

BBC Enterprises is the BBC's commercial arm. Its main sources of revenue are from overseas distribution, co-production, video sales and magazine, book and record publishing. In 1991-92, it made a profit of £5.3 million (US\$9.37 million), 40 per cent up on the previous year. Its TV sales generated £47.9 million (US\$84.7 million) of its total £186.9 million (US\$330.5 million) turnover, but its main revenue comes from magazine and book publishing which accounted for turnover of £94.2 million (US\$166.6 million). At the end of last year BBC Enterprises went into partnership with Thames Television to launch new satellite channel UK Gold.

Commercial sector (terrestrial)

ITV

The commercial ITV network consists of 15 regional private broadcasters and a national breakfast TV service. Established in 1955, the network underwent its most radical shake-up in 1991 when the franchises came up for renewal. In previous years this had been regarded as something of a formality with companies retaining their franchises unless they had failed to meet their obligations or were particularly unfortunate. Under the 1990 Broadcasting Act, however, the process of competitive tender was introduced, awarding licences to those companies which put in the highest bid (in the form an annual index-linked payment to the Government) after first satisfying certain programme quality conditions set down by the ITC.

As an outcome of the auctions four licences changed hands. Thames Television, the largest ITV contractor, and the breakfast contractor TV-am, lost their licences to Carlton and Sunrise (now GMTV), while the ITC ruled that TVS and TSW had bid too high to be able to sustain their services. Their licences were awarded to Meridian and Westcountry respectively (see table below).

Far wider changes are expected as a result of the hugely differing prices paid by the companies. Central and Scottish Television - confident that they would be unopposed in their respective regions - each bid just £2,000 (US\$3,536) per annum (the minimum bid was £1,000) while Carlton paid £43.17 million (US\$76.33 million). The fear is that this will have created severe inequalities within the ITV system, and that some companies will be unable to afford their share of the £500 million - plus (US\$884 million) network programme schedule.

As a result of the general high level of bids, most of the companies have been reducing overheads, mainly through staff cuts, and there has been an increasing trend towards consolidation and joint ventures. Granada and LWT, two of the largest contractors, have combined their overseas sales teams to form Granada/LWT International, while Yorkshire has merged with its smaller, neighbouring contractor Tyne Tees to form YTTTV.

The network's total revenue for 1991 was £1,318 million (US\$2,330 million), and it had an average audience share of 38.7 per cent.

For the first time, from January 1993 ITV will have a centralised commissioning and scheduling system. The previous system, whereby the largest ITV companies had guaranteed access to a