
BROADCASTING ACT 1990

Account prepared pursuant to section 68(6) of the Broadcasting Act 1990 of additional payments to the Independent Television Commission by licensees and of the sums paid into the Consolidated Fund of the United Kingdom, the Consolidated Fund of Northern Ireland, and the amounts paid to the Treasury of the Isle of Man, the Treasury of the Bailiwick of Jersey, and the Treasury of the Bailiwick of Guernsey under section 68 in the year ended 31 March 1994, together with the Report of the Comptroller and Auditor General thereon. (In continuation of House of Commons Paper No. 212 of 1993–94.)

Presented pursuant to Act 1990, c.42, s.129

Independent Television Commission Additional Payments and Financial Penalties by Licensees Account 1993–94

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 8 MARCH 1995

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Foreword

- 1 This account, prepared in accordance with Section 68(6) of the Broadcasting Act 1990, shows the amounts received by the Independent Television Commission (ITC) from certain licensees as additional payments and financial penalties, and the amounts paid by the ITC into the Consolidated Funds of the United Kingdom and of Northern Ireland during the year ended 31 March 1994. It also shows payments made by the ITC to the Treasuries of the Isle of Man, the Bailiwick of Jersey, and the Bailiwick of Guernsey under Statutory Instrument 1991, Nos. 998, 1710 and 1709 respectively.
- 2 The Broadcasting Act 1990 requires that certain kinds of licences are awarded by the ITC after a process of competitive tender. Licensees appointed in this way are required to make additional payments to the ITC. These additional payments, which are more commonly known as tender payments, arise in two ways, viz: amounts expressed as a percentage of qualifying revenue and a cash bid. The percentage of qualifying revenue was set by the ITC for each licence, and published as part of the invitation to apply for the licences concerned. The cash bid is an annual sum offered by the licensee as part of its application. It is adjusted annually in line with movements in the Retail Price Index, and as a result payments made with effect from 1 January 1994 were increased by 1.36 per cent. The percentage of qualifying revenue cannot be varied during the term of the licence and neither can the cash bid other than for the purpose of indexation. Licences awarded by competitive tender, which were in force during the period of this account, include television programme service licences for Channel 3 and licences to use the spare capacity within the signals carrying television broadcasting services (known as additional services licences).
- 3 In the case of payments based on a percentage of qualifying revenue, the ITC estimates the qualifying revenue of the licensee in its accounting period and, as a condition of its licence, the licensee is required to pay the estimated percentage by monthly instalments during the period. An adjusting payment or refund is made when the amount due for the accounting period is finally determined by the ITC. Cash bids of up to £100,000 are payable annually on 27 January. Larger sums are paid by monthly instalments.
- 4 Financial penalties, up to a maximum percentage of qualifying revenue, may be imposed by the ITC for failure to comply with a condition of a Channel 3 licence, the Channel 4 licence, or an additional services licence or with any direction issued by the ITC. For non-domestic satellite services licences and licensable programme service licences, any financial penalty imposed by the ITC is an amount up to a maximum of £50,000. If the ITC revokes a Channel 3 licence or the additional services public teletext licence, the licensee is required to pay a financial penalty equivalent to 7 per cent of its qualifying revenue.
- 5 The licences in relation to which additional payments arise came into force on 1 January 1993. The present account relates to additional payments due from 1 April 1993 to 31 March 1994. In the period ended 31 March 1994 no financial penalty was imposed.

- 6 The payments do not form part of the ITC's revenue but are payable into the Consolidated Fund of the United Kingdom, the Consolidated Fund of Northern Ireland, or the Treasury of the Isle of Man, Jersey or Guernsey as appropriate.
- 7 Information on the ITC's proceedings (including explanatory comments on matters and trends affecting these payments) are provided in the Annual Report and Accounts of the ITC. Further information describing the ITC's procedures for assessing qualifying revenue are contained in the Statement of Principles on Qualifying Revenue (First Edition).

George Russell
Chairman

David Glencross
Chief Executive

Independent Television Commission

14 July 1994

Statement of the Commission's Responsibilities with Respect to the Financial Statement

Under Section 68 of the Broadcasting Act 1990 the Independent Television Commission is required to prepare a statement of account in respect of Additional Payments and Financial Penalties by Licensees, and the surrender of such receipts to the Consolidated Funds of the United Kingdom and Northern Ireland respectively. Although not a statutory requirement, the account also shows payments to the Treasury of the Bailiwick of Jersey, the Treasury of the Bailiwick of Guernsey, and the Treasury of the Isle of Man.

The account is prepared on a cash basis and must properly present the receipts and payments for the financial year, and the balances held at the beginning and end of the year.

The Chief Executive is the designated Accounting Officer for these accounts. His relevant responsibilities as Accounting Officer, include responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, and are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum.

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

I have audited the financial statements on pages 5 to 7 which have been prepared in accordance with the requirements of the Broadcasting Act 1990 and Treasury Directions.

**Respective
Responsibilities
of the Commission,
the Chief Executive
and Auditors**

As described on page 3 the Commission and the Chief Executive are responsible for the preparation of the financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of Opinion

I certify that I have examined the financial statements referred to above in accordance with the National Audit Office auditing standards, which include relevant 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 Commission and the Chief Executive in the preparation of the financial statements.

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

Opinion

In my opinion, the financial statements properly present the receipts and payments of the Independent Television Commission in respect of Additional Payments by Television Licensees for the year ended 31 March 1994 and the balances held at that date, and have been properly prepared in accordance with the requirements of the Broadcasting Act 1990.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

22 September 1994

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Receipts and Payments Account for the Year ended 31 March 1994

	£	£	Previous Year	£
Additional payments by licensees	371,581,908		91,729,000	
Interest on late payments	2,978		0	
Financial penalties	0		0	
Refund of overpayments	<u>(492,769)</u>		<u>0</u>	
Receipts from Licensees		371,092,117		91,729,000
Payments to the United Kingdom Consolidated Fund	399,028,712		60,760,856	
Payments to the Northern Ireland Consolidated Fund	2,400,045		379,475	
Payments to the Treasury of the Isle of Man	73,955		16,536	
Payments to the Treasury of the Bailiwick of Jersey	85,126		14,439	
Payments to the Treasury of the Bailiwick of Guernsey	<u>53,279</u>		<u>8,694</u>	
Net Payments to Consolidated Funds and Treasuries		<u>401,641,117</u>		<u>61,180,000</u>
Excess of payments over receipts for the financial year		<u>(30,549,000)</u>		<u>30,549,000</u>

Statement of Balances as at 31 March 1994

	Notes	£	Previous Year £
Balance at beginning of financial year		30,549,000	0
Add excess of payments over receipts for the financial year		<u>(30,549,000)</u>	<u>30,549,000</u>
Balance at end of financial year	2	<u>0</u>	<u>30,549,000</u>

Notes to the Accounts

1. These accounts are prepared in accordance with the provisions of Section 68(6) of the Broadcasting Act 1990. Additionally, they show the amounts paid to the Treasury of the Isle of Man, the Treasury of the Bailiwick of Jersey, and the Treasury of the Bailiwick of Guernsey under Statutory Instrument 1991, Nos. 998, 1710 and 1709 respectively.
2. The balance at the previous year end consisted of payments to the Paymaster General's account pending transfer to the Consolidated Funds and the Treasuries of the Isle of Man, Jersey and Guernsey.

Sir George Russell
Chairman

David Glencross
Chief Executive

Independent Television Commission
14 July 1994

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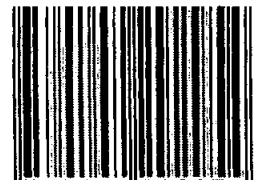
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