

Prime Minister!

ppr please (letter ^{act} came in recently)

Agree to write as proposed?

- I do not like issuing a direction. I should

MR NORGROVE

JRS
12/11

6 November 1985

BBC ACCOUNTS

prefer continuing to point out what the BBC is doing

The BBC are to report a deficit for the year ending 31 March 1985 (ie prior to the licence increase) of £43m compared to a loss for the preceding year of some £8m. But the BBC only achieve these depressing figures by charging the whole of the year's capital expenditure against the income that they receive in that year, rather than the normal accounting practice of depreciating assets over their useful lives.

PWarry is copying →

Leon Brittan wrote twice to Stuart Young earlier this year urging proper treatment of capital expenditure in the 1984/5 accounts. But all the BBC have done is add a note in the depths of their accounts indicating the effect of adopting normal depreciation practice. These accounts were agreed with the BBC's auditors back in July but (despite being chased) the BBC delayed sending them to HMG until October leaving little time to negotiate any changes if the publication date is still to be met.

John MacGregor would still like Douglas Hurd to issue an accounts direction to the BBC for the year 1984/5 (which he has the power to do). Given the shortness of time and the sensitivity of any such direction to the BBC it is probably best that we let 1984/5 accounts stand. But there was public criticism of the BBC's accounting practices during the debate of the new licence and we therefore recommend that Douglas Hurd be invited ^{at least} to use the publication of the 1984/5 accounts as a justification for immediately issuing an accounts direction for 1985/6.

* the Treasury also want Mr Hurd to consider a direction for 1984-85.

Peter Warry
PETER WARRY

BBC ACCOUNTS

The accounts for the year ended 31st March 1964 show a deficit for the year ending of £1,000,000. This deficit is made up of a deficit of £1,000,000 on the operations of the Corporation and a deficit of £1,000,000 on the operations of the Corporation. The deficit on the operations of the Corporation is made up of a deficit of £1,000,000 on the operations of the Corporation and a deficit of £1,000,000 on the operations of the Corporation. The deficit on the operations of the Corporation is made up of a deficit of £1,000,000 on the operations of the Corporation and a deficit of £1,000,000 on the operations of the Corporation.

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