

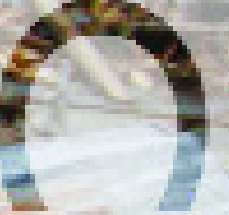
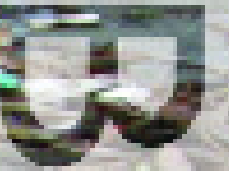


BBC WORLD SERVICE

Annual Review 2004/05

BBC
WORLD
SERVICE

Annual Review 2004/05





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OUR AIMS

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.

Providing a forum for the exchange of ideas across cultural, linguistic and national boundaries.

To be a global hub for high-quality information and communication.

Promoting the English language, learning and interest in a modern, contemporary Britain.

Offering a showcase for British talent across the world.

BBC World Service 'family' photo album; listeners sent in photographs of themselves as part of an audiences' week initiative

CHAIRMAN'S INTRODUCTION



'The same technological forces that are transforming the media landscape in the UK are at work worldwide; and in the case of BBC World Service these are compounded by great social and political upheavals around the globe.'

THE GLOBAL CORNERSTONE

BBC World Service has an extraordinary reputation. It remains a cornerstone of the BBC's position globally and continues to return great benefit to Britain in terms of reputation and esteem.

But this position cannot be taken for granted. The same technological forces that are transforming the media landscape in the UK are at work worldwide; in the case of BBC World Service, these are compounded by great social and political upheavals around the globe. This poses an enormous challenge to BBC World Service. Increasingly its audiences have access to other sources of news and information, and they are also applying increasingly stringent standards when

assessing the accuracy and objectivity of BBC reporting. This report shows how BBC World Service is grappling with these problems.

In order to bring independent judgement to bear on World Service output, we call on the BBC Board of Governors' World Service and Global News Consultative Group. This is composed of distinguished individuals, including non-broadcast journalists. Each year they review BBC World Service output and subject its programmes and websites to rigorous external examination. This year they met under my chairmanship.

A summary of our deliberations is included in this report. In general, the results were

positive. We were encouraged to note that in the wider Islamic world the BBC's reputation for trust and objectivity – which had slipped following the UK's involvement in the Iraq war – has now improved.

Looking further ahead, the UK Government's Green Paper on renewing the BBC Charter makes it clear that the BBC must review its priorities constantly to ensure it is responding appropriately to changing audience needs. We feel those needs would be well-served by the launch of a BBC Arabic television service. The UK Government decided against funding this in the 2004 spending round and the BBC is currently considering what can be done from within existing resources.

The BBC welcomes the opportunity presented by the Green Paper to review the present portfolio of 43 language services with a view to significant change.

For the past seven years, the BBC Board has benefited from the wise counsel of Dame Pauline Neville-Jones, who stood down from the Board in December. As the BBC's international governor, she was an outstanding champion of BBC World Service and BBC World and we are greatly indebted to her for the expert guidance she gave in this demanding role.

Michael Grade
BBC Chairman



From left to right
Sri Lankan Dalugoda Gilbert, 70, sits among the ruins of his home destroyed by the Indian Ocean tsunami
The Urdu Service roadshow brought producers closer to their audience
Raising awareness is vital in competitive markets like Pakistan

DIRECTOR'S OVERVIEW



From left to right
BBC World Service rose to the challenge of covering the range of major news stories, including the Indian Ocean tsunami
The Beslan school siege coverage won the Sony News Output Award
BBC World Service's strategy to concentrate marketing expertise in countries including Iraq is paying off
English and Arabic news teams worked closely together to provide coverage of Iraq's historic elections

'BBC World Service capitalised on the investment from a short-wave radio broadcaster into a leading international multimedia network.'

RIISING TO THE CHALLENGE

Meeting the global demand for accurate information, analysis and debate in a year of exceptional news events presented BBC World Service with a series of very testing challenges. Unlike the previous 12 months, when events in Iraq and the Middle East had dominated the daily news agenda, the range, intensity and geographical spread of major news stories was unprecedented. It included the Indian Ocean tsunami, the Beslan school siege, the US and Ukrainian elections and a significant enlargement of the European Union. BBC World Service rose to those challenges with confident, reactive and sure-footed coverage. We produced some of our strongest-ever news programmes, pioneered the use of new interactive media and provided enhanced services where they were needed most.

This judgement is supported by independent research commissioned by BBC World Service. In almost all the countries surveyed, our scores for trust, objectivity and relevance improved; in some regions, where we had seen falls during the Iraq war, we returned to previous high levels. In the Middle East and wider Islamic world, audience numbers and scores for reputation rose in most of our target countries: Iraq, Iran, Afghanistan, Bangladesh and Indonesia. There are early signs, therefore, that our strategy to concentrate more programme resources and marketing expertise in these areas is paying off.

BBC World Service capitalised on the investment it has made in transforming itself from a short-wave radio broadcaster into a leading international multimedia network. We worked closely with our colleagues in BBC Global News Division, extending the synergy between our international television, radio and online services and working towards the 'global conversation' that forms the heart of our joint strategy. We strengthened our co-operation with local FM and online partners worldwide, making it easier for people to hear and access our material, particularly where short-wave is in long-term and irreversible decline.

Our correspondents helped to put the events in context while new interactive services made it possible for growing numbers of people to contribute and comment on world events. We opened new channels of communication between communities that are divided by distance, language and culture.

As so often happens, looking back on the year, it is individual people who bring the value of the services we provide into sharp focus. On a visit I made to Kabul to see the work of our programme-makers in Afghanistan, an old man came up to me. Recalling the dark days of the Taliban,

he put it quite simply: 'You were our school, our university on the world,' he told me. 'You kept us in touch with Afghanistan and each other.' The Taliban's harsh regime may be over but the BBC continues to be of vital importance in Afghanistan, where our programmes in Pashto and Persian are now available via FM in 14 cities. The latest survey in five provinces showed that 67% of the people are regular BBC listeners, ahead of all broadcasters, including national radio, and the total audience is up by two million to 2.8 million.

Appreciation of what the BBC has to offer is by no means confined to regions that were until recently deprived of free media. In the United States, for example, independent research shows that the appeal of the BBC's unique international perspective is greater than ever. The radio audience has reached a record five million listeners, and as many as 40% of American online news users now access the BBC's international news sites.

These audience figures in countries that can be said to epitomise the extremes of global development helped underpin an improvement in our overall estimated weekly listening levels. The overall total grew slightly by three million to 149 million regular listeners, which remains at least 50% more than any other international radio broadcaster. The growth was achieved despite unremitting competition from domestic FM stations and television networks and the inexorable decline of short wave in most developed markets. There remains no room for complacency, however. Audiences fell in 22 countries. The global audience in English is down by six million to 39 million. The losses are mainly in Africa, traditionally a BBC World Service heartland. But there were encouraging increases in key markets such as India, up 4.8 million following a successful Hindi marketing campaign in rural areas, and in Bangladesh and Indonesia.

The BBC's performance in Iraq and throughout the Arab world was one of the year's outstanding achievements. Arabic and English language news teams worked closely together to provide coverage of Iraq's historic elections. The BBC's new FM transmitter network in the country made a crucial difference in ensuring salience in an increasingly competitive media climate. The measure of success has been an increase of 1.8 million listeners in our weekly radio audience in Iraq to a new level of 3.3 million. The BBC news bureau in Baghdad gives us an important edge in reporting from a country that remains difficult and dangerous. For our news teams it complements the new bureau in Cairo, where a significant number of programmes are now made for the Arabic Service.

Making best use of extra resources

Stakeholders placed confidence in us. The UK Government announced an increase in funding of £27m over the period 2005-2008. This will allow us to channel additional funds into expanding FM in major cities and strengthening our impact in the Islamic world. Although no new funds were made available for the launch of a television news service in Arabic, it remains an important strategic aim. We continue to pursue it in discussion with the Foreign Office by looking to see how far we can fund such a service from within our enhanced baseline. We are committed to making the extra money go as far as possible and ensuring that all investments are sustainable by increasing efficiency and reviewing value for money of our support services. In the wider context of UK public diplomacy, we welcomed the opportunity to provide information to the review being carried out by Lord Carter of Coles.

Online growth

International traffic to the BBC's online services grew to 324 million page impressions in March 2005, up from 279 million a year earlier. Although the annual increase was lower than expected, the rise in the number of individual users was higher, growing 29% from 16.6 million to 21.5 million. Our in-depth sites now bring together a wealth of information and analysis, including audio and video, on major issues such as Islam and the West, the changing face of China and development in Africa. We made significant progress towards developing fully interactive multimedia sites in key languages, including Arabic, Spanish, Russian and Urdu in addition to English. Interactive programmes such as *Talking Point* have pioneered a new form of global debate on issues of the day that brings together radio, television and online audiences. The online service for Brazil, bbcbrasil.com, began piloting the use of streamed video content, which will also be offered in Arabic and Spanish during 2005. Partnerships with leading internet service providers and other media organisations proved highly effective in generating traffic.

The BBC's international public service role as a provider of information at a time of crisis came to the fore on a number of occasions during the year. After the tsunami, almost two million people looked at the BBC's online missing persons notice board. In Nepal, we provided crucial information following the 'coup' staged by King Gyanendra. The BBC Nepali service launched an additional early morning programme after local FM stations stopped relaying BBC news.

BBC World Service coverage of the Beslan siege won the Sony News Output Award in the UK. In business programming, our teams were awarded the prestigious Wincott Award and the distinguished correspondent Peter Day,

who presents *Global Business*, received the Lifetime Achievement Award in the Work Foundation Workworld Media Awards.

This past year has seen the implementation of a major project to move our programme-making technology from a tape to a digital environment. Over 1,500 members of staff have been trained in the use of our digital production system, which is sustaining our non-English output.

Based on new equipment and faster work practices, digital technology has given us more flexibility to create and reuse the content. We can now store nearly five million hours of audio. This gives us an advantage in competitive environments where we have to provide programmes in different formats for various means of distribution around the world. We are now better placed to meet the demands of our audiences.

BBC Monitoring made a vital contribution to the BBC's international news coverage. Its intimate knowledge of the media and ability to track news sources in some of the world's most difficult regions played a particularly important part in interpreting the pattern of events in Iraq and during Ukraine's 'orange revolution'. It carried out these responsibilities at a time when its funding regime and resources were under review. Despite this uncertainty, the professionalism and dedication of the teams at Caversham, and overseas, shone through.

It was another year of firsts for the BBC World Service Trust, which continued to pioneer ways of using communications for development. Highlights include Cambodia's first television soap opera, which extended the Trust's outstanding record of using mass media to fight HIV/Aids. In Afghanistan a new programme modelled on the UK's *Woman's Hour* celebrates the lives of Afghan women in ways that have never been possible before. The Trust's work in education, health and support for independent media was funded by a record £13.6m from partner organisations.

Once again I would like to thank every member of staff and all those who have contributed to our programmes. The dedication and skill of our teams is valued all over the world and enhances both the BBC's and Britain's reputation wherever our programmes and services touch people's lives.

Nigel Chapman
Director
BBC World Service

Nigel Chapman

Meeting the global demand for accurate information, events presented BBC World Service with a series of

analysis and debate in a year of exceptional news very testing challenges



Falluja, Iraq



Darfur, Sudan

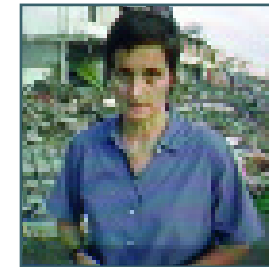
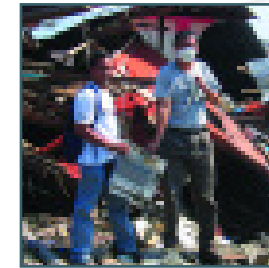


Amman, Jordan



Banda Aceh, Indonesia

‘Having so many correspondents in the regions that were affected meant that we were able to give an insight into the scale of the disaster and the human reaction to it at a very early stage.’



From top left clockwise
As fears of a second tsunami grew, there was an overwhelming need for accurate information
Achmad Uzair (left), a reporter with the Indonesian Service's partner station Prima FM and the Indonesian Service Desk Editor, Liston Siregar, among the wreckage of Radio Prima FM in Banda Aceh
In the wake of the tsunami, tens of thousands of emails were received from anxious friends and relatives
Indonesian Service reporter Maskur Abdullah interviews a refugee in the west Aceh town of Meulaboh
In the worst hit areas there were immense logistical difficulties. Rachel Harvey was one of the first correspondents to reach Aceh
Vehicles travelling into Nagapattinam were met by a surge of humanity

CONNECTING IN CRISIS

The second biggest earthquake in recorded history erupted off the coast of northwest Sumatra on Boxing Day 2004. The devastating tsunami it unleashed cost the lives of more than 200,000 people across a vast area from Sri Lanka and Indonesia to the Maldives and the coast of Africa. It proved to be one of the biggest news stories BBC World Service has had to report in decades.

The BBC's services in English and regional languages brought vital information to audiences and connected communities through radio and the internet. Thousands of people accessed the BBC's online services to trace missing relatives and friends.

'It was an extraordinary story,' says Phil Harding, Director of English Networks and News. 'I think one that many of us in the news business had not faced in our entire working lives. That made the initial judgements about it very difficult, and the scale of it was almost impossible to comprehend to start off with.'

'But once the scale of the disaster became apparent, the BBC was in a unique position in being able to deploy so many correspondents so quickly. Having correspondents in the regions that were affected meant that we were able to give an insight into the scale of the disaster and the human reaction to it at a very early stage. Through special *Talking Point* programmes people were able to connect from the various areas and other parts of the world and talk about their experiences.'

The BBC played a crucial role in bringing information to the devastated region. Its services in Indonesian, Hindi, Somali, Sinhalese and Tamil, as well as English, are highly regarded. Surveys carried out during the year in Indonesia and India confirmed its rating as the most trusted and objective international broadcaster, with approval ratings rising significantly. But the task of reporting the tsunami was unprecedented. In the worst hit areas there were immense logistical difficulties as communications, power and water had been cut off.

'Some areas, crucially the Indonesian province of Aceh and the Nicobar Islands, were very difficult to get through to, with little information coming from the authorities,' says Sabir Mustafa, Executive Editor in the

Asia Pacific region. 'Our reporters in the field proved their worth, particularly in the difficult north and east of Sri Lanka and in Aceh.'

Menuk Suwondo, Head of the Indonesian Service, tried for four days to contact the BBC's partner stations in Aceh, which had broadcast BBC programmes on FM before the tsunami. At last, she received a text message from Achmad Uzair, a reporter with partner station Prima FM. 'I am alive but the rest of the team are missing,' it read. As more people from local FM stations were located, the BBC helped by replacing damaged equipment and providing satellite dishes and receivers.

'One of the BBC's local reporters succeeded in arranging transport. Soon four stations, including a new partner, were on the air. To make it possible for homeless people to listen, 500 badly-needed radios were distributed to refugee camps along Aceh's western coast.'

'It was a really difficult time for all of us because we could put faces to some of the numbers, and members of staff had families that were affected,' says Menuk Suwondo. 'Our Jakarta reporter was the first one on the scene in Aceh and, at a refugee camp, he was surrounded by children asking him to help find their missing parents.'

Tamil editor Thirumalai Manivannan was called at 3am by the wife of the service's reporter in Trincomalee on the eastern coast of Sri Lanka. Water had entered the town and most of the houses by the coast had already flooded. 'My first concern was about the safety of the correspondent and his family,' he says. 'But it was not possible for them to leave as almost all the roads were flooded. As the day progressed it was clear that this was an unprecedented calamity to hit the region, not India and Sri Lanka alone.'

The BBC was able to put the disaster in context for people throughout the affected regions. 'I think our ability to give a really comprehensive picture of the story was really important. We had correspondents reporting from every affected country at one stage or other,' says Mary Hockaday, Editor World Service News and Current Affairs. 'That meant we could connect people

who were affected directly with each other and let people know what was going on elsewhere, and we could also, of course, connect people listening all round the world – and we know what an extraordinary global response there was to this disaster.'

In the wake of the tsunami, tens of thousands of emails were received from anxious friends and relatives of people caught up in the disaster – 25,000 by the English language 'Have Your Say' website in the first week alone. The internet became a lifeline. A number of families were able to trace their loved ones through comments and appeals that appeared on special message boards.

Presence on the ground

The BBC's presence on the ground underpinned the quality of news coverage from stricken areas. Rachel Harvey was one of the first correspondents to reach Aceh, the closest land to the epicentre of the earthquake. It was an area she had visited over the previous two years, reporting on the conflict in the troubled province between separatist insurgents and the Indonesian government. 'I'd never seen anything like it before,' she says. 'It was absolutely catastrophic. In the space of 20 minutes I counted 10 trucks filled with bodies arriving at just one mass grave on the outskirts of town.'

Roland Buerk gave a first-hand account of the horror from the south coast of Sri Lanka. He was in bed when the tsunami hit the beach outside his room. 'There was no warning and we did not see it coming. We were swept along with motorbikes and cars, bits of wall and the ruins of buildings. It was not a question of swimming for your life. The tsunami was too powerful for that.'

In Thailand, Kylie Morris witnessed the impact on tourists as well as local people. 'At a makeshift morgue there were more than 300 bodies, mainly of foreign tourists. Photos of the dead were posted outside. Forensic teams are arriving and volunteers offer counselling for those whose sad search comes to an end.'

As fears of a second tsunami grew, there was an overwhelming need for accurate information as Charles Haviland reported from Nagapattinam in southern India. 'Five days after the tsunami there was total panic here. Vehicles travelling into Nagapattinam were met by a surge of humanity and traffic coming the other way, fleeing inland. The panic was fed by official warnings compounded by rumours. Home ministry officials had said another tsunami might take place because a new earthquake was being predicted in the Indian Ocean.'

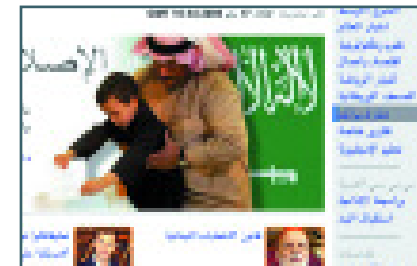
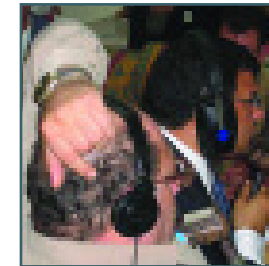
The range of the devastation affected communities far from the epicentre of the earthquake. In Somalia, Adam Mynott reported how the tsunami had shattered a fishing community more than 7,000 km away. He found Mohammed Awor picking through the wreckage of his shop. 'Even though the wave had lost much of its power, a three-metre wall of water crashed through Mohammed's home, destroying everything. He and many of his friends were out at sea fishing at the time. Nineteen people in Hafun were killed. Dozens were left without anywhere to live.'

Listeners become journalists

The scale on which listeners contributed eyewitness reports reached a new level in the aftermath of the tsunami. In Sri Lanka, for example, where the Sri Lankan Broadcasting Corporation went off the air and the BBC was unable to contact anybody for some time, listeners provided a lot of information. 'I think this is something new that is happening in broadcasting,' says Phil Harding. 'The dividing line between listener and journalist is blurring and in many cases now our listeners are becoming our journalists.'

Online services continued to provide detailed information and analysis in the months following the tsunami. 'People have been continuing to tell us their stories through pictures, through words and through voice clips,' says interactivity editor Santosh Sinha. 'We want to make sure that the first anniversary on 26 December 2005 isn't the first time that we return to the story.' Through its services for the region, BBC World Service will enable people to share experiences of rebuilding their lives long after the initial headlines have faded.

More than 3.3 million people now listen to the BBC in Arabic, in Iraq. A new FM transmitter network has greatly improved reception in Baghdad and six other major cities.



Clockwise from top left
An estimated eight million Iraqis defied threats of violence and calls for a boycott to cast ballots in Iraq's first free election in over 50 years
At President Arafat's funeral, tens of thousands of mourners surged around the coffin
Head of Arabic News and Current Affairs Fouad Razek (right) reported from Ramallah for President Arafat's funeral
The Arabic Service launched a new morning show and revitalised its reporting and online offer
Major news stories included the relationship between Israel and the Palestinians
Security remains a daily concern in Iraq

REPORTING A REGION IN TRANSITION

In the second year since the fall of Baghdad to US-led forces, the future of Iraq continued to dominate global as well as regional news headlines. During the run-up to the country's first multi-party elections for 50 years in January 2005, many areas were effectively controlled by insurgents. The BBC provided detailed coverage from all parts of the country on radio and online.

Elsewhere in the Middle East, major news stories included the death of Yasser Arafat and its implications for relationships between Israel and the Palestinians; the assassination of former Lebanese prime minister Rafik Hariri and Syria's withdrawal from Lebanon following huge street protests.

When Iraqis went to the polls in January 2005, BBC correspondents reflected events nationwide as an estimated eight million people turned out to vote. Close co-ordination between Arabic and English news teams gave the BBC an edge in its coverage of the elections, one of the year's toughest news assignments. The BBC's network of local Arabic reporters across the country provided a crucial insight on the ground.

'The World Service was able to cover the Iraqi elections in a unique way,' says Liliane Lador, Editor BBC World Service News Programmes. 'We seamlessly combined our coverage in English and Arabic and were able to broadcast from parts of Iraq that were closed to most media organisations. We covered the width and breadth of the country, reporting from Najaf and Falluja as well as Baghdad and Basra.'

The BBC played a special role as an independent observer for people in Iraq itself. More than 3.3 million people now listen there to the BBC in Arabic. A new FM transmitter network has greatly improved reception in Baghdad and six other major cities.

The BBC's election coverage drew a graphic picture of how voters defied the threat of violence in many parts of the country. 'People told me they were participating to make their voices heard, even if the situation was difficult,' says Mohammed Hussein, who reported from Najaf. 'They said

they were not afraid of the insurgents. Some of them were carrying white banners in the shape of a hand palm as a sign of defiance. A lot of women turned out and their numbers dwarfed those of the men. I saw very old people struggling to walk and blind people being led to the polling stations.'

In Baghdad, Caroline Hawley described how large numbers of people came out to vote despite suicide attacks. 'Militants did what they could to carry out their threats to disrupt the poll, but it was also very evident there was a lot of enthusiasm for the vote,' she says.

Turnout was much lower in Falluja, where insurgents had threatened to behead anyone casting a ballot. There was a trickle of voters. 'I witnessed some persons, all of them or most of them are men, because only men have returned to Falluja leaving their women behind,' reported Fadel al-Badrani. 'Meanwhile, sounds of explosions were coming from the outskirts.'

Arabic producer Khalil Osman covered the election as part of a group of journalists, including BBC colleagues, embedded with British forces in southern Iraq. 'It was a great opportunity to witness history in the making and to see how people from various BBC branches and services can work together in the field,' he says.

In Iraq itself, the threat of violence grew. 'Coverage has become more difficult over the last year because of the security situation,' says Hosam El Sokkari, Head of the BBC Arabic Service. 'Baghdad itself is a dangerous place to work, and in Falluja we relied on people from the area during the elections. Because they are Iraqis and speak the language it is easier for them than for a foreigner.'

Security remains a daily concern. 'The first consideration is always security,' says World Service Assignments Editor Peter Burdin. 'The main risks are kidnapping or being caught up in the bombings, although there have been direct attacks on BBC vehicles, too.' The dangers faced by journalists in the Middle East region were further highlighted when BBC Security Correspondent Frank Gardner and Cameraman

Simon Cumbers were shot in a gun attack in Riyadh. Cumbers, 36, died from his injuries.

Trust and objectivity

In a year when the Arabic Service launched a new morning show and revitalised its reporting, the BBC's ratings for trust and objectivity, which were hit by the Iraq War, recovered markedly. In Egypt, a survey showed the BBC is regarded as the most objective international broadcaster. Special coverage focused on major events throughout the region. Highlights included Saudi Arabia's first municipal elections, the death of Palestinian president Yasser Arafat and its aftermath, in addition to coverage of Iraq.

Head of Arabic News and Current Affairs Fouad Razek was present amid the chaotic scenes at President Arafat's funeral, as tens of thousands of mourners surged around the coffin. 'I went to Ramallah to cover events live and get reaction from people in the street,' he says. 'With so much competition from television we aimed to create a distinctive kind of "radio with pictures".' When Mahmoud Abbas became the new PLO Chairman he gave the Arabic Service its own interview in recognition of its importance in the Arab world.

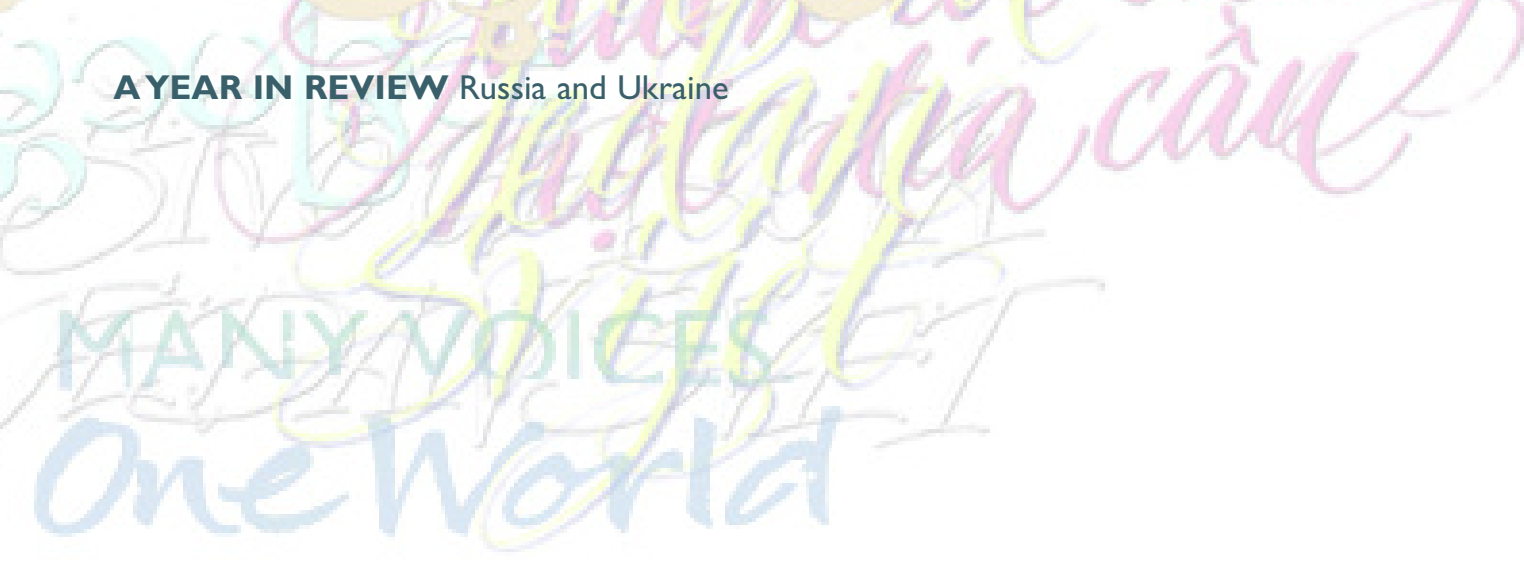
In Lebanon, BBC correspondents provided vivid on-the-spot accounts when hundreds of thousands of demonstrators held rallies in Beirut a month after the assassination of former Prime Minister Rafik Hariri. Beirut reporter Nada Abdelsamad talked to pro- and anti-Syrian demonstrators to give a first-hand account of developments. 'This was the year when the mood on the street changed things in a way that has never happened before in the Arab world,' says Fouad Razek. 'We were there to report it.' Interactive programming is widening the debate for Arab audiences. Every weekday *Nuqtat Hiwar (Talking Point)* provides a popular forum for radio listeners and online users to air their views. 'We broaden the agenda by not only covering political events but also social and economic issues that affect people's lives,' says Hosam El Sokkari. 'Not everything is about

war and kidnapping. For example, we cover issues such as the position of women in society.'

The BBC's new Cairo bureau made an increasing contribution to Arabic programming. BBC World Service's first overseas office to employ fully digital studio equipment, it went live in June with a six-hour broadcast to the Arab world.

Listeners in the United Arab Emirates were able to tune in to BBC broadcasts in English on FM for the first time. Significant progress was made in improving audibility in the sensitive regions of Bethlehem, Jerusalem and the West Bank. A new local partner, Radio Bethlehem 2000, began broadcasting BBC programmes in Arabic and English on FM 12 hours a day. 'We launched the new service on the day Yasser Arafat died,' says Jerry Timmins, Head of BBC Africa and Middle East Region. 'It meant that listeners in Bethlehem and across the West Bank area could hear the news unfold from Ramallah to Paris and Cairo, live from the BBC.'

Special programmes on BBC World Service in English explored issues underlying relationships between the Arab world and its neighbours. Highlights included *A Year in the Arab-Israeli Crisis*, *Islam's Furthest Frontier*, *France and the Arab World*, *The Arab Crisis* and *Young in the Arab World*.



'In Russia the BBC, like other international broadcasters, has faced a major challenge to retain listeners. The sharp decline of recent years has been halted.'

COVERING A YEAR OF TURBULENT CHANGE

Two major events stood out in a year of turbulent change. In November 2004, Ukraine's presidential elections sparked turmoil as hundreds of thousands of people took to the streets to protest about reported vote rigging. Two months earlier, the Beslan school siege in Russia left more than 340 people dead, many of them children. The BBC's news teams in Russia and Ukraine provided the latest information and analysis for people in the region and around the world.

The Ukrainian presidential elections of 2004 were a dramatic turning point for a country at the crossroads in its relationships with Russia and western Europe. In November, the official count indicated a victory for Prime Minister Viktor Yanukovich backed by outgoing President Leonid Kuchma. But observers alleged widespread vote rigging. Opposition candidate Viktor Yushchenko, visibly suffering the effects of what was later confirmed to be dioxin poisoning, launched a campaign of street protest and civil disobedience. He was duly elected after a second vote in what became known as the 'orange revolution' because of the flags carried by demonstrators.

The BBC reported from eastern Ukraine, the stronghold of support for Yanukovich, as well as from Kiev. 'As an international broadcaster we had an obligation to get the story right about these dramatic events,' says Olexiy Solohubenko, Executive Editor, EurAsia. 'Things started to develop in an absolutely unprecedented way after the first ballot. It would have been easy to believe the whole country was supporting Yushchenko because his were the colours of the flags on the streets of Kiev. To give the wider picture we quickly sent correspondents such as Jonathan Charles to Donetsk and Crimea and Sarah Rainsford to eastern Ukraine.

'We strove to achieve balance despite the difficulties,' he adds. 'We obtained interviews with Yushchenko himself and key representatives of Yanukovich as well as comments from President Kuchma.'

Services for Ukraine itself were stepped up in partnership with the national FM network Radio Era, including additional news bulletins and evening programmes to review the day's events. The BBC Ukrainian online site recorded a large rise in page impressions during the elections, on top of an average monthly figure that had already trebled from the previous year.

The elections generated widespread concern in Russia, where President Vladimir Putin had backed Yanukovich. 'Russia feels vulnerable,' says Steve Rosenberg, BBC correspondent in Moscow. 'Many here are still struggling to come to terms with the loss of empire. This is why Ukraine is so important: a country in a key strategic position to Europe, bigger than France and right on Russia's doorstep. Moscow is keen to keep Ukraine looking east. So in this election it backed the man who promised to do just that – Viktor Yanukovich received the very public support of President Putin.'

In Russia, like other international broadcasters, the BBC has faced a major challenge in retaining radio listeners. But the sharp decline of recent years has been halted. Online traffic is up 60%. 'In Russia there is growing antipathy to the outside world and dislike of the west and western media,' explains Behrouz Afagh, Head of EurAsia Region. 'It goes hand in hand with domestic politics becoming much more nationalistic and inward looking. That is making it harder for the BBC to make an impact. We have responded by making major improvements in our programming and distribution. We launched a brand new two-hour morning show



Clockwise from top left
The Beslan school siege in Russia left more than 340 people dead, many of them children
Chechen separatists stormed Beslan's No. 1 School and took more than 1,000 children and adults hostage
Ukrainian demonstrators carry their distinctive orange flags in Kiev
Viktor Yushchenko was elected after a second vote in what became known as the 'orange revolution'



from Moscow and are bidding for FM frequencies in 11 cities with a major Russian partner, Radio Max.'

Reporting from Beslan

Reporting from the Beslan school siege placed exceptional demands on BBC Russian reporters. 'It was a very difficult story for them to cover,' says Behrouz Afagh. 'They had to balance the emotional impact of what had happened and the very strong feelings back in Russia with the need to maintain balance and distance.'

During the siege, when Chechen separatists stormed Beslan's No. 1 School in Russia's North Caucasus region and took more than 1,000 children and adults hostage, the first priority was to get reporters on the spot quickly. 'Our reporter Kiryl Sukhotski was telling the story live from Beslan by the evening,' says BBC Russian Head Sara Beck. 'We had an agonising period as he was separated from the main team during the initial confusion and gunfight. To everyone's relief he was back in contact soon and was then rarely off the air for the next 48 hours.'

News programmes were extended in a range of languages. There was 12 hours of continuous coverage in English keeping audiences up to date with immediate events while analysing the context and likely repercussions. The quality of the coverage was recognised with the Sony News Output Award in the UK. BBC Russian reporters provided on the spot help for all BBC news programmes, including domestic outlets. The BBC's online audience in Russian trebled and online teams in London and Moscow dealt with a flood of comments and enquiries. A record of more than 8,000 emails was received by the BBC Russian website.

‘China Week took more than 60 BBC journalists and programme-makers to seven Chinese cities and many areas of China where international broadcasters have never reported from before.’



Clockwise from top left
China Week was a milestone in efforts to hear what all kinds of Chinese people had to say
Knife, Fork and Chopsticks explored the differences between eastern and western cuisine
Chinese Current Affairs Senior Producer Qingrong He with Everton footballer Li Tie
BBC receives e-mails and responses to its online forums from China despite internet blocking
Among the highlights of the *China Week* was a pioneering special edition of the interactive discussion programme *Talking Point*, presented from Beijing by Robin Lustig
Question Time, presented from Hong Kong, was shown on BBC World and aired on BBC World Service

INSIDE THE NEW GLOBAL POWERHOUSE

The BBC's *China Week* focused on the rising superpower of the 21st century in a way that has never previously been attempted. Programme-makers reached parts of the country, listened to voices and explored a range of subjects that are usually beyond the scope of day-to-day programmes. The week was a milestone in efforts to hear what all kinds of Chinese people have to say; to analyse developments there; to take a global view of how China is perceived and to assess the country's international impact.

Conceived as a bold attempt to report on the new global powerhouse from within China itself and around the world, *China Week* spanned BBC radio, television and new media services. 'Getting a diverse range of voices from China became one of our main ambitions,' says Commissioning Editor Ruxandra Obreja. 'China Week took more than 60 BBC journalists and programme-makers to seven Chinese cities and many areas of China that international broadcasters have never reported from before.'

They discovered how China's 'economic miracle' may have been built upon cheap labour but the pace of development has brought new wealth for the lucky winners. Social attitudes in rich urban areas have changed in ways that would have been unimaginable a short time ago. 'You can see it in the neighbourhood where I live on the outskirts of Beijing,' says BBC correspondent Rupert Wingfield-Hayes. 'Two years ago it was surrounded by corn fields. Now it's surrounded by huge new building sites for luxury housing complexes – places with names like Grand Hills, Riviera or, my personal favourite, Yosemite Park. Here China's new rich can buy a fully packaged American lifestyle: five bedrooms, a real log fire and, of course, an extra large garage for the 4x4.'

Among the highlights was a pioneering special edition of the interactive discussion programme *Talking Point*, presented from Beijing by Robin Lustig. Guests Lei Xiong, Director of the Chinese News Agency,

and Professor Xiguang Li of Tsinghua University answered email and telephone questions from radio, television and online audiences around the world and within China itself. They debated issues including economic disparity, freedom of speech and HIV/Aids and health.

Flagship World Service programmes such as *NewsHour* and *The World Today* were broadcast from Beijing and Shanghai to explore economic developments, discuss China's place in the world and meet celebrities. China's impact on the global economy was examined in a five-part documentary, *China's World*, and special editions of *Global Business*.

Initially a BBC World Service idea, the concept of the season was taken up by BBC radio and television in the UK. Highlights included a first for BBC1's *Question Time* – a special edition presented by David Dimbleby from Hong Kong, which was also shown on BBC World and specially edited for radio. For internet users, the 'Changing China' website was set up to give extensive access to video and audio material and provide an in-depth guide in text and pictures.

China Week proved useful in gaining more access to China than has previously been permitted by the authorities, although many restrictions remain in place.

'The access we were given for the season showed the progress that has been made,' says Lorna Ball, Head of Chinese Service. 'Nevertheless it remains difficult for our people in Beijing to cover stories outside Beijing or Shanghai because they first have to get permission to leave those cities. Until now the authorities have only permitted three resident BBC correspondents. Although attitudes are changing sometimes we still have problems obtaining an official response to stories that may be critical of China. But we got our first ministerial interview this year.'

Growing partnerships with Chinese radio stations
For BBC Chinese, the radio broadcasts which in Mandarin are still routinely jammed in China, the aim is to increase audiences by forming partnerships with Chinese radio stations. 'China's jamming of our short-wave signals and blocking of our websites is a challenge requiring radical solutions,' says Abbas Nasir, Acting Head of Asia and the Pacific Region. 'Our strategy is to target the Chinese market with specially designed content both on radio and online while maintaining our commitment to news and current affairs coverage.'

The Chinese market is a priority for English language teaching programmes, which include new 'FM-friendly' productions and are widely welcomed. Twenty of the BBC's partner stations and websites took part in an English language teaching summer school held in Tianjin in 2004.

Feature programmes are also fertile ground for joint ventures for the Chinese Service. Several co-productions were made last year – among them a series called *Knife, Fork and Chopsticks*, produced jointly with a radio station in Chengdu, western China, which explored the differences between eastern and western cuisine. The series concluded with a joint live webcast of a colourful culinary event with chefs from the UK and China demonstrating and discussing their craft.

The BBC's English language radio broadcasts are not jammed regularly and BBC World television is available in guest houses and hotels. However the continued blocking of BBC news websites (dubbed 'the great firewall of China') makes access extremely difficult – though not impossible – for China's 94 million internet users. 'People in China do access our website,' says Lorna Ball. 'We get emails and a significant response for our online forums from people in China so we know that people can get round the blocking, but nevertheless it is still done. This accounts for the fact that, although many Chinese speakers around the world

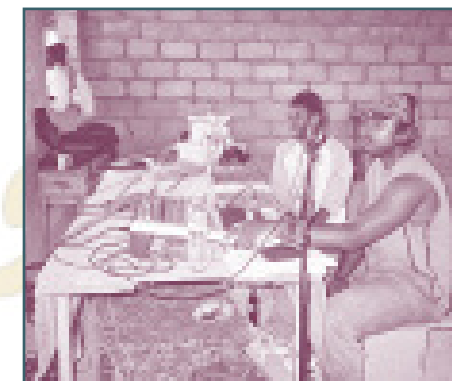
use the site, only a small proportion of our overall traffic comes from inside China.'

Despite the continuing restrictions, it was a year when China moved up the news agenda in the UK and all over the world. 'Coverage has suddenly got much better,' says Lorna Ball. 'China is being mentioned as a matter of course, not as something special. We are confident that this process will continue and that we will have increasing access. We hope that China will be more understanding of what it is we are trying to do and the way in which we do it. We are optimistic that different parts of the BBC, the Chinese Service included, will be increasingly successful in forming partnerships and working with people in China.'

Reporting the reality of the new China to audiences throughout the world remains a challenge but the success of *China Week* showed just how much can now be achieved.

‘No one should be in any doubt about the BBC’s long-term commitment to Africa, both on radio and increasingly on multimedia platforms.’

MANY VOICES
One World



Clockwise from top left
The BBC's significance to African listeners was highlighted in a rare survey of their lifestyles and attitudes
The BBC is responding to growing competition by investing in programmes supported by strategic marketing campaigns
At the BBC Africa 2015 conference, the BBC pledged to take a lead in developing the media within Africa
Education initiatives include Nigeria's 'Voices' project
The BBC is extending interactivity reflecting the importance of mobile phones in many African countries

TAKING THE PULSE OF AFRICA

Africa is home to the BBC's biggest audiences – over 50 million people are regular listeners to BBC World Service programmes, which are produced in eight languages. BBC World Service's long-term commitment to Africa came to the fore in a year when world focus on the continent followed the Commission for Africa initiative to tackle debt, trade and aid. But the media climate is increasingly challenging and audience fragility is a concern. Listening declined significantly in English in countries such as Kenya and Tanzania – although Hausa audiences hit a new record.

It was a year when Africa moved up the global political agenda. UK Prime Minister Tony Blair said reducing poverty in Africa was 'the fundamental challenge of our generation'. The UK-led Commission for Africa urged wealthy nations to double their aid to the continent, raising it by £30bn a year over 10 years.

The BBC's unrivalled ability to report in depth from across Africa is founded upon its large network of African reporters. Working for the BBC's African services in English, Arabic, Hausa, Swahili, French, Portuguese, Kinyarwanda and Somali, they contribute expert local knowledge to the BBC's newsgathering operation. There are many examples of brave and high-quality reporting. Khartoum correspondent Alfred Taban won the UK Parliamentary Press Gallery's Speaker Abbot Award for his work in exposing the scale of the killing in Sudan's Darfur region. Jonathan Paye-Layle was honoured for his courageous journalism in Liberia.

Mark Doyle won first prize in the United Nations Correspondents Association (UNCA)/UN Foundation Awards (Reporting on Humanitarian and Developmental Affairs category) for his coverage of post-war Liberia.

'Historically the BBC's African services have played an important role in spreading free and impartial information for people to know more about what is going on in their societies,' says regional head Jerry Timmins. 'No one should be in any doubt about the BBC's long-term commitment to Africa, both on radio and increasingly on multimedia platforms.'

Holding those in power to account is a daily task for programmes such as *Focus on Africa* and *Network Africa*. They have consistently maintained high standards of journalism and are a prime source of news and information for millions of people. Annual tracking surveys in Kenya and Tanzania showed a significant rise in the BBC's ratings for trust during the year.

Nevertheless, audience numbers, particularly in English, are under pressure. Results published at the end of the year showed regular listening had fallen by 2.1 million in Kenya and 1.3 million in Tanzania. In Nigeria, where BBC partner station Ray Power FM has faced government restrictions in broadcasting BBC programmes, audiences fell by 1.5 million. But listening in Hausa grew by 3.4 million, reaching an all-time high of 18.6 million.

The BBC is responding to growing competition by investing in the quality of programmes at key times. Among major programme improvements for 2005 are extra editions of *Network Africa* and *Africa Live*. 'Africa Live is expanding the agenda by creating a platform where people of all descriptions across the continent can talk to each other about issues that really matter to their everyday lives,' says Jerry Timmins. 'Issues such as arranged marriage are hotly debated on the programme, which takes the BBC's coverage well beyond simply politics and economics.'

Investment in FM frequencies and partnerships is another crucial part of the competitive strategy. Programmes are now available on FM in African cities such as Abidjan, Accra, Bamako, Dakar, Freetown, Kigali, Maputo, Nairobi, Ouagadougou and Victoria (Seychelles).

The BBC is also extending interactivity in all language services and increasing multimedia investment, reflecting the importance of mobile phones in many African countries.

The BBC's strategy for Ghana typifies its approach and commitment to a continent where mass audiences are by no means taken for granted. It is launching another FM frequency there in 2005 and plans to strengthen partnerships with local broadcasters. A local SMS text messaging number

was introduced in Ghana during the year and more such services are planned. New ways of delivering programme content include news alerts and headlines for mobile phone users. In Kenya, for example, subscribers can now access BBC international headlines and African football news on demand. 'Kenya is a crucial market for us and we are constantly seeking new ways to serve our audience better,' says Joseph Warungu, Editor, BBC African Service. 'Now Kenyans can be kept updated through their mobile phones – an increasingly popular means of communication.'

Education and health

Alongside the World Service's regular broadcasts, the BBC World Service Trust is carrying out a wide range of health, education and media development projects in Africa (see page 22). The Trust's health campaigns developed in partnership with local broadcasters utilise mass media to increase knowledge about the threat of HIV/Aids and to promote sexual health among young people.

Education initiatives include Nigeria's Voices project, which explores issues of governance, rights and responsibilities in imaginative ways, including the country's first radio soap. A radio project in Somali, *Macalinka Raadiyaha*, has pioneered literacy education.

The Trust promotes development of independent media by providing training in journalism and managerial skills in countries, including Somalia, Sudan and Tanzania. In addition, the BBC has supported partnerships with local broadcasters by carrying out extensive training in 10 countries. Co-productions have been made with African partners such as Joy FM in Ghana, Ray Power in Nigeria and Radio 1 in Tanzania.

Pulse of Africa

The BBC's significance for African listeners was highlighted in a rare survey of their lifestyles and attitudes. 'They are not casual listeners but enthusiastic and loyal BBC fans in countries where radio listening dominates media consumption,' says Alan Booth, Controller, Marketing, Communications and Audiences. BBC World Service's 'Pulse of Africa'

survey covered 10 countries from east to west, including some with the highest BBC audiences. The survey showed that in Tanzania over 50% of the population are regular BBC listeners and in Nigeria and Kenya over 30%.

The Pulse of Africa survey's insight into African lifestyles and attitudes showed that more than 90% of African people are proud of their continent. While many in the rest of the world see Africa as plagued by war and poverty, Africans are generally far more positive about their lives.

At the BBC Africa 2015 conference, jointly hosted by the BBC and the Corporation of London, the BBC pledged to take a lead in developing the media within Africa through the BBC World Service Trust. Opening the conference, BBC chairman Michael Grade welcomed the Africa Commission's backing to strengthen media capacity and programme-making in Africa, building on the Trust's ground-breaking work. 'We in the BBC stand ready to do our part,' he said. 'This is a bold and exciting initiative to help African media realise its full potential.'

BBC World Service promotes understanding and tolerance in many and the West, or giving a voice to people in the developing world.

ways, whether by building relationships between the Islamic world



My life: Young women in five Arabic-speaking countries were encouraged to become politically and socially empowered through storytelling, art and photography



Share Your View: This popular campaign rolled out in a number of major cities in 10 African countries, including Nairobi, Kenya.



"Together we enrich your world": BBC Arabic can be heard on Radio Bethlehem 2000 eight hours a day



Circle of Life: Traditional Gond artistry commissioned specifically for Hindi rural marketing campaign

MANY VOICES One World

‘Interactivity is all about getting more voices heard, and that is helping to give our journalism a new edge, vitality and passion.’



Clockwise from top left
In Brazil, BBC online services now attract larger audiences than radio
BBC World Service received recognition for the way it has made its online services accessible in non-English languages. The ‘Your Voice’ interactive websites won the Best Global Website Award



PIONEERING WORK IN A MULTIMEDIA WORLD

Broadband technology and mobile communications are transforming audience behaviour in many markets. The BBC is leading the way among international broadcasters in enhancing content to meet this demand by introducing greater interactivity and video content in key languages. Online forums in which people can express their views on the issues of the day are now an established feature of BBC websites in many languages.

International traffic to BBC online news services grew to a record 324 million page impressions in March 2005, up from 279 million a year earlier. Although the annual increase was lower than expected, the rise in the number of individual users was higher, growing 29% from 16.6 million to 21.5 million. This corresponds to around 6.7 million weekly users.

The in-depth sites now bring together information and analysis, including audio and video, on major issues such as Islam and the West, the changing face of China and development in Africa. Significant progress has been made to develop fully interactive multimedia sites in key languages, including Arabic, Spanish, Russian and Urdu, in addition to English.

Interactive programmes such as *Talking Point* have pioneered a new form of global debate on issues of the day that brings together radio, television and online audiences.

‘In Brazil, online services now attract larger audiences than radio,’ says Lucio Mesquita, Head of Americas Region. ‘People there now see the BBC as a multimedia organisation. We recognise that the market is moving very fast and jumping into broadband very quickly. So we are pioneering the introduction of video content and getting closer to key media partners.’ A strategy of growing audiences through partnership with major Brazilian internet service providers such as UOL and IG has proved highly effective in attracting online users who may never have heard of the BBC. In January 2005 the BBC’s Brazilian website, bbcbrasil.com, registered 14.3 million page impressions, up more than 120% in a year. There were a million individual visitors. Anyone logging on to one of the country’s main websites is now likely to see BBC content featured prominently on the front page, linked directly to bbcbrasil.com.

It is a similar story in Spanish, where the BBC’s website bbcmundo.com – principally directed at Latin America but with sizeable audiences in the United States and Spain – recorded similar growth to reach 13 million page impressions in January. Partnerships with major portals such as Mexico’s TIMSN and Argentina’s La Nación are a key factor.

‘It’s similar to the change that has taken place in radio broadcasting with the move away from short-wave transmission to broadcasting our programmes on partner FM stations,’ explains Myra Hunt, Head of New Media. ‘Within a month of making an agreement with TIMSN this was driving at least 10% of the traffic to bbcmundo.com. Partnerships like these are helping us to win new audiences.’

The same partnership strategy is being pursued with new media in other parts of the world. Arabic online content is now available through partner sites serving Egypt, Jordan and Saudi Arabia. The Taiwanese news website ettoday.com has become the first site to take BBC Chinese news headlines. Partnerships have been agreed with leading Hindi, Persian and Russian sites. Mobile phone users in parts of the world can also receive text alerts and audio news bulletins. Agreements have been reached in several African countries where text messaging is increasingly widespread.

Powerful stories

Interactivity is increasingly important and the BBC’s investment in processing material from users is proving its worth. Individuals are increasingly feeding their own information, views and pictures back to the BBC. This has made an important contribution to coverage of major news events such as the Asian tsunami. ‘We had 25,000 emails in the first week after the tsunami,’ says Myra Hunt. ‘When people send in thousands of photos we process them and select the best ones. Sometimes they have really powerful stories to tell. That is making it possible for us to think differently about how we do the news. We have got this incredible audience and many are potentially journalists.’

After the tsunami, more than two million people accessed special webpages with notice boards of missing people in India, Indonesia, the Maldives, Sri Lanka and Thailand.

Online users are making a growing contribution to coverage of major events, providing eyewitness accounts and blogs (web diaries) that can give a new angle to the story. Close connections between the BBC’s language services offer new ways for communities in different parts of the world to share their experiences.

When US-led forces in Iraq entered Falluja, a doctor called one of the BBC’s Arabic interactive programmes to describe what was going on outside his house. The material was translated into English making it accessible to other parts of the world, including North America.

‘Interactivity is all about getting more voices heard, and that is helping to give our journalism a new edge, vitality and passion,’ says Myra Hunt. ‘People from Africa or the Middle East whose voices could never be heard in Europe or North America are now doing so. Our interactive connections are making that possible.’

Multimedia sites are fostering new dialogue between communities who have been separated, whether through political developments or natural disasters. bbcuardu.com helped families that had been separated for years by the Line of Control dividing Kashmir to communicate for the first time through video conferencing.

BBC Russian mounted a high-profile interactive discussion reviewing 20 years of *perestroika* in partnership with two Russian radio partners, the state-run network Radio Mayak and influential private station Moscow Echo. The programme brought together three leading figures of the time: former Soviet leader Mikhail Gorbachev, and former UK foreign secretaries Lords Howe and Hurd.

During the year BBC World Service received recognition for the way it has made its online services accessible in other languages besides

English. The ‘YourVoice’ interactive websites won the Best Global Website Award given by the Localisation Research Centre for the most innovative multilingual and multicultural website.

‘Lots of organisations are now offering content in languages such as Spanish, Arabic and Russian, but most are doing a mechanical job of translating either through machines or translators,’ says Interactive Editor Santosh Sinha. ‘Our websites have a soul – they actually talk to people like someone speaking their own language.’

The site also won two ‘Webby’ awards in 2005 – including the People’s Choice award in the Best News category. The website’s World Editor, Steve Hermann, says: ‘The range of international coverage, the combination of depth and immediacy allowed by the medium and the traditional journalistic virtues of sharply written stories, striking images and well-crafted audio and video ensure it remains one of the world’s largest and most popular news sites.’

A US survey conducted for the BBC showed that the BBC’s international news site bbcnews.com is now used by four out of 10 online news users. It is one of the 10 news sites of which US users are most aware – ahead of CBS News, USA Today, Reuters, Google News and AOL News. Over 60% said they trusted it more than US news sources. This survey revealed that bbcnews.com is a popular and much admired site in the world’s most competitive market,’ says Alan Booth, Controller of Marketing, Communications and Audiences. ‘It is the first time we have surveyed US online users and the results are very encouraging.’

The BBC News website, partly funded by the World Service, won the main award for general excellence in journalism at the Online News Association awards in Hollywood, beating washingtonpost.com and the Wall Street Journal website.

‘We invested a great deal of time in providing training and building a team. As a result, the Cambodia production team is one of the youngest, most dynamic and innovative that we have ever developed.’



Clockwise from top left
Woman in Today's World, the Afghan *Woman's Hour* radio programme, helps women share experiences and develop their own opinions
The Trust extended its range of HIV/Aids projects to Cambodia, where it launched the country's first Khmer language television drama, radio phone-ins, TV and radio spots
The Trust increased its support for media reconstruction and training in countries including Afghanistan
The Trust's locally produced radio drama series *Story, Story – Voices from the Market*, won Best Radio Drama and Best Script at the NBC awards
On location, filming *Taste of Life*

CREATING CHANGE THROUGH COMMUNICATION

It was a year of major new projects for BBC World Service Trust, the BBC charity that promotes development through innovative use of the media. The Trust widened its range of initiatives on HIV/Aids and launched its biggest media reconstruction project to date – an independent radio and television station in southern Iraq.

Projects carried out with local partners in over 30 countries are funded by UK Government departments, international NGOs, foundations and UN agencies. Income rose from £9.8m to £13.6m during the year.

‘Does the media matter in the fight against global poverty?’ The issue was debated at a major policy conference organised by the BBC World Service Trust and the UK Department for International Development (DfID). Chancellor of the Exchequer Gordon Brown and Secretary of State for International Development Hilary Benn were keynote speakers at the event, which was held after a BBC online survey revealed that 72% of respondents had never heard of the Millennium Development Goals – the international community's targets to halve poverty by 2015.

Calling for commitment akin to America's Marshall Plan to rebuild post-war Europe, Gordon Brown warned that the Millennium Goals were ‘at risk of being downgraded from pledge to just possibility - just words’. He congratulated the Trust for its ‘less widely publicised but highly innovative work, such as the pioneering HIV/Aids campaign in India’.

In 2004 a two-year extension was approved for the DfID-funded campaign in India - run in partnership with the national broadcaster, Doordarshan, and the Indian National Aids Control Organisation - which aims to prevent a worsening global HIV/Aids epidemic in northern Indian states. A new series of *Jasoos Vijay*, the award-winning interactive detective television drama, will begin; its compelling plots and high production values have helped to win hundreds of millions

of viewers. Information about HIV awareness and prevention is part of the drama, and the leading character is himself portrayed as HIV positive.

The Trust extended its range of HIV/Aids projects from India and Africa to Cambodia, where it launched the country's first Khmer language television drama, five radio phone-ins and TV and radio spots. The aim is to raise awareness in a country that has the highest rate of HIV infection in South East Asia. The project also tackles mother and child health issues.

Set in a fictional Phnom Penh hospital, the twice-weekly television drama *Taste of Life*, provides life-saving health information through a young cast of doctors and nurses. ‘Some of the biggest killers in Cambodia today are also the least discussed,’ says project leader Matthew Robinson, formerly an Executive Producer of the BBC's top television soap *EastEnders*. ‘*Taste of Life*'s compelling stories, about such taboo subjects as safe sex, are an entertaining way to providing health education and, just as important, to get people talking in both rural and urban areas.’

To make the show, the Trust built a complete film set and production base and recruited and trained local writers and actors. ‘There were very few experienced television professionals in Cambodia when the project began,’ says BBC World Service Trust Director Stephen King. ‘We invested a great deal of time in providing training and building a team. As a result, the Cambodia production team is one of the youngest, most dynamic and innovative that we have ever developed.’

Building independent television and radio
The Trust increased its support for media reconstruction and training in countries including Afghanistan, Somalia and Sudan. In Iraq work began on the Trust's biggest-ever media reconstruction project – building a complete television and radio station, Al Mirbad, that will go on the air

in 2005. More than 100 staff have been recruited and trained for the new station, which will broadcast locally produced public service programmes.

‘For the fledgling democracy to gain the confidence of the Iraqi people it needs a probing, questioning and independent media that the communities it serves find credible and want to participate in,’ says the Trust's Director of Media Development, Simon Derry. ‘These are things we need to do in partnership with local communities, reflecting the fact that the media there has got to be an important part of nation building.’

As well as training Al Mirbad journalists to be independent and impartial, the Trust has trained other editorial, administrative and technical staff. It has assisted in the development and piloting of different programme strands and is supervising the importation and construction of the studio and transmission equipment.

‘Creating a station from scratch is a difficult proposition anywhere but Al Mirbad is even more complex than usual as safety is a key concern,’ adds Abir Awad, Project Manager Al Mirbad. ‘Our task has been to provide a technical infrastructure and develop content with the local team without spending any time with them in-country.’

The Afghan *Woman's Hour* radio programme – called *Woman in Today's World* in Pashto and Dari, the main Afghan languages – went on air in January. ‘Afghan women are ready to move on after 23 years of conflict,’ says Editor Rachel Ellison. ‘They want to rebuild their country, to empower themselves and learn from other women.’ Like its long-running counterpart on BBC Radio 4 in the UK, the programme's debates, features and phone-ins tackle all kinds of subjects, from women's health, education and working lives to family issues, cooking, music and literature.

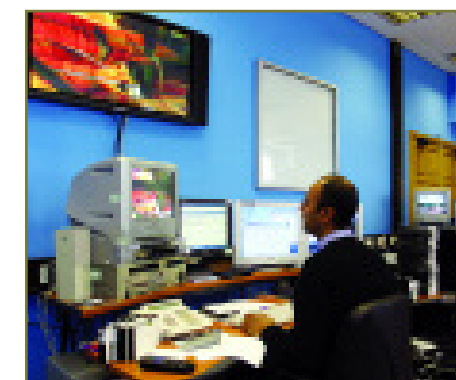
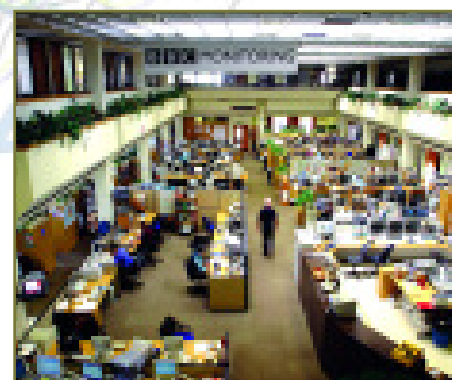
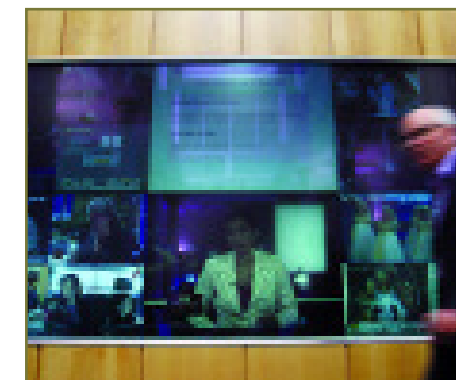
Young women in Egypt, Saudi Arabia, Syria and Yemen had an opportunity to share their experiences and concerns through a new Arabic project, ‘Hekaity’ (‘My Life’). Participants aged between 16 and 22 took part in locally held workshops to explore the theme, ‘Where am I and where do I want to be by 2015?’, working with a BBC team of trainers, programme-makers and partners from each country. ‘It was inspirational to see how involved they became in the workshop and how much they were willing to share their lives with us and with each other,’ says project manager Eleanor Morris. ‘We published the stories on bbc-arabic.com and there has been a huge response, with comments from all over the world.’

Awards during the year included Best Public Service Short in the Indian Telly Awards for HIV/Aids television spots produced with the Trust's Indian partners. In Nigeria, the Trust's locally produced radio drama series, *Story, Story – Voices from the Market*, won Best Radio Drama and Best Script for a Radio Drama at the National Broadcasting Commission (NBC) Awards.

‘Voices has been immensely successful in harnessing the reach of radio with the power of dramatic narrative,’ says Akim Mogaji, Head of Production, Voices Project. ‘From the very first episode, the series has provided quality educational broadcasting, engaging its audiences with authentic, gripping storylines that have relevance to their own lives.’

For the coming year the Trust plans to extend its ground-breaking projects in many of the world's poorest countries, developing the capacity of local and national media, building civil society, providing training in media skills and developing health and educational campaigns.

'Iraq and the Middle East is a priority for BBC Monitoring, which keeps watch on more than 3,000 radio, TV, press, internet and news agency sources worldwide, translating from up to 100 languages.'



Monitoring operations at Caversham

PROVIDING INSIGHTS TO THE WORLD'S MEDIA

BBC Monitoring's ability to observe media developments from inside countries all over the world paid dividends during a momentous year in key areas, from the Middle East to Russia and Ukraine. In Iraq, the service kept track of rapid growth in the number of newspapers, radio and television stations that has gathered pace in the second year since the overthrow of Saddam Hussein's regime.

In the new Iraq, private media outlets are dominant. Most are linked to political, ethnic or religious groups that are competing for influence.

The changes that have taken place in the past two years illustrate particularly well what happens when a totalitarian state is overthrown. One or two state-controlled channels are replaced by a multiplicity of media outlets, some of which are owned and run by Iraqis and others from outside the country.

TV and radio stations set up by the now-defunct US-led Coalition Provisional Authority (CPA) are being incorporated into a new publicly funded broadcaster, the Iraqi Public Broadcasting Service. In addition to American, British and other international broadcasters there are many regional offers. Journalists and media workers have fallen victim both to insurgents and coalition military action.

Iraq and the Middle East is a priority for BBC Monitoring, which keeps watch on more than 3,000 radio, TV, press, internet and news agency sources worldwide, translating from up to 100 languages.

The service is a key part of the BBC's newsgathering operation and a valued supplier of information to British Government departments and other subscribers, including media organisations, foreign governments, major companies and other organisations around the world.

A Cabinet Office review was announced in 2004 and was still underway at the end of the financial year.

'BBC Monitoring's ability to get inside Iraq and keep pace with the rapidly developing media scene on the ground has been vitally important in the last year,' says Chris Westcott, Director of BBC Monitoring. 'Knowing about all the new media outlets, who they are and what they are saying is essential but the practical difficulties are immense in a country like Iraq. An additional challenge is how to respond to this increasingly complex media environment within finite resources.'

The different shades of opinion in Iraq were clear during the elections in January, when some called for the elections to be postponed. Independent newspapers were divided but most private broadcasters backed the poll. New commercial satellite TV stations such as Al-Sharqiya – run by an Iraqi media mogul – and Saudi-financed Al-Diyar TV urged people to vote. BBC Monitoring demonstrated how private commercial broadcasters are making most of the running, taking advantage of what is regarded as one of the more liberal media environments in the Arab world.

Ukraine's media clampdown

In Ukraine, where BBC Monitoring has its own bureau, the signs of a media clampdown were evident to staff long before the disputed elections were held. President Kuchma's attempts to close down debate became clear months earlier. Entertainment shows began replacing news and current affairs, and legal attempts were made to influence the way the press was operating. Events came to a head when key sections of the Ukrainian media refused to toe the line and adopted a much more robust view of the demonstrations than they would have done previously.

'Ukraine showed the value of being able to track a story over a long period of time and not just coming to it when it makes the news headlines,' says Chris Westcott. 'Being in the country meant we could start to pick up the nuances between the east and west of the country at an early stage and find out whether people felt they were looking to Russia or Western Europe. Having our own bureau in Kiev was extremely important in reporting the media component of the 'orange revolution' and providing content and facilities to BBC news outlets.'

During the Beslan siege in Russia, BBC Monitoring helped to unravel a confused media picture of events at the school where more than 1,000 children and adults were taken hostage. With its own Russian monitoring team based inside the BBC bureau in Moscow, it revealed how widely differing accounts were being given in newspapers and

on television. Its ability to cover the whole of Russia showed there were big differences between what was being said by regional and Moscow-based media.

'The reason why the story appeared so confused came down to the tension between Moscow state media and regional media baronies trying to exercise control,' explains Chris Westcott. 'Different people had different agendas.'

The ability of BBC Monitoring to provide coverage of remote parts of the world proved particularly valuable during the Indian Ocean tsunami. 'One of Monitoring's strengths is coverage of countries that can get overlooked by others,' explains duty editor Chris Greenway. 'During the morning of 26 December our Nairobi unit filed a tsunami report from a local radio station in a remote region of Somalia. At the time the rest of the world had barely understood that the destruction had extended as far as Africa.'

Reaction to the disaster was monitored all over the world. One of the most extreme views came from a hardline Iranian paper, which expressed the opinion that the tsunami was divine retribution on 'international centres of revelry'.

BBC Monitoring's media reports and country profiles are available at www.bbcnews.com. World diary of political and economic events for the week ahead is available free at www.monitor.bbc.co.uk.

PRIORITIES FOR 2006-2008

‘Providing a forum for dialogue between all the peoples of the world is something the BBC is exceptionally well placed to do.’

PRIORITIES FOR 2006-2008

BBC World Service faces a series of strategic choices over the next three-year period. In order to remain the best-known and most-respected voice in international broadcasting, it must respond to two sets of forces at work in a turbulent and unpredictable world: the increasing interdependence of individual nations as they tackle common challenges (such as global warming and international crime); the rapid growth of alternative news and information sources, especially the expansion of regionally based television operations in non-English languages.

The first of these forces fuels a demand for news, analysis and information about international affairs and global issues. This has the potential to stimulate demand for BBC World Service and the BBC's other international news services. The hunger of listeners to understand how global forces affect their lives is something BBC World Service can help satisfy. Its trusted brand and impartial approach stands out in a plethora of opinionated and partisan sources.

The harder challenge is achieving the right balance of investment, at a time of finite resources, across the multiple platforms that populate the global media landscape. There is now a strong case for a television presence in languages other than English in markets where radio is being superseded as the main means of receiving information, and where new media still has limited impact. The rapid growth of regionally-based news satellite channels threatens to weaken the BBC's current position, especially in the Middle East and wider Islamic world. Our internationally based competitors in the USA, France and Germany have reacted quickly to these new opportunities.

In the 2004 Spending Review, the BBC proposed the creation of a television news channel in Arabic to complement the presence of BBC World in this top priority market. No funds were allocated to this proposed service. BBC World Service continues to believe that it is vital to develop such a television presence if our influence and impact in the Middle East is to remain strong. As was signposted in the UK Government Green Paper, a key milestone in the debate about the future of the BBC, we are currently engaged with the Foreign and Commonwealth Office in re-examining our current spending plans to see if, and how, a television service in Arabic could be funded.

In the meantime, BBC World Service is already putting in place measures to maintain and increase its impact in key parts of the world, using its radio and new media operations.

Greater impact in the Islamic world

Proposals have been made to strengthen the BBC's impact in the Islamic world. BBC Arabic already offers fresher and livelier news coverage and further improvements are planned. More programmes will be produced close to audiences, as transmissions from the BBC's new bureaux in Cairo and Baghdad are extended. Interactive programming will be present seven days a week, increasing the opportunities for audiences across the Arab world and beyond (via the internet) to exchange views and opinions on the issues of the day. FM coverage will be widened, making it easier for people to listen to the BBC with good-quality reception in the wider Islamic world. The BBC plans to strengthen regional production centres in countries including Pakistan, Indonesia and Bangladesh.



Facilitating a global conversation

Providing a forum for dialogue between all the peoples of the world is something the BBC is exceptionally well placed to do. It has pioneered interactive programmes bringing together radio, television and online audiences. The result has been to give a new voice to all kinds of people, enabling them to express their views, contribute to programmes and put their questions to those who govern them. With programme-makers working in major world languages, BBC World Service has the ability to create a platform for debate that no other media organisation can match. It aims to do this by launching new interactive discussion programmes in key languages and increasing opportunities for feedback and dialogue. That will be achieved partly by building on existing online investments and also by making sure that services are accessible on developing platforms such as mobile phones and other handheld devices.

Improving audibility in key markets

Investment in FM distribution remains a high priority to strengthen BBC World Service's competitive position. Key areas are the Arab world, particularly Egypt, Saudi Arabia and North Africa, and the wider Islamic world, including Pakistan, Bangladesh and Indonesia. In Africa, the aim is to form more partnerships in East and West African markets, including Nigeria, Kenya and Tanzania as the move towards FM gathers pace. Elsewhere in the world, Russia, India and China are also key priorities for increased FM distribution.

Measuring our performance

BBC World Service is required to report a number of Public Service Agreement measures to the Foreign and Commonwealth Office annually as part of the accountability process. These measures support BBC World Service's agreed objective to be the best-known and most-respected voice in international radio and online broadcasting.

I Global Radio Audience

Average weekly audience (millions)

Number of adults listening in an average week, through direct and/or indirect broadcasting via partners, 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 among target audiences. Surveys are carried out annually in countries covering around 75% of the global audience, with other countries being surveyed periodically.

	2003/04 Actual	2004/05 Target	2004/05 Actual
Global	146	153	149
Regional			
Africa and the Middle East	68.5	63.0	66.0
Americas	13.0	11.5	11.8
Asia and the Pacific	47.5	54.0	53.2
EurAsia	7.0	10.0	10.0
Europe	9.5	14.5	7.9

Awareness, Reach, Objectivity and Relevance

National surveys include data on awareness, reach, objectivity and relevance, both for BBC World Service and for international public service radio competitors. This data will be reported annually to enable trends to be identified over time.

Awareness

Percentage of adult population who are aware of BBC World Service/main international radio competitor:

Country	Main international radio competitor	2004/05 BBC WS	2004/05 Competitor
Nigeria	Voice of America	73.4	63.1
Egypt	Radio Monte Carlo	36.5	35.3
Kenya	Voice of America	79.8	37.7
Tanzania	Deutsche Welle	81.8	78.7
Pakistan	Voice of America	34.1	16.4
Bangladesh	Voice of America	65.9	51.9
India	Voice of America	13.9	2.4
Indonesia	Voice of America	18.2	4.6
Russia	Radio Liberty	30.9	28.3
Poland	Deutsche Welle	22.9	3.9
Romania	Radio Free Europe	45.2	52.9

I Global Radio Audience continued

Reach

Percentage of adult population who listen to BBC World Service/main international radio competitor weekly.

Country	Main international radio competitor	2004/05 BBC WS	2004/05 Competitor
Nigeria	Voice of America	28.4	17.5
Egypt	Radio Monte Carlo	4.6	6.3
Kenya	Voice of America	24.9	7.0
Tanzania	Deutsche Welle	51.4	49.6
Pakistan	Voice of America	10.8	3.3
Bangladesh	Voice of America	14.6	7.9
India	Voice of America	2.4	0.3
Indonesia	Voice of America	2.9	0.6
Russia	Radio Liberty	0.8	1.4
Poland	Deutsche Welle	1.9	0.4
Romania	Radio Free Europe	7.7	2.3

Objectivity

Percentage of listeners who say that BBC World Service/main international radio competitor 'provides unbiased and objective news and information'.

Country	Main international radio competitor	2004/05 BBC WS	2004/05 Competitor
Nigeria	Voice of America	—*	—*
Egypt	Radio Monte Carlo	38	26
Kenya	Voice of America	47	19
Tanzania	Deutsche Welle	57	30
Pakistan	Voice of America	46	15
Bangladesh	Voice of America	76	40
India	Voice of America	82	23
Indonesia	Voice of America	50	11
Russia	Radio Liberty	17	15
Poland	Deutsche Welle	58	—
Romania	Radio Free Europe	38	22

Relevance

Percentage of listeners who say that BBC World Service/main international radio competitor 'provides news that is relevant to me'.

Country	Main international radio competitor	2004/05 BBC WS	2004/05 Competitor
Nigeria	Voice of America	—*	—*
Egypt	Radio Monte Carlo	19	20
Kenya	Voice of America	33	16
Tanzania	Deutsche Welle	38	35
Pakistan	Voice of America	42	21
Bangladesh	Voice of America	59	32
India	Voice of America	62	13
Indonesia	Voice of America	42	9
Russia	Radio Liberty	14	21
Poland	Deutsche Welle	32	—
Romania	Radio Free Europe	32	18

* Nigeria data on objectivity and relevance not available.

Measuring our performance

2 Online Audience

Monthly text and audio page impressions (millions)

	March 2004 Actual	March 2005 Target*	March 2005 Actual
BBC World Service site/international facing news sites	279.3	170.0	324.0

* Target set in 2002 from a base of 75 million page impressions.

Interactive Forums

Number of interactive forums by key language:

	No. of forums (4th quarter) 2004/05 Target	No. of forums (4th quarter) 2004/05 Actual
English	12	at least 20
Arabic	12	at least 20
Spanish	12	at least 20
Chinese	12	at least 20
Russian	12	at least 20

Note: an extremely wide range of interactive discussions and forums has developed since the targets were set. These range from high-profile, major multimedia and multilingual forums involving key political figures to the 'Have your Say' topics that are regularly posted on websites and invite comments from users.

3 Short-wave Audibility

Audibility reports are based on data from the total number of signals monitored. Quality is rated as follows:

- 5 very good
- 4 good
- 3 acceptable
- 2 poor
- 1 unacceptable

Percentage of all short-wave signals scoring 3, 4, or 5:

	2003/04 Actual	2004/05 Target	2004/05 Actual
Global	83	86	81
Africa and the Middle East	86	87	83
Americas	77	76	64
Asia and the Pacific	83	85	82
EurAsia	82	88	81
Europe	90	93	86

Long-distance transmission via the ionosphere is affected by many different factors, including the level of sunspot activity, which has an approximately 11-year cycle. During periods of high sunspot activity, daytime transmissions can use higher frequencies, more of which are allocated for broadcast use, whereas around sunspot minimum, which we are in at present, lower frequencies must be used in order to reach the target areas. Congestion in these limited lower-frequency bands is a serious issue, as the additional frequencies needed to ensure good audibility are often not available because they are in use by other broadcasters.

4 Capital Cities with BBC Presence

Reach

	March 2004 Actual	March 2005 Target	March 2005 Actual
Number of capital cities with FM presence	139	142	144

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 Foreign and Commonwealth Office Grant-in-Aid. They also include income generated by the BBC World Service Trust, a charitable company associated with BBC World Service. The BBC World Service Trust is not included within the financial statements of BBC World Service (pages 37–53).

	2003/04 Actual £m	2004/05 Target £m	2004/05 Actual £m
BBC World Service	3.6	3.6	3.0
BBC World Service Trust	9.8	10.0	13.6
Total	13.4	13.6	16.6

The BBC World Service Trust figures exclude grants receivable from BBC World Service.

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

The Governors' BBC World Service and Global News Consultative Group provides the Governors with an independent external assessment of the range and quality of BBC World Service output.



Professor Monojit Chatterji
Professor of Applied Economics
University of Dundee



Bill Emmott
Editor, The Economist



Sir Michael Perry, CBE
Former Chairman of Centrica PLC



Stewart Purvis, CBE
Former Chief Executive ITN

THE BBC'S GLOBAL REPUTATION

The BBC's Global Reputation

In addition to specific Language Service reviews carried out annually, the Group called for a special study to be carried out in 2004/05 into the BBC's global reputation. The aim was to understand the reasons for the variation in this important aspect of BBC World Service's performance. It followed a decline in the BBC's global reputation for trust and objectivity in some markets after the 2003 Iraq war. The exercise was conducted by independent research organisations.

Assessment of the Consultative Group

Independent research evidence indicates that BBC World Service and Global News Division's reputation for trust and objectivity is higher than for other international broadcasters in virtually all markets surveyed.

We also welcome that the BBC's global reputation for trust and objectivity appears to have improved in markets where it suffered a reverse during and immediately after the Iraq war.

However inconsistencies in some of the results give us concerns about the survey methodology which we ask to be re-examined and clarified.

Review of BBC Output

This year the Consultative Group decided to modify the research methodology used to assess BBC output. In place of a structured questionnaire and scoring system we decided upon a listening-panel approach in order to create the opportunity for new insights. The Group commissioned listening panel assessments of the BBC's output in English for Asia, Arabic, Russian, Indonesian and French for Africa.

Assessment of the Consultative Group

Overall we are satisfied that all BBC World Service output reviewed this year was of an extremely good standard and that no significant concerns were identified.

We are encouraged by the positive comments from panellists about the English radio output. There was praise for the network's depth, breadth, high journalistic quality and professionalism. We found that the sound and style of the network was liked by panellists as this adds to its vitality, immediacy and impact. The Group recognises the steps which have been taken by World Service to make globally significant stories relevant to locally based audiences – for example, its coverage of the Asian tsunami.

The culture of interviewing was raised by some panellists as an issue, particularly what they felt was an overly assertive and occasionally rude attitude taken by presenters towards interviewees. Some objected to this, others welcomed it as an essential tool in the quest for truth and understanding. The Group believes that a tough interviewing style is appropriate in some circumstances but it should not overstep the mark. We urge BBC World Service to remember the sensitivities of its diverse audience when conducting interviews, but without sacrificing its journalistic objectives and values.

The Group welcomes the strong praise given to the Grant in Aid funded internationally facing bbcnews.com website for being an authoritative source of news and information. We note the views of panellists that the quality of its reporting was generally superior to other news sources which panellists had consulted. The Group believes that interactive elements add strongly to the websites appeal. We urge BBC World Service to continue to innovate in this area.

The Group recognises the good progress made by the BBC World English language television channel in the past two years. We observe that BBC World was felt by panellists to offer wider coverage and was better balanced than its competitors. We support the channel's attempts to increase its appeal in different markets through a more regional focus. At the same time, we ask BBC World to ensure that it maintains its identity by providing a global view, and to guard against too much of a London-based perspective.

This is the third year that the Group has reviewed the BBC's Arabic Service. We find that sound and solid progress has been made in modernising the format, sound and style of this important service. We note that the quality of news reporting has improved but believe that more can be achieved. There was criticism by some panellists that some interviews began without a proper introduction. The Group asks the service to ensure that the context for an interview is always explained so that the listener is properly positioned beforehand. We found the BBC's Arabic-language website (www.bbcarabic.com) to be performing strongly. Panellists credited it for being interesting, relevant, credible, reliable and a detailed source of information. They seemed generally satisfied with what the website offered and applauded its comprehensiveness as well as its ease of navigation. However, the panellists were less happy with technical aspects. The Group asks the Arabic Service to examine ways to improve the look of its website as well as the technical experience for users.

In its 2004 Report, the Group was concerned about the sound and style of Russian Service programmes. We note that these aspects have improved in the perception of this year's assessors. However we are concerned that some Russian panellists found the depth of analysis insufficient. They also wanted more views from outside Russia about Russian affairs. As the Russian Service seeks to recover lost audience, the Group understands the desire to

meet the needs of its FM rebroadcasting partners for pace and energy. We ask the Russian Service to continue its good progress towards making its programming more accessible to new FM audiences. But we also ask the Service to ensure that the BBC's brand values for depth, breadth and analysis are not sacrificed in the process.

The Group welcomes the positive comments made by panellists about the BBC's Indonesian Service, who described its programmes as comprehensive, accurate, timely and greatly enhanced by the variety and quality of its sources. We note that panellists found very little to criticise, and found the radio service to be superior to other international news sources. We ask the Service to maintain and build on this strong base.

The Group is pleased that the BBC's programming in French for Africa received praise for its accuracy, timeliness, ease of understanding, sound and style. It notes that amongst generally positive comments, there was criticism from some panellists that programmes were not sufficiently relevant to them. The Consultative Group reminds BBC World Service to ensure that the right balance is struck between its coverage of international and national stories, and to tailor its coverage and treatment to maximise relevance to audience groups in different language markets.

Last year the Group commissioned a special study into editorial standards which confirmed the BBC's output was impartial. This year, we welcome the fact that none of the listening panels felt that any of the BBC material they assessed was biased. We also found that panellists in Cairo judged the BBC's Arabic radio service to be less biased than the Al Jazeera TV channel. None of the languages assessed were criticised for having any anti-Islamic bias. The Group is most encouraged by these positive indicators.



Nigel Chapman
Director, BBC World Service
(Chair)
Responsible for the overall editorial leadership and management of BBC World Service. He is the BBC World Service Accounting Officer

Behrouz Afagh
Head of EurAsia Region
Responsible for broadcasts and new media in Azeri, Kazakh, Kyrgyz, Pashto, Persian, Russian, Turkish, Ukrainian and Uzbek

Alan Booth
Controller, Marketing Communications and Audiences
Responsible for marketing, publicity, audiences and market research

Mike Cronk
Controller, Distribution and Technology
Responsible for distribution, delivery and technological developments

Lesley Granger
Director, Human Resources
Responsible for HR strategy and delivery of HR services

Phil Harding
Director, English Networks and News
Responsible for English Network output and the supply of News and Programme material to BBC World Service regions

Myra Hunt
Head of New Media
Responsible for online services and developing new media activities

Zdenka Krizman
Head of Europe Region
Responsible for broadcasts and new media in Albanian, Bulgarian, Croatian, Czech, Greek, Hungarian, Macedonian, Polish, Romanian, Serbian, Slovak and Slovene

Fred Martenson
Head of Strategy
Works on the BBC World Service's long-term strategy and is responsible for relationships with the Foreign and Commonwealth Office

Lucio Mesquita
Head of Americas Region
Responsible for broadcasts and new media in Portuguese for Brazil, Spanish and English in North America and the Caribbean

Abbas Nasir
Acting Head of Asia and the Pacific Region
(covering for Barry Langridge)
Responsible for broadcasts and new media in Bengali, Burmese, Cantonese, Hindi, Indonesian, Mandarin, Nepali, Sinhala, Tamil, Thai, Urdu and Vietnamese

John Renner
WI Project Leader
Responsible for planning the BBC World Service move to Broadcasting House

Hugh Saxby
BBC World Service Secretary
Responsible for governance, accountability and internal communications

Jerry Timmins
Head of Africa and Middle East Region
Responsible for broadcasts and new media in Arabic, French, Hausa, Kinyarwanda/Kirundi, Portuguese, Somali, Swahili and English for Africa

Chris Westcott
Director, BBC Monitoring
Responsible for management and leadership of BBC Monitoring

Alison Woodhams
Chief Operating Officer and Director of Finance
Responsible for BBC World Service finances and oversees all business development activities

Andrew Hind previously Chief Operating Officer and Director of Finance left on 30 September 2004

BBC World Service

Broadcasting

Grant-in-Aid funding increased by £5 million in the year to £225.1 million. This was made up of £193.1 million for operating expenditure, £5.2 million for a subscription to BBC Monitoring and £26.8 million for capital expenditure. This increase resulted from the Government's Spending Review 2002.

During the year savings of £4.4 million across BBC World Service have been made to offset rising costs. The largest part of these savings came from short-wave distribution costs. This has allowed all of the £5 million of increased funding to be spent enhancing our output for the Middle East and wider Islamic world, improving our newsgathering capabilities and developing our programme to strengthen our FM partnerships around the world.

The end of the year saw the completion of one of the largest capital projects in recent years. This was the implementation of a single digital production system across the whole of BBC World Service. It is the biggest change in how programmes are made since audio tape was introduced over 50 years ago. It means that we will be better placed to meet the demands of our audiences in the future by using content more flexibly and by providing programmes in different formats for the growing variety of partners around the world.

BBC World Service continues to look for ways of delivering better value for money. A review of business support functions was started during the year to complement the work being undertaken in the production departments to find better ways of working. The results of this work will be co-ordinated with the plans now being developed for the move of BBC World Service from Bush House to Broadcasting House in a few years' time.

Monitoring

Subscription income from official customers (including BBC World Service Broadcasting) amounted to £21.9 million which, combined with income from other sources, produced total revenue for BBC Monitoring of £24.8 million. Since 1 April 2003, following HM Treasury and stakeholder approval, BBC Monitoring has been utilising accumulated cash reserves, which had arisen as a result of charging a return on capital employed to stakeholder customers in prior years. Previously, limitations had been placed on the use of these funds.

Alison Woodhams

Chief Operating Officer and Director of Finance, BBC World Service

Statement of income and expenditure

for the year ended 31 March	Note	2005 £m	2004 £m
Grant-in-Aid		225.1	220.1
Other income		22.6	23.6
Total income	1	247.7	243.7
Operating expenditure		(240.6)	(234.5)
Operating surplus before interest and taxation	2	7.1	9.2
Interest receivable		0.7	0.6
Surplus before taxation		7.8	9.8
Taxation	4	(0.2)	(0.1)
Surplus for the financial year	1, 11	7.6	9.7
Transfer to capital reserve	11	(12.8)	(7.3)
Transfer from revaluation reserve	11	0.8	0.8
Transfer (from)/to operating reserve		(4.4)	3.2

There were no recognised gains or losses other than the surplus stated above.

The above results are derived from continuing operations.

Balance sheet

at 31 March		2005	2004
	Note	£m	£m
Fixed assets			
Tangible fixed assets	5	155.8	144.1
Current assets			
Stocks	7	0.1	0.2
Debtors	8	9.5	9.5
Cash at bank and in hand	13	11.8	12.5
		21.4	22.2
Creditors – amounts falling due within one year	9	(12.1)	(8.2)
Net current assets		9.3	14.0
Total assets less current liabilities		165.1	158.1
Provisions for liabilities and charges	10	(5.0)	(5.6)
Net assets		160.1	152.5
Represented by			
Capital reserve		148.5	135.7
Revaluation reserve		4.0	4.8
Operating reserve		7.6	12.0
	11	160.1	152.5

The financial statements were approved by the Governors and the BBC World Service Management Board on 16 June 2005 and signed on their behalf by:

Michael Grade
BBC Chairman

Mark Thompson
Director-General, BBC

Nigel Chapman
Director, BBC World Service

Alison Woodhams
Chief Operating Officer and Director of Finance, BBC World Service

Historical cost surplus

for the year ended 31 March		2005	2004
	Note	£m	£m
Surplus before taxation		7.8	9.8
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 before taxation		8.6	10.6
Historical cost surplus for the financial year		8.4	10.5

Reconciliation of movement in reserves

for the year ended 31 March		2005	2004
	Note	£m	£m
Opening reserves		152.5	142.8
Surplus for the financial year		7.6	9.7
Closing reserves	11	160.1	152.5

Cash flow statement

for the year ended 31 March		2005	2004
	Note	£m	£m
Net cash inflow from operating activities	12	26.3	26.1
Return on investments and servicing of finance			
Interest received		0.7	0.6
Taxation			
Taxation paid		(0.1)	(0.2)
Capital expenditure and financial investments			
Purchase of tangible fixed assets		(27.6)	(26.5)
Decrease in cash	13	(0.7)	–

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. Although BBC World Service is technically the parent of the BBC World Service Trust, the Trust is exempt from consolidation. This is because the Trustees have a fiduciary duty to act in the best interests of the Trust's beneficiaries. Substantially all of the Trust's income is made up of grants which are classified as restricted funds because their use is specified by donors, such that BBC World Service has no direct control over, or financial interest in, the assets of the Trust.

The activities of the other subsidiaries and associates of BBC World Service are not material.

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to BBC World Service's financial statements.

Basis of accounting

The financial statements are presented under the historical cost accounting convention as modified by the revaluation of certain plant, machinery and furniture and fittings.

Income

Grant-in-Aid is recognised when received from the Foreign and Commonwealth Office. It 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, principally BBC Monitoring subscriptions, is set out in note 1a of the financial statements. Subscription income is recognised over the period to which the service extends.

Foreign currency translation

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

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at 31 March. 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.

Defined benefit scheme

The defined benefit scheme, the BBC Pension Scheme, provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the BBC Group.

BBC World Service, following the provisions within *FRS 17: Retirement Benefits*, accounts for the scheme as if it were a defined contribution scheme. This is because the scheme is managed centrally across the BBC Group and it is not possible to identify the share of the underlying assets and liabilities of the scheme relating to BBC World Service on a reliable and consistent basis. The expenditure charge therefore represents the contributions payable in the year.

Defined contribution scheme

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.

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	
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.

Work in progress

Work in progress, including programmes commissioned from independent producers, is stated at the lower of cost and net realisable value. The full stock value is written off on first transmission.

Acquired programmes

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

Other stocks

Raw materials are stated at the lower of cost and net realisable value.

Reserves

The value of the capital reserve is equal to the net book value of fixed assets at historic cost less the dilapidations provision that has been charged against the capital reserve. The revaluation reserve reflects the difference between fixed assets at historic cost and 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 each year 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

I. Income, surplus/(deficit) and net assets

a. Analysis by activity

2005	Broadcasting £m	Monitoring £m	Total £m
Grant-in-Aid	225.1	–	225.1
Subscriptions	–	16.7	16.7
Intra BBC World Service trading	(5.2)	5.2	–
Other income	3.0	2.9	5.9
Total income	222.9	24.8	247.7
Operating expenditure	(215.2)	(25.4)	(240.6)
Operating surplus/(deficit) before interest and taxation	7.7	(0.6)	7.1
Interest receivable	0.3	0.4	0.7
Surplus/(deficit) before taxation	8.0	(0.2)	7.8
Taxation	(0.1)	(0.1)	(0.2)
Surplus/(deficit) for the financial year	7.9	(0.3)	7.6
Transfer to capital reserve	(11.8)	(1.0)	(12.8)
Transfer from revaluation reserve	0.8	–	0.8
Transfer from operating reserve	(3.1)	(1.3)	(4.4)
Net assets	133.7	26.4	160.1

2004	Broadcasting £m	Monitoring £m	Total £m
Grant-in-Aid	220.1	–	220.1
Subscriptions	–	16.7	16.7
Intra BBC World Service trading	(5.2)	5.2	–
Other income	3.6	3.3	6.9
Total income	218.5	25.2	243.7
Operating expenditure	(208.8)	(25.7)	(234.5)
Operating surplus/(deficit) before interest and taxation	9.7	(0.5)	9.2
Interest receivable	0.2	0.4	0.6
Surplus/(deficit) before taxation	9.9	(0.1)	9.8
Taxation	–	(0.1)	(0.1)
Surplus/(deficit) for the financial year	9.9	(0.2)	9.7
Transfer to capital reserve	(7.2)	(0.1)	(7.3)
Transfer from revaluation reserve	0.8	–	0.8
Transfer to/(from) operating reserve	3.5	(0.3)	3.2
Net assets	125.8	26.7	152.5

BBC World Service Broadcasting is the world's leading international broadcaster; funded by Grant-in-Aid from Foreign & Commonwealth Office, broadcasting in 43 languages.

BBC Monitoring, based at Caversham, supplies news, information and comment gathered from the mass media around the world.

b. Analysis by geographical location

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

2005	United Kingdom £m	Rest of the world £m	Total £m
Land and buildings	10.2	18.1	28.3
Plant and machinery	41.2	60.3	101.5
Fixtures and fittings	2.9	2.2	5.1
Assets under construction	8.3	12.6	20.9
Total fixed assets	62.6	93.2	155.8
Other net assets	3.6	0.7	4.3
Net assets	66.2	93.9	160.1

2004	United Kingdom £m	Rest of the world £m	Total £m
Land and buildings	10.0	18.0	28.0
Plant and machinery	18.2	58.9	77.1
Fixtures and fittings	2.0	0.7	2.7
Assets under construction	20.4	15.9	36.3
Total fixed assets	50.6	93.5	144.1
Other net assets	7.6	0.8	8.4
Net assets	58.2	94.3	152.5

Certain comparative other net assets have been restated to reflect the current year reclassification of assets.

2. Operating surplus

The operating surplus is stated after charging the following items:	2005 £m	2004 £m
Payments under operating leases:		
– Land and buildings	8.6	7.9
– Plant and machinery	2.4	2.5
– Other	0.1	0.1
Depreciation	17.2	15.5
Loss on disposal of tangible fixed assets	1.0	0.1
Auditors' remuneration – audit	0.1	0.1

Notes to the financial statements

For the year ended 31 March

3. Employees and remuneration

a. Persons employed

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

	2005 Number	2004 Number
Broadcasting	1,827	1,686
Monitoring	520	538
Total	2,347	2,224

Within the averages above, 244 (2004 233) part-time employees have been included at their full-time equivalent of 136 (2004 126) and 75 (2004 68) persons on guaranteed minimum contracts have been included at their full-time equivalent of 19 (2004 17).

In addition to this, BBC World Service employed an average 59 (2004 79) persons on a casual basis. Their payroll costs are included in note 3b.

b. Staff costs

	2005 £m	2004* £m
Salaries and wages	72.5	66.9
Social security costs	6.2	6.1
Pension costs	2.6	2.1
Redundancy costs	3.0	2.4
Total	84.3	77.5

* Following the application of a stricter definition of staff costs, those staff employed by external parties on BBC World Service activities have now been excluded. The 2004 figures have been re-analysed accordingly, leading to a reduction of £2.1 million.

c. Management Board remuneration

The members of the Management Board who served during the year are detailed on pages 34 and 35. On page 61, the remuneration report contains more information on the remuneration policy of the BBC for the BBC World Service Management Board. The remuneration of the permanently appointed members of the Management Board is set out below.

	2005 £000	2004 £000
Management Board emoluments	1,762.3	1,934.1
Employer's pension contributions	79.1	79.3
Total	1,841.4	2,013.4

There were no termination payments paid to members of the Management Board on leaving BBC World Service during the year (2004 £348,000, three).

The highest paid member of the Management Board in the year was Nigel Chapman, Director, BBC World Service. The aggregate of his emoluments to 31 March 2005 was £228,000 (2004 £202,000). As a member of the BBC Pension Scheme, Nigel Chapman's total accrued annual pension at 31 March 2005 was £74,000 (2004 £64,000).

All 16 of the full-time members of the Management Board have retirement benefits accruing under the BBC Pension Scheme (2004 16 members).

d. 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 2002 by Watson Wyatt, consulting actuaries, using the projected unit method. At 1 April 2002, the actuarial value of the assets was sufficient to cover 109% of the benefits due to members, after allowing for expected future increases in earnings. The next formal actuarial valuation of the scheme is being carried out with an effective date of 1 April 2005, and the results will not be known until after the date of publication of the BBC's accounts.

Until 2003/04, contributions to the scheme had remained steady for a number of years. However, in order to maintain the financial health of the scheme, it has been agreed with the trustees that employer and employee contributions will rise to 6.0% by 2005/06 and 2006/07 respectively. The position will be reviewed again in 2005 after the new formal actuarial valuation.

Contribution rates	Projections		2004/05 %	2003/04 %	2002/03 %	2001/02 %
	2006/07 %	2005/06 %				
Employer	6.0	6.0	5.5	5.0	4.5	4.5
Employee	6.0	5.5	5.0	4.5	4.5	4.5

BBC World Service, following the provisions within *FRS 17: Retirement Benefits*, accounts for the scheme as if it were a defined contribution scheme. This is because it is not possible to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The pension cost charged for this scheme therefore represents contributions payable by BBC World Service, amounting to £2.5 million in the year (2004 £2.0 million).

Additional disclosure about the scheme and its financial position under *FRS 17* is provided in the *BBC Annual Report and Accounts* that can be obtained from The Director of Governance, BBC Governance Unit, 35 Marylebone High Street, London, W1U 4AA.

Other schemes

BBC World Service made payments of £0.1 million (2004 £0.1 million*) into other schemes including the BBC Group Personal Pension Scheme.

* Following the application of a stricter definition of staff costs, those staff employed by external parties on BBC World Service activities have now been excluded. The 2004 figures have been re-analysed accordingly, leading to a reduction of £0.7 million.

Notes to the financial statements

For the year ended 31 March

4. Taxation

a. Analysis of charge for the period

The charge for the year is based on a rate of corporation tax of 30% (2004 30%).

	2005	2004
	£m	£m
UK corporation tax	0.2	0.2
Adjustment in respect of previous years	–	(0.1)
Total current tax charge	0.2	0.1

b. 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	2005	2004
		£m	£m
Surplus before taxation		7.8	9.8
Surplus before taxation multiplied by the standard rate of corporation tax in the UK of 30% (2004 30%)		2.3	2.9
Effect of non-taxable external income/deductible costs		(2.1)	(2.7)
Adjustment in respect of previous years		–	(0.1)
Total current tax charge	4a	0.2	0.1

c. Factors that may affect future tax charges

BBC World Service anticipates a similar tax charge in future years as Grant-in-Aid and BBC Monitoring subscriptions, the principal components of BBC World Service's 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 2004	63.2	154.4	5.6	36.3	259.5
Additions	1.8	14.1	1.3	12.7	29.9
Brought into service	1.2	24.8	2.1	(28.1)	–
Disposals	–	(6.0)	(0.1)	–	(6.1)
At 31 March 2005	66.2	187.3	8.9	20.9	283.3
Depreciation					
At 1 April 2004	35.2	77.3	2.9	–	115.4
Charge for the year	2.7	13.5	1.0	–	17.2
Elimination in respect of disposals	–	(5.0)	(0.1)	–	(5.1)
At 31 March 2005	37.9	85.8	3.8	–	127.5
Net book value					
At 31 March 2005	28.3	101.5	5.1	20.9	155.8
At 31 March 2004	28.0	77.1	2.7	36.3	144.1

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.

Notes to the financial statements

For the year ended 31 March

5. Tangible fixed assets (continued)

Historical cost basis

The net book value of tangible fixed assets included in the table on page 47 determined on an historical cost basis is as follows:

	Plant and machinery 2005 £m	Plant and machinery 2004 £m	Furniture and fittings 2005 £m	Furniture and fittings 2004 £m
Cost	242.0	209.1	11.6	8.3
Depreciation	(144.5)	(136.8)	(6.5)	(5.6)
Net book value	97.5	72.3	5.1	2.7

Included within fixed assets is £28 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.

Land and buildings at net book value comprise:	2005 £m	2004 £m
Freeholds	10.6	11.0
Short-leaseholds	17.7	17.0
Total	28.3	28.0

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 £0.1 million (2004 £0.1 million) which is not depreciated.

6. Investments

BBC World Service directly 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) EOOD (incorporated in Bulgaria)	100
BBC Radiocom (Hungary) KFT (incorporated in Hungary)	100
BBC Radiocom (Praha) s.r.o. (incorporated in the Czech Republic)	100
BBC Radiocom (Slovakia) s.r.o. (incorporated in the Slovak Republic)	100
BBC Romania SRL (incorporated in Romania)	100
BBC Polska Sp. z o.o. (incorporated in Poland)	100
BBC do Brasil Limitada (incorporated in Brazil)	100
BBC Radiocom Deutschland GmbH (incorporated in Germany)	100
BBC Croatia d.o.o. (incorporated in Croatia)	100
BBC R (incorporated in Russia on 27 May 2004)	100
BBC World Service Trust*	
Associates	
Caribbean Relay Company Limited (incorporated in Antigua)**	45
Multimedia Ventures Limited (incorporated in Great Britain)	50
WRG-FM SA (incorporated in Switzerland)	40

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

Although BBC World Service is technically the parent of the BBC World Service Trust, the Trust is exempt from consolidation. This is because the Trustees have a fiduciary duty to act in the best interests of the Trust's beneficiaries. Substantially all of the Trust's income is made up of grants which are classified as restricted funds because their use is specified by donors, such that BBC World Service has no direct control over, or financial interest in, the assets of the Trust.

**The relay station operated by Caribbean Relay Company Limited ceased operations and was closed on 31 March 2005.

The results and balances of the other companies listed above are not material to BBC World Service.

Notes to the financial statements

For the year ended 31 March

7.Stocks

	2005 £m	2004 £m
Raw materials	—	0.1
Work in progress – programmes	0.1	0.1
Total	0.1	0.2

8.Debtors

	2005 £m	2004 £m
Receivable within one year		
Trade debtors	1.6	1.6
Amounts owed by BBC Group	2.7	2.5
Amounts owed by associates	0.3	0.2
Amounts owed by subsidiaries	0.6	0.6
VAT recoverable	1.3	1.5
Other debtors	0.2	0.5
Prepayments	2.8	2.6
Total	9.5	9.5

9.Creditors

	2005 £m	2004 £m
Amounts falling due within one year		
Trade creditors		
Programme creditors	0.1	0.1
Salaries and wages	5.1	3.4
Other trade creditors	0.4	1.2
	5.6	4.7
Other creditors		
Fixed asset creditors	2.9	0.6
Corporation tax	0.2	0.1
Accruals and deferred income	3.4	2.8
	6.5	3.5
Total	12.1	8.2

Creditors payment policy

It is the BBC's policy to comply with the Better Payment Practice 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 2005 was 7 (2004 12).

10. Provisions for liabilities and charges

	Dilapidations £m	Restructuring £m	Other £m	Total £m
At 1 April 2004	3.6	1.4	0.6	5.6
Utilised during the year	—	(0.9)	—	(0.9)
Released during the year	—	(0.3)	(0.1)	(0.4)
Discounting to present value	(0.3)	—	—	(0.3)
Charge for the year	—	1.0	—	1.0
At 31 March 2005	3.3	1.2	0.5	5.0

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 London, W1. A discount has been applied to the dilapidations provision to reflect the time value of money over the remainder of the lease. The impact on the current year Income and Expenditure account is a credit of £0.3 million. The discount will be unwound over the period of the lease.

11. Reserves

	Capital reserve £m	Revaluation reserve £m	Operating reserve £m	Total £m
At 1 April 2004	135.7	4.8	12.0	152.5
Broadcasting				
Surplus for the financial year	—	—	7.9	7.9
Revaluation reserve transfer	—	(0.8)	0.8	—
Capital reserve transfer*	11.8	—	(11.8)	—
	11.8	(0.8)	(3.1)	7.9
Monitoring				
Deficit for the financial year	—	—	(0.3)	(0.3)
Capital reserve transfer	1.0	—	(1.0)	—
	1.0	—	(1.3)	(0.3)
At 31 March 2005	148.5	4.0	7.6	160.1

*The dilapidations provision will be funded from capital Grant-in-Aid when it crystallises, therefore the £0.3 million discounting of this provision is included in the capital reserve transfer.

Notes to the financial statements

For the year ended 31 March

12. Reconciliation of operating surplus to net cash inflow from operating activities

	2005 £m	2004 £m
Operating surplus	7.1	9.2
Loss on disposal of tangible fixed assets	1.0	0.1
Depreciation	17.2	15.5
Decrease/(increase) in stocks	0.1	(0.2)
Decrease in debtors	–	4.0
Increase/(decrease) in creditors	1.5	(4.2)
(Decrease)/increase in provisions	(0.6)	1.7
Net cash inflow from operating activities	26.3	26.1

13. Analysis of changes in net funds

	2005 £m	2004 £m
Cash at bank and in hand at the beginning of the year	12.5	12.5
Decrease in cash	(0.7)	–
Cash at bank and in hand at the end of the year	11.8	12.5

BBC Monitoring's cash at bank and in hand of £7.8 million (2004 £8.7 million) includes amounts arising as a result of charging a return on capital employed to BBC Monitoring's stakeholder customers until 31 March 2003. Until this time there had been limitations placed upon the use of these funds, such that they had accumulated within the cash balance. However, it was agreed with HM Treasury and stakeholders that these accumulated funds could begin to be utilised from 1 April 2003, in addition to the return on capital employed charged during the year.

14. Commitments

a. Contracts placed for future expenditure

	2005 £m	2004 £m
Fixed asset additions	5.5	13.4
Programme acquisitions and sports rights	0.1	0.1
Other	0.3	0.8
Total	5.9	14.3

b. Other financial commitments

BBC World Service has entered into contracts with VT Communications Limited (formerly VT Merlin Communications Limited) for a period of 10 years commencing March 1997 for the provision of transmission services. The contractual charge for the year ended 31 March 2005 was £30.6 million (2004 £31.8 million).

c. Operating leases

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

	Land and buildings 2005 £m	Land and buildings 2004 £m	Plant and machinery 2005 £m	Plant and machinery 2004 £m
Within one year	0.1	0.6	–	0.2
In two to five years	0.3	6.9	1.8	2.2
After five years	7.3	0.1	–	–
Total	7.7	7.6	1.8	2.4

At 31 March 2005 BBC World Service had commitments for technology support totalling £0.7 million, of which £0.4 million is expected to be paid within one year.

15. Contingent liabilities

In the normal course of business, BBC World Service has a number of contingent liabilities arising from litigation. BBC World Service provides for an estimate of probable damages and costs.

16. Related party transactions

BBC World Service is a division of the British Broadcasting Corporation, a body incorporated by Royal Charter.

The largest group in which the results of BBC World Service are consolidated is that headed by the BBC.

The consolidated accounts of this group may be obtained from The Director of Governance, BBC Governance Unit, 35 Marylebone High Street, London, W1U 4AA.

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 2005 BBC World Service Trust owed BBC World Service £0.6 million (2004 £0.6 million) in respect of operating expenses incurred on its behalf.

BBC World Service made grants of £0.3 million (2004 £0.5 million) during the year to the BBC World Service Trust, towards education projects and general management and administration costs.

BBC World Service Trust procured services from BBC World Service at a cost of £0.6 million (2004 £0.5 million).

16b Transactions with associates

At 31 March 2005 the Caribbean Relay Company Limited owed BBC World Service £0.3 million (2004 £0.2 million), being funds transferred in respect of cash flow requirements.

BBC World Service made contributions of £1.3 million during the year towards the running costs and redundancy costs of Caribbean Relay Company Limited. In previous years, costs incurred by Caribbean Relay Company Limited in respect of BBC World Service transmission activity were borne by VT Communications Limited, as this activity was within the scope of the transmission services they provided to BBC World Service.

16c Transactions with key management

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

16d Other transactions

During the year the BBC Group charged BBC World Service net costs of £161.3 million (2004 £152.9 million) in respect of operating costs. At 31 March 2005 BBC World Service was owed £2.7 million (2004 £2.5 million) by the BBC Group.

Responsibility for BBC World Service is vested in the BBC Board of Governors appointed under the BBC Royal Charter. The Governors have clear responsibilities under the BBC's Charter to ensure that the BBC World Service operates responsibly and follows all applicable regulations and codes of practice. They must satisfy themselves that BBC World Service:

- + complies with all legal obligations
- + has an appropriate management structure
- + maintains adequate controls to protect its assets
- + adheres to 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 the Board of Governors' and BBC World Service Management Board's responsibilities for the preparation of the financial statements
2. Report of the independent auditors to the Governors of the BBC
3. Governors' report on BBC World Service Trading Protocols
4. Risk and control processes
5. Remuneration report
6. People
7. Freedom of information
8. Political donations and gifts
9. Complaints

I. Statement of the Board of Governors' and BBC World Service Management Board's responsibilities for the preparation of the financial statements

The Governors and 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 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
- + prepare the financial statements on a going concern basis unless it is inappropriate to do so

In addition, the Board of Governors and Management Board have 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. They 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. Report of the independent auditors to the Governors of the British Broadcasting Corporation (BBC)

We have audited the financial statements on pages 37 to 53.

This report is made solely to the BBC's Governors, as a body, in accordance with the Royal Charter for the continuance of the BBC which came into force on 1 May 1996 (the Charter) and the Financial Memorandum with the Foreign and Commonwealth Office. Our audit work has been undertaken so that we might state to the BBC's Governors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the BBC and the BBC's Governors as a body, for our audit work, for this report or for the opinions we have formed.

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

The Governors and 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 and the Charter.

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, 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 Management Board remuneration and transactions with BBC World Service is not disclosed.

In addition to our audit of the financial statements, the Governors and 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 56 to 60 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.

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.

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 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 2005 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 LLP
Chartered Accountants, Registered Auditor, London
16 June 2005

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 of the BBC (the Supplier Divisions). BBC World Service also receives services from and supplies services to the BBC’s commercial subsidiaries (the Subsidiaries).

It was agreed by a joint Foreign and Commonwealth Office (FCO)/BBC World Service Working Group that the BBC would draw up guidelines to govern the trading relationship between BBC World Service and other parts of the BBC, 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 (FTCC) 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
- + the cost of the services

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

KPMG LLP (the external auditors) have 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 and Subsidiaries. KPMG LLP have reported to the Governors that, in their opinion, the information contained in the summary of transactions for the year ended 31 March 2005 has been accurately extracted from the books and records of BBC World Service and the Supplier Divisions and Subsidiaries, 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 Subsidiaries and, on this basis, there has been no material cross-subsidy between Grant-in-Aid and licence fee funds or between Grant-in-Aid and the BBC’s commercial subsidiaries.

Governors’ statement on BBC World Service Trading Protocols

Following reports to the FTCC by the Head of 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
- + there has been no material cross-subsidy between Grant-in-Aid and licence fee funds or between Grant-in-Aid and the BBC’s commercial subsidiaries

4. Risk and control processes

The BBC, including BBC World Service, has an obligation under its Charter to apply the highest standards of corporate governance.

During 2003 the *Combined Code* was revised to include the recommendations arising from two reviews which sought to improve the effectiveness of boardrooms and strengthen the corporate governance framework: the Higgs Report reviewed the role and effectiveness of non-executive directors and the Smith Report, set up by the Financial Reporting Council (FRC), developed the existing code provisions for Audit Committees. The *Combined Code* was therefore superseded by the *2003 FRC Code*. BBC World Service has therefore complied throughout the year ended 31 March 2005 with the *2003 FRC Code*, which sets out principles of good governance.

BBC World Service recognises the importance of, and is committed to, applying the highest standards of corporate governance and voluntarily complies with the *2003 FRC Code* to the extent it is applicable. Overall, the requirements of the *2003 FRC Code* apply to BBC World Service with the following exceptions:

+ those requirements relating to non-executive directors, remuneration and audit committees

The Governors consider that BBC World Service should comply with the *2003 FRC Code* in a manner which is common practice for an entity whose parent is complying with it. 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.

+ 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.

BBC World Service follows the seven principles of public life set out in the Nolan Committee reports on *Standards in Public Life*.

Details of how BBC World Service has applied the remuneration principles are covered separately within the remuneration report on page 61.

Board structure

The structure of the BBC World Service Management Board is shown on pages 34 and 35. As explained above, BBC World Service does not have any non-executive directors. However, the BBC World Service interests are represented on the BBC’s Executive Board by the BBC Deputy Director-General and is accountable to the Governors who constitute the members of the Corporation and act as trustees for the public interest. The BBC Deputy Director-General is Chair of the BBC Journalism Board, of which Richard Sambrook, Director World Service and Global News, is a member.

Board of Governors

The Governors are appointed by the Queen in Council. They are appointed for a term of four 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 Director of Governance, BBC Governance Unit.

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

- + Governors’ Audit Committee
- + Governors’ Programme Complaints Committee
- + Governors’ Fair Trading Compliance Committee
- + Governors’ Remuneration Committee
- + Governors’ Property Committee
- + Governors’ Finance and General Purposes Committee

The attendance record of individual Governors at full Board and sub-committee is detailed in the *BBC Annual Report and Accounts*.

The Governors’ World Service Consultative Group also provides the Governors with independent external advice on the range and quality of BBC World Service output.

During 2004/05 the Board initiated a formal evaluation of its effectiveness, conducted by independent specialists in corporate governance. The evaluation addressed aspects of the functioning of the Board including structure, relationships, roles and responsibilities, information flows and decision-making processes.

The BBC’s Governance Unit was created as a specialised unit which provides discreet professional advice to support the work of the Board of Governors. The Governance Unit is separate from the management of the Executive Board both in terms of reporting lines and management.

The Unit is structured around the key areas which support the Governors’ roles on performance, compliance/value for money work and accountability.

BBC World Service Management Board

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 receiving minutes, reviewing decisions taken and deciding action on recommendations
- + 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 Governors

The Management Board members have access to the advice and services of the BBC World Service Secretary who is responsible for ensuring that Board procedures are followed.

4. Risk and control processes (continued)

Relationship with Foreign and Commonwealth Office (FCO)

BBC World Service Broadcasting 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 World Service Financial Memorandum.

Accountability and internal control

The responsibilities in relation to internal control are clearly defined. The Board of Governors is ultimately responsible for the proper use of public money whilst the BBC World Service Management Board is responsible for maintaining an adequate system of internal control and for reviewing its effectiveness. The respective responsibilities of the Board of Governors, BBC World Service Management Board and the external auditors are set out on page 55. Such a system of controls 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 Board of Governors and Management Board consider that there is an ongoing process for identifying, evaluating and managing the significant risks faced by BBC World Service. This process has been in place for the year ended 31 March 2005 and up to the date of approval of this *Annual Review*.

Financial reporting and going concern

A review of the financial position of BBC World Service is included on page 36. This, together with the Director's Overview on pages 4 to 5, provides an assessment of BBC World Service performance and current position.

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

Internal control

The key aspects of the control environment operating throughout the year are described below:

+ risk identification and management

The management of risk within BBC World Service is considered to be most effectively managed through the engagement of the entire Management Board, the BBC World Service Audit Committee. The BBC World Service Audit Committee has reviewed the risks associated with the achievement of BBC World Service's objectives for the year. The risks identified, and the actions planned in response, are maintained in a risk register.

+ the BBC's Internal Audit department

BBC World Service is within the remit of the BBC's Internal Audit department. Internal Audit's authority is derived from its reporting relationship to the Governors' Audit Committee and the BBC Director-General. The scope of Internal Audit includes the examination and evaluation of the adequacy and effectiveness of the BBC's systems of internal control and the quality of performance in carrying out assigned responsibilities.

Internal Audit undertakes testing of control systems and core business processes under a plan agreed with the Governors' Audit Committee. The audit plan, which is reported twice a year, is based on a continuing assessment of key risks, monitoring compliance of key systems and processes and ensuring value for money. The results of testing are reported to each meeting of the Governors' Audit Committee which scrutinises the operation of controls throughout the year.

+ 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 Internal Audit monitor the operation of controls.

+ business continuity

Following implementation of an updated plan, a more detailed review of all BBC World Service business and broadcast continuity arrangements, both in the UK and overseas, has been undertaken. A new strategy has been agreed by the Management Board, which includes plans to maintain significantly more programme output in an emergency in order to meet key audience and partner needs. Two major projects to deliver the facilities necessary to support this strategy have commenced and additional capability will be delivered in phases over the next two years.

+ 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 protected and retained in the event of failure of BBC World Service's own systems for whatever reason.

+ controls over outsourced transaction processing

The majority of BBC World Service's financial transaction processing is outsourced to a service company, Medas, which is independent of the BBC. The Chief Operating Officer and Director of Finance has established monitoring procedures to review the performance of Medas on a regular basis. These include review by BBC Internal Audit in a programme of work informed by a continuing assessment of key risks and issues. Performance data and compliance statistics are reported to BBC World Service by Medas each month.

+ whistle-blowing

The BBC has a 'whistle-blowing' or 'protected disclosure' policy. This policy facilitates the anonymous communication to the BBC of any incident in which there is a suspicion that there has been a breach of the BBC's codes. The process is administered by an independent external company to ensure anonymity. Each reported incident is notified to the BBC Head of Business Assurance who ensures that every incident is investigated, a response communicated and action taken as appropriate.

+ financial reporting and controls

BBC World Service has a comprehensive budgeting system with an annual budget approved by the Governors, prepared in line with the BBC World Service Three Year Plan. Monthly financial information is reported against 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.

+ fraud awareness

Although incidents of fraud are rare, BBC World Service takes its responsibilities to minimise the risk of fraud, and the consequential loss to the taxpayer, very seriously. The BBC has implemented a clear fraud policy which clarifies responsibilities for ensuring that the appropriate controls are in place to minimise the risk of fraudulent activity and to ensure that all suspected incidents of fraud are thoroughly investigated. The policy is managed by the BBC Anti Fraud Group which reports to the Governors' Audit Committee and to the BBC Executive Board.

Governors' Audit Committee

During the year the Governors' Audit Committee comprised exclusively of Governors: Jeremy Peat (Chair: appointed 1 January 2005), Dermot Gleeson, Dame Ruth Deech (from October 2004), Sir Robert Smith (Chair from October 2004 until his retirement as a BBC Governor on 31 December 2004), Dame Pauline Neville-Jones (Chair until September 2004).

The Governors' Audit Committee complies with the recommendations within the Smith report with at least one member of the Governors' Audit Committee having significant, recent and relevant financial experience. Jeremy Peat is the member with such experience. Members of the executive management attend meetings by request of the Governors' Audit Committee.

The Governors' Audit Committee has written terms of reference. Its principal role is to review:

- + the effectiveness of the systems of internal control, including consideration of the reports from both the external and internal auditors on significant risks to the organisation and the controls exercised over those risks
- + the BBC's financial statements, including accounting policies, compliance with legal and regulatory requirements and the findings of the external and internal auditors
- + the BBC's relationship with the external auditors, including their engagement, the scope of and approach to their work, their fees, effectiveness and their independence, including the observance of the policy relating to the engagement of the external auditors in non-audit work
- + the activities and plan of work and the effectiveness of internal audit
- + the programme of Value for Money reviews commissioned by the Governors' Audit Committee with the National Audit Office (NAO) and other external agencies with the objective of ensuring value for money

4.Risk and control processes (continued)

In reviewing the financial statements of BBC World Service, the Governors' Audit Committee considers any significant issues and the appropriateness of accounting policies adopted in relation to significant or unusual transactions where more than one policy may apply.

The Chair of the Governors' Audit Committee reports to the full Board of Governors after each meeting of the Committee.

Independence of external auditors
BBC World Service, as part of the BBC, complies with the guidance governing the conduct of external audit set out in the 2003 FRC Code and recommendations from the Smith Report for Audit Committees. The external auditors appointed by the BBC are KPMG LLP. Both the Governors' Audit Committee and KPMG LLP themselves have safeguards in place to avoid the possibility of the auditors' objectivity and independence being compromised.

The Governors' Audit Committee regularly reviews the independence of the external auditors, ensuring that key partners are rotated regularly. The Governors' Audit Committee holds discussions with the external auditors without management being present. The Governors' Audit Committee reviews the level of non-audit fees paid to KPMG LLP. Any significant consulting work is put out to competitive tender. Recruitment from KPMG LLP into any senior management position requires the prior approval of the Governors' Audit Committee.

The BBC's policies in relation to services procured from the external auditors are:

- + all non-audit services proposed to be commissioned from the external auditors, over £50,000, must be notified to, and approved by, the Governors' Audit Committee
- + above an established *de minimus* level the planned work must be submitted to competitive tender and, in the event that the external auditors are to be awarded the contract, the prior approval of the Governors' Audit Committee must be obtained
- + the external auditors are specifically excluded from being considered for certain types of work where the effect could be to prejudice their ability to express an independent and objective opinion

Fair trading compliance procedures
The BBC's fair trading obligations are embodied in its Fair Trading Commitment, compliance with which is scrutinised throughout the year by the Governors' Fair Trading Compliance Committee (FTCC). The FTCC is advised directly by independent auditors commissioned and managed by the Governance and Accountability department, and by the BBC's Head of Fair Trading and Head of Business Assurance, if necessary without the mediation of BBC management. The FTCC regularly reviews the independence of its external auditors, PricewaterhouseCoopers LLP, with advice from the Head of Business Assurance. Relevant staff with commercial responsibilities are required by the FTCC to be trained in the BBC's fair trading policies.

The management of the BBC's fair trading arrangements is regularly tested by the British Standards Institute and these arrangements have been accredited with the ISO 9001:2000 quality standard. The last assessment conducted in December 2004 confirmed that the procedures are continuing to operate effectively.

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 44.

The remuneration package for the Director, BBC World Service, is set by the Director, BBC World Service and Global News, and approved by the BBC Director-General and the Director, BBC People. The remuneration of other members of the Management Board is recommended by the Director and approved by the BBC Director-General and the Director, BBC People.

The Director assesses the performance of the Management Board members before recommending their annual remuneration and bonus awards. BBC World Service's Human Resources Director 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
- + 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

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. The basic salary is paid as a fixed sum monthly in cash.

Annual bonus

Recognising the importance of maintaining a balance between basic salary and an annual bonus scheme reflecting individual performance and contribution, 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. Bonuses are reflected in the financial statements on an accruals basis for the performance period under review. Actual payments are made in August each year.

Benefits

In addition to salary and bonus, the main contractual benefits provided to Management Board members are a car allowance, private health insurance, pension and life insurance. Some members of the Management Board are also entitled to a car fuel allowance.

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. People

Training and development

Training and development has continued to be a priority for BBC World Service. The number of training days delivered has increased year on year over the past three years, with particular emphasis this year being placed on Editorial training and Leadership development.

BBC World Service invested £2.7 million in training and development during the year. Staff in all areas have access to a growing range of opportunities through coaching, courses, workshops, online learning and secondments.

BBC World Service has been committed to developing its leadership talent through management training, coaching and mentoring. Specifically, 121 World Service managers have completed the BBC Leadership Programme, which is designed to improve leadership and management. A further 45 managers are expected to complete the programme next year. Attention was also given to developing our future managers in a Personal Development initiative for 12 aspiring managers who averaged 25 training days a head.

Occupational risk management

Continuous improvement in delivery of risk management performance, including health and safety reviews, is a key priority in BBC World Service. In the past year the professional support structure and competencies to reflect the wider occupational risk management role have been reinforced. There were no reportable accidents in the year.

The heightened terrorist threat continues to be a factor in overseas deployment. BBC World Service is supported by the professional BBC team for high risk areas in risk assessment, developing standard operating procedures for overseas bureaux in hostile environments and safety and security advice for new-build projects. A project developing safety and security standards for the overseas bureaux is under way.

As in previous years BBC World Service ensured that all staff deployed to designated hostile environment areas around the world were properly trained and supported; this is being extended to staff overseas with training carried out in Lagos, Kaduna and Nairobi.

Investors in People

The emphasis placed on training and development has helped BBC World Service to secure successfully Investors in People (IiP) accreditation in a final review (in the three-year review cycle) against the IiP standard. BBC World Service regards the Standard as one of the key processes for evaluating progress in people management and development.

Internal Communication

Progress in improving internal communication is measured by an annual survey of staff opinion conducted by MORI. The latest of these, conducted in December 2004, showed that BBC World Service continues to make progress in the key areas of communication, achieving high scores on staff claiming to 'understand the aims and objectives' and the 'key challenges' of the Division. BBC World Service also achieved improvements in scores for managers communicating BBC strategy in 'a compelling way' and senior management behaviour in the Division being 'consistent with (BBC) values'.

Regular formal and informal discussions are held with the recognised trade unions: BECTU (Broadcasting Entertainment Cinematograph and Theatre Union) and the NUJ (National Union of Journalists).

Feedback

A new feedback and development process, designed to increase the amount of regular feedback BBC staff receive from their managers, was launched in 2004 as part of a BBC-wide initiative. A series of workshops and small coaching sessions were held through June/July 2004 to help both managers and staff improve their feedback and performance management skills and techniques.

Making it Happen and Culture Change

A series of consultative sessions, 'Shaping the Future', about the future of the BBC, were run throughout the summer of 2004 followed by 'BBC World Service 2010' sessions in the spring of 2005. These were well supported and have provided useful input into BBC World Service forward plans.

Diversity

BBC World Service has made good progress over the past few years in working with the trade unions to embed a number of diversity issues firmly into normal business.

Proportion of ethnic minorities

The composition of the workforce of BBC World Service reflects the multilingual nature of its broadcasting and therefore exceeds the BBC's targets. As these targets had already been exceeded, the aim for the year was, at a minimum, to maintain the proportion of ethnic minorities in the BBC World Service workforce and to increase representation at senior levels.

	At 31 March 2004 %	At 31 March 2005 %	BBC Group target for December 2007 %
Staff working in the United Kingdom	30.7	31.7	12.5
Senior managers working in the United Kingdom	7.3	9.1	7.0

Gender representation

BBC World Service monitors closely gender representation within the workforce. However, there is more to do in this area because, although 43% of all staff and 25% of senior management are women, progress in this area lags slightly behind that of the overall BBC.

People with disabilities

BBC World Service employs 1.9% of people who declare themselves to have a disability, as against the BBC target of 4%.

7. Freedom of Information

Like other public bodies, BBC World Service became subject to the UK Freedom of Information Act (FOIA) on 1 January 2005. One request for information was lodged under the terms of the Act during the first three months of operation. It was responded to within the 20 working day deadline laid down in the Act.

8. Political 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 of equipment, services or cash were made during the year.

9. Complaints

Along with the rest of the BBC, the process for the handling of editorial complaints was reviewed and upgraded during 2004/05. Escalations of serious complaints about BBC World Service programmes and services now involves the BBC's Editorial Complaints Unit. BBC World Service is represented on the BBC's Complaints Management Board which takes regular reports and promotes the learning points arising from them.

Further information

BBC World Service

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Radio Schedules and Frequencies

For information visit
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 **writeon@bbc.co.uk**

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BBC World Service Press Office – media enquiries including BBC Monitoring

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E-mail **worldservicepress@bbc.co.uk**
Website **bbc.co.uk/pressoffice**

How to complain

If you want to make a formal complaint about programmes or services provided by BBC World Service, you can do so at **www.bbc.co.uk/complaints** or you can write to BBC World Service, Bush House, PO Box 76, Strand, London WC2B 4PH, UK

BBC Focus On Africa magazine

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

BBC English – information on learning English materials radio and online

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E-mail **bbc.english@bbc.co.uk**
Website **bbc.co.uk/learningenglish**

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Telephone **+44 (0)20 7557 2576**
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Website **bbcshop.com**

BBC Training and Development, World Service

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Website **bbc.co.uk/worldservice/trust**

Annual Review online

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