project and debated its impact and implications. © Wellcome Trust
Centre: *Westway*, the World Service's drama series, won Best Soap at the Race in the Media Awards. © BBC (Andy Ward) **Bottom left:** Global business coverage was expanded with more editions of *World Business Report*. The downturns in the US and Japanese economies and the collapse in dot.com valuations were major stories during the year. © AP **Bottom right:** Special programmes were broadcast direct from leading British cultural festivals including the Proms, the Edinburgh festival, WOMAD and Glastonbury, which featured Travis. © PA

Financial review

Broadcasting

A further impressive year of growth in BBC World Service audiences and online users was underpinned by sound management of our finances. Costs were kept under firm control with overheads reduced from an already low base.

In 2000/01 BBC World Service received additional funding of £5 million for operating expenditure and £7 million for capital, as a result of the 1998 Government Spending Review. This brought the total 2000/01 Grant-in-Aid for BBC World Service Broadcasting to £181.8 million, comprising £153.4 million for operating expenditure, £4.2 million for a subscription to BBC Monitoring and £24.2 million for capital. The World Service Broadcasting surplus for the year of £8.8 million arises primarily from an excess of capital Grant-in-Aid received for the Oman transmitter project over depreciation and other capital charges.

Looking forward, the Government's 2000 Spending Review, announced last July, will provide further increases in funding over the three financial years 2001/02 to 2003/04.

Value for money

BBC World Service has an ongoing programme of efficiency improvements. Including the reduction in costs achieved by other BBC divisions, which provide English language programmes and technical and support services to BBC World Service, we were able to achieve overall efficiency savings of £3.4 million (2.3%) in the year.

The efficiency savings helped us to finance inflationary increases in our cost base so that the additional £5 million operating funding from Government was applied largely to new developments. These included the new multimedia websites in Russian and Spanish which both came on stream during the year; securing a presence on FM in 10 further capital cities around the world; and the major change in programme scheduling for the English network which went live in April 2000.

We seek to achieve the best value for money in all that we do. This not only includes a firm control over costs, but also a continuing search for opportunities to offset costs by raising additional income in a manner consistent with the BBC's editorial and commercial guidelines. External income of £4.5 million was generated in the year from a number of sources, including the sale of programmes, co-production deals and publishing activities.

We add further value to the core Grant-in-Aid through partnerships with radio stations around the world, which rebroadcast our programmes at no cost to BBC World Service. As online becomes an increasingly important part of our overall offer, this model is now being extended to partnerships with key internet service providers in individual countries, enabling us further to expand reach without additional distribution costs.

Monitoring

The new subscription-based funding arrangement for BBC Monitoring has now been in place for four years. Subscription income from stakeholder customers (including World Service Broadcasting) amounted to £19.5 million in 2000/01.

Andrew Hind

Finance & Business Development Director

Financial statements

Statement of Income and Expenditure for the year ended 31 March

	Note	2001 £m	2000 £m
Grant-in-Aid		181.8	170.0
Other income		22.7	22.1
Total income	1	204.5	192.1
Operating expenditure	2	(194.8)	(194.9)
Operating surplus/(deficit)	1	9.7	(2.8)
Interest receivable		0.7	0.6
Surplus/(deficit) before taxation	1	10.4	(2.2)
Taxation	4	(0.2)	(0.2)
Surplus/(deficit) for the financial year	1,11	10.2	(2.4)
Transfer (to)/from capital reserve	11	(8.3)	3.8
Transfer from revaluation reserve	11	0.8	0.8
Surplus for the year transferred to operating reserve		2.7	2.2

The above results are derived from continuing operations.

Financial statements (continued)

Balance Sheet at 31 March

	Note	2001 £m	2000 £m
Fixed assets			
Tangible fixed assets	5	116.9	109.4
Current assets			
Stocks	7	0.2	0.3
Debtors	8	10.0	12.2
Cash at bank and in hand	13	10.2	7.7
		20.4	20.2
Creditors – amounts falling due within one year	9	(8.6)	(9.1)
Net current assets		11.8	11.1
Total assets less current liabilities		128.7	120.5
Provisions for liabilities and charges	10	(4.5)	(6.5)
Net assets		124.2	114.0
Represented by			
Capital reserve		109.7	101.4
Revaluation reserve		7.2	8.0
Operating reserve		7.3	4.6
	11	124.2	114.0

The financial statements were approved by the governors and the BBC World Service Management Board on 11 June 2001 and signed on their behalf by :

Sir Christopher Bland
BBC Chairman

Greg Dyke
Director-General, BBC

Mark Byford
Director, BBC World Service

Andrew Hind
Finance and Business Development Director, BBC World Service

Financial statements (continued)

Historical Cost Surplus and Deficit for the year ended 31 March

	Note	2001 £m	2000 £m
Surplus/(deficit) before taxation		10.4	(2.2)
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on revalued assets	11	0.8	0.8
Historical cost surplus/(deficit) before taxation		11.2	(1.4)
Historical cost surplus/(deficit) for the financial year		11.0	(1.6)

Reconciliation of Movement in Reserves for the year ended 31 March

	Note	2001 £m	2000 £m
Surplus/(deficit) for the financial year		10.2	(2.4)
Opening reserves		114.0	116.4
Closing reserves	11	124.2	114.0

There were no recognised gains or losses other than as stated in the statement of income and expenditure.

Cash Flow Statement for the year ended 31 March

	Note	2001 £m	2000 £m
Net cash inflow from operating activities	12	25.6	14.7
Return on investments and servicing of finance			
Interest received		0.7	0.6
Taxation			
Taxation paid		(0.2)	(0.2)
Capital expenditure and financial investments			
Purchase of tangible fixed assets		(23.6)	(13.2)
Increase in cash	13	2.5	1.9

Statement of accounting policies

BBC World Service, funded principally by parliamentary Grant-in-Aid, is a division of the British Broadcasting Corporation, a body incorporated by Royal Charter.

The financial statements have been prepared in accordance with the provisions of the BBC's Charter and Agreement. Although not mandatory, BBC World Service has chosen to follow the accounting and disclosure provisions of the Companies Act 1985 and applicable UK accounting standards to ensure that its financial statements are prepared on a basis consistent with that of UK companies.

BBC World Service does not produce consolidated financial statements as the activities of its subsidiaries and associates are not material.

Basis of accounting

The financial statements are presented under the historical cost accounting convention as modified by the revaluation of certain plant and machinery and furniture and fittings. BBC World Service has adopted early the following accounting standards:

- *Financial Reporting Standard (FRS) 17: Retirement Benefits* BBC World Service has adopted early the first year transitional arrangements of *FRS 17*. These arrangements require certain additional disclosures to be given which are included in note 3d of the financial statements. There is no effect on the results or financial position of BBC World Service, as the transitional provisions require only disclosures to be made. *FRS 17* will be fully adopted in the financial statements for the year ended 31 March 2002.
- *FRS 18: Accounting Policies* Adoption of this standard has not had a material impact on the results of BBC World Service.
- *FRS 19: Deferred Taxation* There is no material impact on the results of BBC World Service but additional disclosure is provided in note 4.

Income

Grant-in-Aid from the Foreign and Commonwealth Office is intended to meet estimated expenditure in the year but unexpended receipts for the year, within predetermined limits, are not liable to surrender.

Other income received by BBC World Service is set out in note 1a of the financial statements.

Foreign currency translation

Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transactions.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at 31 March or at forward rates where related hedging contracts are 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, are included in the statement of income and expenditure.

Pension costs

The BBC operates both defined benefit and defined contribution schemes for the benefit of employees.

The defined benefit scheme, the BBC Pension Scheme, provides benefits based on final pensionable pay. Amounts are charged to expenditure so as to spread the cost of pensions over employees' working lives with BBC World Service. Any difference between the charge to the income and expenditure account and the contributions paid is shown as a provision or prepayment on the balance sheet. The assets of the BBC Pension Scheme are held separately from those of the BBC group.

As noted above, the BBC has adopted early the first year transitional arrangements of *FRS 17* and additional disclosure regarding the BBC Pension Scheme has been provided.

The amount charged as expenditure for the defined contribution scheme represents the contributions payable by BBC World Service for the accounting period in respect of this scheme.

Operating leases

Operating lease rentals are charged on a straight line basis over the term of the lease.

Statement of accounting policies (continued)

Tangible fixed assets

Expenditure on fixed assets is capitalised together with incremental and internal direct labour costs incurred on capital projects.

Depreciation is calculated so as to write off the cost or valuation less estimated residual value of fixed assets on a straight line basis over their expected useful lives. Depreciation commences from the date an asset is brought into service.

The useful lives for depreciation purposes for the principal categories of assets are:

Land and buildings	
Freehold land	not depreciated
Freehold and long-leasehold buildings	50 years
Short-leasehold land and buildings	unexpired lease term
Plant and machinery	three to 25 years
Computer equipment	three to five years
Furniture and fittings	three to ten years

Plant and machinery and furniture and fittings are stated at the estimated current replacement cost of the assets, as adjusted for remaining service potential, as at 1 April 1996, or cost if acquired subsequently, less accumulated depreciation.

Originated programme stocks and work in progress

Originated programme stocks and work in progress, including those commissioned from independent producers, are stated at cost. The full stock value is written off on first transmission. Cost includes all direct costs and a proportion of production and other attributable overheads.

Acquired programmes

The costs of acquired programmes are written off on first transmission.

Reserves

The value of the capital reserve is equal to the net book value of fixed assets at historic cost. The revaluation reserve reflects the difference between this sum and fixed assets at their revalued amount. The operating reserve is the accumulated surplus of the income and expenditure account to the balance sheet date.

Grant-in-Aid is used to fund both capital and revenue expenditure and a transfer is made to or from the capital reserve equal to the movement in the historic cost net book value of tangible fixed assets during the year.

Notes to the financial statements

for the year ended 31 March

1 Income, surplus/(deficit) and net assets

1a Analysis by activity

2001	Broadcasting £m	Monitoring £m	Total £m
Grant-in-Aid	181.8	–	181.8
Subscriptions	–	15.3	15.3
Intra World Service trading	(4.2)	4.2	–
Other income	4.5	2.9	7.4
Total income	182.1	22.4	204.5
Operating expenditure	(173.5)	(21.3)	(194.8)
Operating surplus	8.6	1.1	9.7
Interest receivable	0.3	0.4	0.7
Surplus before taxation	8.9	1.5	10.4
Taxation	(0.1)	(0.1)	(0.2)
Surplus for the financial year	8.8	1.4	10.2
Transfer (to)/from capital reserve	(8.8)	0.5	(8.3)
Transfer from revaluation reserve	0.8	–	0.8
Surplus for the financial year transferred to operating reserve	0.8	1.9	2.7
Net assets	100.1	24.1	124.2
2000	Broadcasting £m	Monitoring £m	Total £m
Grant-in-Aid	170.0	–	170.0
Subscriptions	–	15.1	15.1
Intra World Service trading	(4.3)	4.3	–
Other income	4.7	2.3	7.0
Total income	170.4	21.7	192.1
Operating expenditure	(174.3)	(20.6)	(194.9)
Operating (deficit)/surplus	(3.9)	1.1	(2.8)
Interest receivable	0.3	0.3	0.6
(Deficit)/surplus before taxation	(3.6)	1.4	(2.2)
Taxation	(0.1)	(0.1)	(0.2)
(Deficit)/surplus for the financial year	(3.7)	1.3	(2.4)
Transfer from/(to) capital reserve	3.9	(0.1)	3.8
Transfer from revaluation reserve	0.8	–	0.8
Surplus for the financial year transferred to operating reserve	1.0	1.2	2.2
Net assets	91.3	22.7	114.0

1 Income, surplus/(deficit) and net assets continued

1b Analysis by geographical location

BBC World Service income, operating expenditure and surplus/(deficit) primarily arise in the United Kingdom.

Within the total net assets of £124.2 million (2000 £114.0 million), the majority of transmission fixed assets are located overseas. Other net assets are located in the UK.

	United Kingdom £m	Rest of the world £m	Total £m
2001			
Land and buildings	13.4	13.5	26.9
Plant and machinery	17.3	41.6	58.9
Fixtures and fittings	1.4	0.4	1.8
Assets under construction	7.2	22.1	29.3
Total fixed assets	39.3	77.6	116.9
Other net assets	7.3	–	7.3
	46.6	77.6	124.2
2000			
Land and buildings	15.7	14.3	30.0
Plant and machinery	18.7	44.5	63.2
Fixtures and fittings	1.5	0.5	2.0
Assets under construction	5.4	8.8	14.2
Total fixed assets	41.3	68.1	109.4
Other net assets	4.6	–	4.6
	45.9	68.1	114.0

2 Operating surplus/(deficit)

The operating surplus/(deficit) is stated after charging the following items:

	2001 £m	2000 £m
Payments under operating leases:		
– Land and buildings	7.5	7.6
Depreciation:		
– Annual charge	14.8	16.1
– Accelerated charge	–	1.9
Loss on disposal of tangible fixed assets	0.9	0.1
Auditors' remuneration: audit	0.1	0.1

3 Employees and remuneration

3a Persons employed

The average number of persons employed (full-time equivalent) in the year was:

	2001 Number	2000 Number
Broadcasting	1,214	1,182
Monitoring	482	470
	1,696	1,652

Within the averages above, 162 (2000 179) part-time employees have been included at their full-time equivalent of 92 (2000 105), and 98 (2000 136) persons on guaranteed minimum contracts have been included at their full-time equivalent of 19.

In addition to this, BBC World Service employed an average 101 (2000 119) persons on a casual basis. Their payroll costs are included in note 3b below.

3b Staff costs

	2001 £m	2000 £m
Salaries and wages	54.1	51.2
Social security costs	4.2	4.2
Other pension costs	3.4	3.3
Redundancy costs	1.3	1.7
	63.0	60.4

3c Management Board remuneration

The members of the Management Board who served during the year are shown on page 23. On page 45, the remuneration report contains more information on the remuneration policy of the BBC for the BBC World Service Management Board.

	2001 £000	Restated 2000 £000
Management Board emoluments	1,413.3	1,072.0
Employer's pension contributions	52.2	41.6
	1,465.5	1,113.6

Management Board emoluments for 2001 include those in respect of nine regional heads and professional heads from October 2000 who joined the Board on that date, increasing the Board to 17 members.

Due to the restructuring of the Management Board during the year, a redundancy payment of £191,000 was made, which is in addition to the above figures.

The highest paid member of the Management Board in the year was Mark Byford, director. The aggregate of his emoluments to 31 March 2001 was £280,000 (2000 £256,000). As a member of the BBC's defined benefit scheme his total accrued annual pension at 31 March 2001 was £66,000 (2000 £61,000).

Comparative figures for 2000 have been restated to show emoluments with bonuses accounted for on an accruals basis. Previously bonuses were accounted for on a paid basis.

All 17 members of the Management Board have retirement benefits accruing under the BBC's defined benefit scheme (2000 9 members).

3 Employees and remuneration continued

3d Pensions

BBC Pension Scheme

Many BBC World Service employees are members of the BBC Pension Scheme, which provides salary related pension benefits on a defined benefit basis from assets held in separate, trustee-administered, funds. The scheme is subject to independent valuation by a professionally qualified actuary at least every three years, on the basis of which the actuary certifies the rate of employer's contributions. These, together with the specified contributions payable by employees and proceeds from the scheme's assets, are expected to be sufficient to fund the benefits payable under the scheme. The most recent full actuarial valuation of the scheme was prepared as at 1 April 1999 by Watson Wyatt, consulting actuaries, using the projected unit method. The pension charge for the year derives from this full actuarial valuation following Statement of Standard Accounting Practice 24 (SSAP 24).

At 1 April 1999, the market value of the assets of the scheme was £6,294 million and the actuarial value of the assets was sufficient to cover 114% of the benefits due to members, after allowing for expected future increases in earnings. The scheme surplus is being amortised over 12 years, the expected average remaining service life of the employees.

The BBC World Service pension charge for the year for this scheme is £2.8 million (2000 £2.7 million), which derives from an effective accounting contribution rate of 10.4% of pensionable salaries. Both BBC World Service and employees continue to contribute at a cash rate of 4.5% of pensionable earnings. The scheme continues to benefit from full tax relief under the Inland Revenue guidelines.

An amount of £0.3 million is included in provisions which represents the excess of the cumulative pension cost over the cumulative contributions paid (2000 £1.2 million prepayment).

A new accounting standard, *FRS17: Retirement Benefits*, is being introduced which changes the method by which pension information is calculated and presented in financial statements. BBC World Service will take advantage of the provisions included within *FRS 17* and account for the BBC Pension Scheme as if it were a defined contribution scheme. This is because it is not possible to identify the share of the underlying assets and liabilities of the scheme relating to BBC World Service on a consistent and reliable basis. The pension charge under *FRS 17* will therefore represent the contributions payable in the year. These contributions will benefit from the surplus in the scheme and accordingly will be lower than the regular cost. The surplus in the scheme for the BBC group at 31 March 2001 was £1,708 million. Additional disclosure is provided in the BBC group accounts.

Other schemes

BBC World Service made payments of £0.6 million in the year (2000 £0.6 million) into the Group Personal Pension Scheme and other schemes.

4 Taxation

4a Analysis of charge for the period

The charge for the year is based on a rate of corporation tax of 30% (2000 30%).

	2001 £m	2000 £m
Current year – UK corporation tax	0.2	0.2

4b Factors affecting the tax charge

The BBC World Service taxation charge is based primarily on interest receivable. The tax assessed for the year is therefore significantly lower than the standard rate of corporation tax in the UK (30%), as explained below.

	Note	2001 £m	2000 £m
Surplus/(deficit) before taxation		10.4	(2.2)
Surplus/(deficit) before taxation multiplied by the standard rate of corporation tax in the UK of 30% (2000 30%)		3.1	(0.7)
Effect of non-taxable (external income)/deductible costs		(2.9)	0.9
Current tax charge for the year	4a	0.2	0.2

4 Taxation continued**4c Factors that may affect future tax charges**

BBC World Service anticipates a similar tax charge in future years since Grant-in-Aid and BBC Monitoring subscription income are not subject to taxation.

5 Tangible fixed assets

	Land and buildings £m	Plant and machinery £m	Furniture and fittings £m	Assets under construction £m	Total £m
Cost or valuation					
At 1 April 2000	55.3	116.1	4.3	14.2	189.9
Additions	–	2.8	–	20.4	23.2
Brought into service	0.1	4.9	0.3	(5.3)	–
Disposals	(0.7)	(4.3)	(0.1)	–	(5.1)
At 31 March 2001	54.7	119.5	4.5	29.3	208.0
Depreciation					
At 1 April 2000	25.3	52.9	2.3	–	80.5
Charge for the year	3.2	11.1	0.5	–	14.8
Elimination in respect of disposals	(0.7)	(3.4)	(0.1)	–	(4.2)
At 31 March 2001	27.8	60.6	2.7	–	91.1
Net book value					
At 31 March 2001	26.9	58.9	1.8	29.3	116.9
At 31 March 2000	30.0	63.2	2.0	14.2	109.4

BBC World Service's plant and machinery and furniture and fittings were revalued at 1 April 1996 based on the estimated current replacement cost of the assets, adjusted for service potential.

Following the introduction of *FRS 15: Tangible Fixed Assets*, BBC World Service has retained these revalued assets at their valuation as adjusted for depreciation. BBC World Service does not plan to revalue these assets on an ongoing basis.

Assets under construction include £15.9 million relating to the construction of a new transmitting station in Oman.

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 2001 £m	Plant and machinery 2000 £m	Furniture and fittings 2001 £m	Furniture and fittings 2000 £m
Cost	174.2	170.8	7.2	7.0
Depreciation	(122.5)	(115.6)	(5.4)	(5.0)
Net book value	51.7	55.2	1.8	2.0

Included within fixed assets is £24 million at cost relating to a relay station in Thailand. These assets are transferable to the Royal Thai Government in return for the payment of a nominal sum. BBC World Service will retain the right to repurchase the assets, should the operation cease, for a similar nominal sum. The use of these assets is not affected by this transaction and therefore they will continue to be carried at cost less attributable depreciation in the balance sheet.

Notes to the financial statements (continued)

5 Tangible fixed assets continued

Land and buildings at net book value comprise:

	2001 £m	2000 £m
Freeholds	15.5	16.0
Short leaseholds	11.4	14.0
	26.9	30.0

The members of the Management Board are satisfied that there has been no impairment in the carrying values of freehold properties at the balance sheet date.

Land and buildings include freehold land at a cost of £4.2 million (2000 £4.2 million) which is not depreciated.

6 Investments

BBC World Service holds the following interests in companies, at cost:

	Holding of issued ordinary shares %
Subsidiaries	
BBC East Asia Relay Company Limited (incorporated in Hong Kong)	100
BBC Radiocom (Bulgaria) OLLC (incorporated in Bulgaria)	100
BBC Radiocom (Hungary) Limited (incorporated in Hungary)	100
BBC Radiocom (Romania) SRL (incorporated in Romania)	100
BBC Radiocom (Slovakia) Limited (incorporated in the Slovak Republic)	100
BBC Radiocom (Praha) Sro (incorporated in the Czech Republic)	100
BBC Polska SP Zoo (incorporated in Poland)	100
BBC do Brazil Limitada (incorporated in Brazil)	100
BBC Radiocom Deutschland GmbH (incorporated in Germany)	100
BBC World Service Trust*	

*The BBC World Service Trust is a charitable company limited by guarantee, of which the BBC is the sole member.

Associates

Caribbean Relay Company Limited (incorporated in Antigua)	45
Multimedia Ventures Limited (incorporated in Great Britain)	50
Ascension Island Commercial Services Limited (incorporated in Great Britain)	33

The above companies' results and balances are not material to BBC World Service and therefore consolidated financial statements have not been prepared.

7 Stocks

	2001 £m	2000 £m
Goods for resale	–	0.2
Work in progress – programmes	0.2	0.1
	0.2	0.3

8 Debtors

	Note	2001 £m	2000 £m
Receivable within one year			
Trade debtors		4.6	5.9
Amounts owed by BBC Home Services Group		0.8	1.1
Amounts owed by associates		0.1	0.2
Amounts owed by subsidiaries		1.0	1.0
VAT recoverable		0.8	0.6
Other debtors		0.6	1.2
Prepayments		2.1	1.0
Prepaid pension contributions	3d	–	1.2
		10.0	12.2

9 Creditors

	2001 £m	2000 £m
Amounts falling due within one year		
Trade creditors		
Programme creditors	0.2	0.2
Salaries and wages	0.9	0.7
Other trade creditors	1.6	2.4
	2.7	3.3
Other creditors		
Fixed asset creditors	1.2	1.6
Corporation tax	0.5	0.5
Other	4.2	3.7
	5.9	5.8
	8.6	9.1

Creditors payment policy

It is the BBC's policy to comply with the CBI prompt payment code in relation to the payment of suppliers, provided that the supplier is complying with the relevant terms and conditions of their contract. BBC World Service monitors compliance against the terms of this code. BBC World Service's creditor days outstanding at 31 March 2001 was 14 (2000 17).

10 Provisions for liabilities and charges

	Dilapidations £m	Pension £m	Other £m	Total £m
At 1 April 2000	5.6	–	0.9	6.5
Utilised during the year	–	–	(0.9)	(0.9)
Released during the year	(2.0)	–	–	(2.0)
Charge for the year	–	0.3	0.6	0.9
At 31 March 2001	3.6	0.3	0.6	4.5

The dilapidations provision represents a liability to restore Bush House to its original condition on the future move of BBC World Service to Broadcasting House in Portland Place.

Other provisions relate to estimated costs of restructuring. Further information on the pension provision is provided in note 3d.

Notes to the financial statements (continued)

11 Reserves

	Capital reserve £m	Revaluation reserve £m	Operating reserve £m	Total £m
At 1 April 2000	101.4	8.0	4.6	114.0
Broadcasting				
Surplus for the financial year	–	–	8.8	8.8
Revaluation reserve transfer	–	(0.8)	0.8	–
Capital reserve transfer	8.8	–	(8.8)	–
	8.8	(0.8)	0.8	8.8
Monitoring				
Surplus for the financial year	–	–	1.4	1.4
Capital reserve transfer	(0.5)	–	0.5	–
	(0.5)	–	1.9	1.4
At 31 March 2001	109.7	7.2	7.3	124.2

12 Reconciliation of operating surplus/(deficit) to net cash inflow from operating activities

	2001 £m	2000 £m
Operating surplus/(deficit)	9.7	(2.8)
Loss on disposal of tangible fixed assets	0.9	0.1
Depreciation	14.8	18.0
Decrease in stocks	0.1	–
Decrease/(increase) in debtors	2.2	(0.7)
(Decrease)/increase in creditors	(0.1)	0.7
(Decrease) in provisions	(2.0)	(0.6)
Net cash inflow from operating activities	25.6	14.7

13 Analysis of changes in net funds

	2001 £m	2000 £m
Cash at bank and in hand at the beginning of the year	7.7	5.8
Increase in cash	2.5	1.9
Cash at bank and in hand at the end of the year	10.2	7.7

14 Commitments

14a Contracts placed for future expenditure

	2001 £m	2000 £m
Fixed asset additions	17.3	31.5

This includes the ongoing contract with Merlin Communications International Limited in respect of building the new transmitting station in Oman.

14b Other financial commitments

BBC World Service has entered into contracts with Merlin Communications International Limited for a period of ten years commencing March 1997 for the provision of transmission services. The charge for the year ended 31 March 2001 was £30.2 million (2000 £30.2 million).

14c Operating leases

Operating lease commitments payable in the following year analysed according to the period in which the lease expires:

	Land and buildings 2001 £m	Land and buildings 2000 £m
Within 1 year	0.1	0.1
In 2 to 5 years	7.2	7.4
After 5 years	–	–
	7.3	7.5

15 Contingent liability

A subscription-based funding arrangement for BBC Monitoring was introduced in April 1997. BBC Monitoring reserves of £7.0 million (2000 £5.1 million) include amounts arising as a result of charging a return on capital employed to its stakeholder customers, together with other accumulated excesses of income over expenditure. There are limitations placed upon the use that BBC Monitoring can make of these funds and the return of some funds at some point in the future to HM Government remains a possibility.

16 Related party transactions

The related party transactions of BBC World Service have been presented in accordance with *FRS 8: Related Party Disclosures*.

16a Transactions with subsidiaries

At 31 March 2001 BBC World Service Trust owed BBC World Service £1.0 million (2000 £1.0 million).

16b Transactions with associates

At 31 March 2001 Caribbean Relay Company Limited owed BBC World Service an amount of £0.1 million (2000 £0.2 million) being the net of amounts transferred less BBC World Service's proportion of operating expenses.

At 31 March 2001 Ascension Island Services owed BBC World Service £0.5 million (2000 £0.7 million) being the net of payments and receipts processed on its behalf. A provision of £0.2 million was held against this balance at the year end.

16c Transactions with key management

During the year there were no disclosable transactions with key management.

16d Other transactions

During the year BBC Home Services Group charged BBC World Service net costs of £148.3 million (2000 £136.6 million) comprising recharges in respect of operating and capital costs. At 31 March 2001 BBC World Service was owed £0.8 million (2000 £1.1 million) by BBC Home Services Group.

Reports on compliance and regulatory matters

Responsibility for BBC World Service is vested in the BBC Board of Governors appointed under the BBC Royal Charter. The BBC governors have clearly defined regulatory responsibilities under the BBC's Charter and Agreement. They must satisfy themselves that BBC World Service complies with all legal obligations, with high standards of corporate governance and with the BBC's own guidelines and codes of practice. This and the following pages contain reports on BBC World Service's policies, procedures and compliance as follows:

[1 Statement of Board of Governors' and BBC World Service Management Board responsibilities for the preparation of the financial statements](#)

[2 Auditors' report to the governors of the BBC](#)

[3 Governors' report on BBC World Service Trading Protocols](#)

[4 Corporate governance](#)

[5 Remuneration report](#)

[6 Employment and diversity](#)

[7 Donations and gifts](#)

[1 Statement of Board of Governors' and BBC World Service Management Board responsibilities for the preparation of the financial statements](#)

The governors and BBC World Service Management Board are required by the BBC's Charter and Agreement and the Financial Memorandum with the Foreign and Commonwealth Office to prepare financial statements for each financial year which give a true and fair view of the state of affairs of BBC World Service and of its income and expenditure for that period. In preparing those financial statements, the governors and BBC World Service Management Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to do so.

In addition, BBC World Service has voluntarily decided to comply with the accounting and disclosure provisions of the Companies Act 1985 and, where applicable, of the Financial Services Authority Listing Rules.

The governors and BBC World Service Management Board are also responsible for keeping adequate accounting records and taking such steps as are reasonably open to them to safeguard the assets of BBC World Service and to prevent and detect fraud and other irregularities.

2 Auditors' report to the governors of the British Broadcasting Corporation (BBC)

We have audited the financial statements on pages 26 to 39.

Respective responsibilities of the governors and BBC World Service Management Board and auditors

The governors and BBC World Service Management Board are responsible for preparing the Annual Review including, as described above, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, by the Auditing Practices Board, our profession's ethical guidance and, in accordance with the terms of our appointment, the Companies Act 1985.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the financial review on page 25 is not consistent with the financial statements, if BBC World Service has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the BBC World Service Management Board's remuneration and transactions with BBC World Service is not disclosed.

We read the other information contained in the Annual Review, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

In addition to our audit of the financial statements, the governors and BBC World Service Management Board have instructed us to review their corporate governance statement as if BBC World Service were required to comply with the Listing Rules of the Financial Services Authority in relation to these matters. We review whether the statement on pages 42 to 45 reflects BBC World Service's compliance with the seven provisions of the Combined Code specified for audit review by those rules, and we report if it does not. We are not required to form an opinion on the effectiveness of BBC World Service's corporate governance procedures or its internal controls.

Basis of audit 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 BBC World Service Management Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to BBC World Service's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of BBC World Service at 31 March 2001 and of the surplus of BBC World Service for the year then ended and have been properly prepared in accordance with the provisions of the BBC's Charter and Agreement, the Financial Memorandum and the provisions of the Companies Act 1985 as if those provisions had applied to these financial statements.

KPMG, 11 June 2001, Chartered Accountants, Registered Auditors, London

3 Governors' report on BBC World Service Trading Protocols

BBC World Service is responsible for commissioning and scheduling its own programmes and for making programmes for its language services, but purchases English language programme-making and technical and support services from other divisions in the BBC (the supplier divisions). These arrangements were established in 1997 and were broadly unaffected by the reorganisation of the BBC Home Services in April 2000.

It was agreed by a joint Foreign and Commonwealth Office (FCO)/BBC World Service Working Group that the BBC would draw up new guidelines to govern the trading relationship between BBC World Service and the supplier divisions, in order to ensure that BBC World Service maintains its distinctive voice and to preserve the clear separation between Grant-in-Aid and licence fee income. These Trading Protocols were approved by the Governors' Fair Trading Compliance Committee in 1997.

Each of the supplier divisions then drew up detailed agreements with BBC World Service, specifying:

- the services to be provided;
- criteria to ensure the quality of the services; and
- the cost of the services.

The Fair Trading Compliance Committee is responsible for monitoring and reviewing compliance with the Trading Protocols. The Committee receives regular reports from management on the effectiveness of the systems and procedures in place to ensure compliance with the Trading Protocols.

KPMG has reviewed a summary of the value of transactions and the related cash flows which have taken place during the year between BBC World Service and the supplier divisions. KPMG has reported to the governors that, in their opinion, the information contained in the summary of transactions for the year ended 31 March 2001 has been properly extracted from the books and records of the supplier divisions and has been properly prepared on the bases of cost allocation and apportionment methods set out in the agreements between BBC World Service and the supplier divisions and that, on this basis, there has been no material cross-subsidy between Grant-in-Aid and licence fee funds.

Governors' statement on BBC World Service Trading Protocols

Following regular reports to the Fair Trading Compliance Committee by the controller, Fair Trading, and internal and external auditors, the governors are satisfied that:

- the Trading Protocols reflect the requirements of the FCO/BBC World Service Working Group;
- agreements are in place which are consistent with the Trading Protocols; and
- there has been no material cross-subsidy between Grant-in-Aid and licence fee funds.

4 Corporate governance

BBC World Service's commitment

The BBC, including BBC World Service, has an obligation under its Charter to demonstrate high standards of corporate governance.

The Combined Code, issued by the London Stock Exchange in June 1998, sets out principles of good corporate governance. BBC World Service voluntarily complies with the Combined Code to the extent it is applicable.

Additionally, BBC World Service adheres to the seven principles of public life as set out in the reports of the Nolan Committee of Standards in Public Life.

Statement of principles

The requirements of the Combined Code are applied to BBC World Service with the following exceptions:

- **those requirements relating to shareholders**
BBC World Service is not accountable to external shareholders. Rather, through the stewardship of the governors, it is accountable to the Foreign and Commonwealth Office, to Parliament and to taxpayers.
- **those requirements relating to non-executive directors, remuneration and audit committees**
The BBC governors consider that BBC World Service should comply with the Combined Code in a manner which is common practice for an entity whose parent is complying with the Code. Hence the governors do not consider it appropriate for BBC World Service to have separate non-executive directors or remuneration and audit committees from those established by the BBC, or to disclose the remuneration of the members of the BBC World Service Management Board, except to the extent that this is required by the Companies Act 1985.

Details of how BBC World Service has applied the remuneration principles are covered separately within the remuneration report on page 45.

Board structure

The structure of the BBC World Service Management Board is shown on page 23. As explained above, BBC World Service does not have any non-executive directors. However, the Management Board is represented on the BBC's Executive Committee and is accountable to the BBC governors who constitute the members of the Corporation and act as trustees for the public interest.

The governors are appointed by the Queen on advice of ministers. They are now appointed for a term of four years (previously five years) and are independent of BBC executive management. A register of interests of the governors is maintained and may be inspected by written application to the secretary of the BBC.

The BBC World Service Management Board meets every two weeks. Other members of management attend as required.

A formal schedule of matters is reserved for Management Board decisions. This includes:

- considering management structure and senior management responsibilities;
- agreeing membership and terms of reference of board committees and task forces and deciding action on recommendations, receiving minutes and reviewing decisions taken;
- agreeing contracts with major suppliers;
- deciding significant staff and industrial relations issues;
- agreeing business strategy;
- approving financial statements;
- approving annual budgets, subject to final approval by the Board of Governors; and
- agreeing a code of ethics and business practice, establishing an overall framework for proper controls.

Management Board members are given appropriate documentation in advance of each Board meeting. The Management Board members have access to the advice and services of the World Service secretary who is responsible for ensuring that Board procedures are followed.

The Board of Governors refers some matters relevant to BBC World Service to BBC sub-committees as follows:

- Audit Committee;
- Fair Trading Compliance Committee; and
- World Service Consultative Group.

Relationship with Foreign and Commonwealth Office (FCO)

BBC World Service is primarily funded by parliamentary Grant-in-Aid received through the FCO. BBC Monitoring is funded by stakeholder subscriptions. The relationship between the FCO and BBC World Service is defined in the FCO/BBC World Service Broadcasting Agreement which sets out the aims and objectives of BBC World Service and provisions for performance assessment. The financial arrangement with the FCO is set out in the FCO/BBC Financial Memorandum.

Accountability and internal control

Financial reporting and going concern

The respective responsibilities of the governors and BBC World Service Management Board and the external auditors are set out on page 41.

A detailed review of the financial position of BBC World Service is included in the financial review by the finance and business development director on page 25. This, together with the director's overview on pages 3-4, provides an assessment of BBC World Service's performance and current position.

The going concern basis has been adopted in the preparation of the financial statements as the governors and BBC World Service Management Board believe that BBC World Service will continue to receive adequate resources to continue its operations for the foreseeable future.

Internal control

The BBC World Service Management Board has responsibility for maintaining an adequate system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The governors and BBC World Service Management Board consider that there is an ongoing process for identifying, evaluating and managing the significant risks faced by BBC World Service. The process has been in place for the year ended 31 March 2001 and up to the date of approval of this report and financial statements. As part of the BBC's overall risk management process it has been regularly reviewed by the governors and BBC Executive Committee and accords with the guidance set out in the ICAEW's guidance for directors *Internal control: Guidance for directors on the Combined Code*.

While an established system of risk management and control, including procedures to monitor and evaluate key risks, has been in existence throughout the year, further steps to reflect more fully the substance of the guidance have been taken during the course of the year.

The Management Board exercises control through an organisational structure with clearly defined levels of responsibility and authority and appropriate reporting procedures. The key control procedures operating during the year are described below:

- **risk management**
The Management Board is responsible for identifying and managing risk on an ongoing basis. BBC World Service has a formally constituted Internal Control Committee (ICC), comprising the members of the Management Board, World Service financial controller and a representative of BBC Internal Audit. The ICC update their assessment of BBC World Service's exposure to risk, and the extent to which these risks are controlled, every four months. These risks have been effectively managed throughout the year.
- **monitoring of controls**
BBC Internal Audit undertake regular testing of control systems based on a regularly updated assessment of key risks and issues facing BBC World Service.
- **business unit controls**
Management have defined the controls and procedures with which each business unit is required to comply. Key controls over major business risks include performance review and exception reporting. Reviews by BBC Internal Audit monitor the operation of controls.
- **computer systems**
BBC World Service has established controls and procedures over the security of data held on computer systems. Arrangements are in place for computer processing to continue and data to be retained in the event of failure of BBC World Service's own data processing facility.

- **controls over outsourced transaction processing**

The majority of BBC World Service's financial transaction processing is outsourced to a service company, Media Accounting Services Limited (MedAS), which is independent of the BBC. The finance and business development director has established monitoring procedures to review the performance of MedAS on a regular basis. These include regular visits to MedAS by BBC Internal Audit.

- **financial reporting and controls**

There is a comprehensive budgeting system with an annual budget approved by the Board of Governors, prepared in line with the BBC World Service three-year plan. Monthly financial information, including a balance sheet, cashflow statement and operating results, is reported against corresponding budget figures, with corrective action being taken by the Management Board as appropriate. All capital expenditure over certain upper thresholds must be approved by a BBC investment approval committee and, in some cases, by the FCO and HM Treasury. In April 2001 BBC World Service implemented new financial processes and software, as part of the BBC-wide SAP implementation.

Audit Committee

Matters relating to BBC World Service are also considered by the BBC's Audit Committee, which comprises four of the BBC's governors.

The Audit Committee meets four times a year, and is charged with reviewing the effectiveness of internal control; approving and monitoring the Internal Audit work plan; considering issues arising from Internal Audit's work; reviewing management's response to internal control issues; approving the external audit fee; considering the external audit strategy and plans; reviewing the external auditors' reports; and reviewing and approving the financial statements. Both internal and external auditors are given the opportunity to meet privately with the Audit Committee without any member of management present.

Statement of compliance with the Combined Code of Best Practice

BBC World Service has complied throughout the year ended 31 March 2001 with the specific provisions in Section 1 of the Combined Code with the exception of those provisions relating to non-executive directors, remuneration and audit committees and shareholder requirements which, as discussed earlier, are not applicable to BBC World Service.

5 Remuneration report

This report explains the remuneration policy of the BBC for the BBC World Service Management Board. Details of Management Board remuneration are included within Note 3c to the financial statements on page 33.

One of the responsibilities of the Board of Governors is to act as a remuneration committee. In this role, the governors have responsibility for setting executive remuneration policy, including the remuneration package for BBC World Service's director. The remuneration of other members of the BBC World Service Management Board is recommended by the director and approved by the BBC director-general.

The director measures the performance of the Management Board members before recommending their annual remuneration and bonus awards. BBC World Service's controller, human resources provides technical support to the director in this respect, but has no input into decisions affecting her own remuneration.

The BBC aims to ensure that the packages offered to Management Board members:

- enable BBC World Service to attract, retain and motivate high-calibre executives;
- remunerate individuals fairly for individual responsibility and contribution, while providing an element of performance-related pay, reflecting the underlying performance of BBC World Service; and
- take into account salary policy within the rest of the BBC and the relationship that should exist between the remuneration of Management Board members and that of other employees.

Reports on compliance and regulatory matters (continued)

The remuneration arrangements for Management Board members include the following components:

Basic salary

Basic salaries are reviewed in August each year, taking into account external market levels and internal comparisons as well as the individual's responsibilities and performance.

Annual bonus

Management Board members are eligible to receive a bonus of up to 10% of basic salary for meeting certain performance targets. Qualitative and quantitative objectives are set at the beginning of the financial year, and performance is reviewed at the end of the year. As a member of the BBC Executive Committee, the director, BBC World Service, participates in a performance-based annual bonus scheme under which payments may be awarded of up to 30% of basic salary.

Bonuses are now reflected in the financial statements on an accruals basis for the performance period under review.

Benefits

The director is eligible for a company car and fuel for private use. Other Management Board members are eligible for a company car and some members are entitled to fuel for private use. All Management Board members are eligible for medical insurance covering the executive and family and, where there is a business need, digital reception equipment.

Pensions

Management Board members are eligible to participate in the BBC Pension Scheme, which provides salary-related pension benefits on a defined benefit basis, with an accrual rate of 1/60th of final salary per year of service, subject to the Inland Revenue earnings cap where appropriate. Only basic salary is pensionable. The scheme provides for early retirement on medical grounds and life insurance cover of four times salary.

6 Employment and diversity

BBC World Service complies with the requirements of employment legislation, including the Asylum and Immigration Act, and has a policy framework in place which aims to reflect best employment practice.

Diversity

BBC World Service is committed to developing a diverse workforce, with opportunities for all, irrespective of race, colour, creed, ethnic or national origin, gender, marital status, disability or age.

Proportion of ethnic minorities in the BBC World Service workforce

The composition of the workforce of BBC World Service reflects the multi-lingual nature of its broadcasting and exceeds the BBC group target of 8%. As this target had already been exceeded, the aim for the year was, as a minimum, to maintain the proportion of ethnic minorities in the BBC World Service workforce.

	At 31 March 2001 %	At 31 March 2000 %	BBC group minimum target %
Staff working in the United Kingdom	27.4	26.8	8

Across the BBC, ethnicity targets have recently been reviewed; now standing at 4% for senior managers and 10% for the rest of the BBC, to be achieved by 2003.

Reports on compliance and regulatory matters (continued)

Proportion of women in BBC World Service management

	At 31 March 2001 %	At 31 March 2000 %	BBC group minimum target %
Senior executives	30.6	29.4	30
Senior managers	30.5	35.6	40
Middle management and senior professionals	37.7	37.9	40

Disability

People with disabilities are fully and fairly considered for vacancies within BBC World Service and have equal opportunities for training, career development and promotion. The BBC has recently produced guidelines on employing disabled people. These aim to ensure not only that we meet our legal responsibilities under the Disability Discrimination Act, but also to increase the number of people with disabilities within our workforce.

Age

BBC World Service's policies and practices are in line with the Code of Practice on Age Discrimination in Employment.

Employee participation

The BBC Forum provides all BBC staff with an important platform to discuss policy and other issues with senior managers. BBC World Service has one elected member to the BBC Forum.

Management hold regular meetings with the recognised trade unions, BECTU and NUJ.

Development and Training

BBC World Service invested £1.7 million in training and development during the year. Staff in all areas have opportunities to develop their skills and development initiatives tackle priority areas, such as reskilling and new ways of learning.

7 Donations and gifts

BBC World Service does not make political donations.

The Financial Memorandum permits BBC World Service to make gifts of equipment and services. Government accounting guidelines on gifts must be followed with Foreign and Commonwealth Office (FCO) approval required for gifts of a value exceeding £10,000. Gifts of cash, of whatever value, cannot be made without the prior agreement of the FCO.

No gifts were made during the year.

Further information

BBC World Service

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Fax: +44 (0)20 7557 1258
E-mail: worldservice@bbc.co.uk
Website: www.bbc.co.uk/worldservice

Radio Schedules and Frequencies

For information visit www.bbc.co.uk/worldservice/schedules

If you have any comments or suggestions about BBC World Service programmes in any language, or would like further details about how to receive them, please contact Audience Relations at the above address. Listeners in English can also air their views in the *Write On* programme. E-mail: writeton@bbc.co.uk

BBC On Air Network

To keep you up-to-date with our schedules and frequencies, BBC World Service and BBC On Air magazine now offer a free e-mail service called BBC On Air Network. You can choose e-mail updates on topics such as sport, science, world affairs and arts each month. We will also send you scheduling information to keep you in touch with all that's new from the World Service. Joining is simple. Just e-mail onair.network@bbc.co.uk

BBC Monitoring

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E-mail: csu@mon.bbc.co.uk, Website: www.monitor.bbc.co.uk

BBC World Service Press Office (for media enquiries about BBC World Service, including BBC Monitoring)

Tel: +44 (0)20 7557 2941 Fax: +44 (0)20 7557 1912

BBC On Air magazine (the BBC's international magazine and programme guide)

Tel: +44 (0)20 7557 2211 (answerphone), E-mail: onair.magazine@bbc.co.uk
Website: www.bbc.co.uk/worldservice/onair

BBC Focus on Africa magazine

Tel: +44 (0)20 7557 2906
E-mail: focus.magazine@bbc.co.uk
Website: www.bbc.co.uk/worldservice/focus

BBC English (for information on learning English materials (radio and online))

Tel: +44 (0)20 7557 1200 Fax: +44 (0)20 7557 1311
E-mail: bbc.english@bbc.co.uk
Website: www.bbc.co.uk/learningenglish

BBC World Service Shop

The BBC World Service Shop and Information Centre at Bush House sells an exclusive range of World Service gift items, along with BBC books, videos and audio cassettes and a range of short wave radios. Information on BBC World Service radio and television programmes is available. There is a mail order and online shopping service for the UK only at www.bbcshop.com.
Tel: +44 (0)20 7557 2576 Fax: +44 (0)20 7240 4811
E-mail: worldservice.shop@bbc.co.uk

BBC Training and Development, World Service

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BBC World Service Trust

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Website: www.bbc.co.uk/worldservice/trust

Annual Review online

You can access a version of the BBC World Service Annual Review 2000/01 online at www.bbc.co.uk/worldservice/aboutus



Leading for Britain: Steve Redgrave's triumph as five times Olympic gold medal winner featured on BBC World Service, the world's leading international radio broadcaster. © PA



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