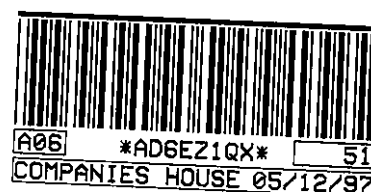


**PARLIAMENTARY COMMUNICATIONS LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 1997**

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Company No. 1262354



PARLIAMENTARY COMMUNICATIONS LIMITED

DIRECTORS' REPORT

The directors submit their report with the audited financial statements of Parliamentary Communications Limited for the year ended June 30 1997.

1. Principal Activity

The principal activities of the company are publishing, government monitoring and management services.

2. Results and dividends

The profit for the year after taxation was £320,719 (1996: loss £90,566). The directors do not propose the payment of a dividend (1996 : £nil).

3. Review of Activities

The company has had a satisfactory year with an overall increase in sales. In particular there has been a substantial increase in turnover from the publishing activities.

In September 1997 a new publication was launched called The Parliament Magazine. This publication will cover the European Parliament activities in Brussels and complements the existing UK title The House Magazine.

4. Directors and their interests

The directors who served during the year and their interest in the share capital of the company were as follows:-

	1997	1996
	£	£
K Young	101,000	101,000
A Sparshatt (Appointed 25.9.97)	-	-

5. Fixed Assets

Changes in fixed assets are shown in notes 7, 8 and 9 to the financial statements.

6. Close Company

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

7. Auditors

A resolution will be proposed at the Annual General Meeting to reappoint Morison Stoneham as auditors.

BY ORDER OF THE BOARD

A Sparshatt
SECRETARY

10 Little College St, London SW1

November 3 1997

PARLIAMENTARY COMMUNICATIONS LIMITED
STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE SHAREHOLDERS OF PARLIAMENTARY COMMUNICATIONS LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of the directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 the company's affairs as at June 30 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Morison Stoneham
Registered Auditors
Chartered Accountants

November 3 1997

PARLIAMENTARY COMMUNICATIONS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30 1997

	Notes	1997 £	1996 £
Turnover	2	2,885,140	2,281,921
Cost of sales		1,738,034	1,901,092
		-----	-----
Gross Profit		1,147,106	380,829
Distribution costs		179,321	144,473
Administration expenses		667,995	315,190
		-----	-----
Operating profit/(loss)		299,790	(78,734)
Other income	9	122,803	-
		-----	-----
Profit/(Loss) on ordinary activities before taxation	3	422,593	(78,834)
Tax on Profit/(Loss) on ordinary activities	6	101,874	11,732
		-----	-----
Profit/(Loss) on ordinary activities after taxation		320,719	(90,566)
Losses brought forward		(153,494)	(62,928)
		-----	-----
Profit carried forward		£167,225	£(153,494)
		=====	=====

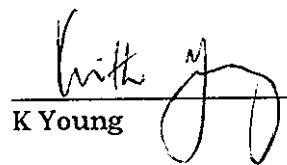
All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

PARLIAMENTARY COMMUNICATIONS LIMITED
BALANCE SHEET AT JUNE 30 1997

	Notes	1997 £	1996 £
Fixed Assets			
Intangible Assets	7	27,613	31,558
Tangible Assets	8	101,450	132,893
Investments	9	-	125,677
		<u>129,063</u>	<u>290,128</u>
Current Assets			
Debtors	10	1,228,731	694,993
Cash at Bank		269,115	61,831
		<u>1,497,846</u>	<u>756,824</u>
Creditors: amounts falling due within one year	11	<u>1,358,684</u>	<u>1,095,276</u>
Net Current Assets/ (Liabilities)		139,162	(338,452)
Total Assets less Current Liabilities		268,225	(48,324)
Provision for Liabilities and Charges		-	4,170
		<u>£268,225</u>	<u>£(52,494)</u>
Capital and Reserves			
Called up Share Capital		101,000	101,000
Profit and Loss Account		167,225	(153,494)
Shareholders Funds		<u>£268,225</u>	<u>£(52,494)</u>

Approved by the directors on November 3 1997

 Director
K Young

PARLIAMENTARY COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 1997

1. Accounting Policies

a) Accounting Convention

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention.

b) Depreciation

Depreciation is provided to write off fixed assets on a straight line basis over their estimated useful lives as follows:-

Leasehold Premises - Term of the Lease
Office Equipment -25% on cost

c) Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its net separable assets.

Goodwill and the premium paid on acquisition of investments are amortised in equal annual instalments over their estimated economic life.

d) Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences expected to reverse within the foreseeable future.

e) Cash Flow Statement

No cash flow statement has been included in these financial statements as the company qualifies as a small company and is exempt from the requirements of Financial Reporting Standard 1.

f) Lease and Hire Purchase Commitments

Assets acquired subject to finance lease or Hire Purchase contracts are capitalised as fixed assets and depreciated in accordance with the stated policy. The interest element of rentals falling due is charged to the profit and loss account over the contract period so as to produce a constant periodic rate of charge, except where the contract stipulates a variable rate of charge.

Operating lease rentals are charged to the profit and loss account in the period in which they fall due.

g) Revenue Recognition

i) Subscription revenue is allocated by accounting periods in proportion to the number of issues covered by the subscription published before and after the accounting date. Unappropriated subscription revenue is included within current liabilities.

ii) Advertising revenue is brought into account on publication date.

PARLIAMENTARY COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 1997 (CONTINUED)

1. Accounting Policies (continued)

- iii) Fees are recognised over the period of the relevant assignments or agreements.
- iv) Revenue from associated undertakings is brought into account on a cash received basis.
- h) Foreign Exchange

Assets and liabilities denominated in foreign currencies are translated into sterling at market rates of exchange ruling at the balance sheet date. Transactions in foreign currency during the year have been translated into sterling at market rates of exchange ruling at the date of settlement.

2. Turnover

Turnover represents sales net of value added tax.

All turnover arises in the United Kingdom from the following classes of business:

	1997	1996
	£ '000	£ '000
Publishing	1,520	1,130
Government monitoring	472	340
Management services	893	812
	-----	-----
	£2,885	£2,282
	=====	=====

3. Profit/(Loss) on Ordinary Activities before Taxation

This is stated after charging:

	1997	1996
	£	£
Directors' emoluments	60,000	-
Auditors' remuneration	7,800	5,119
Amortisation of goodwill	4,366	8,998
Depreciation	39,411	33,470
Hire of equipment	23,601	23,416
Director's loan interest	-	4,851
Bank loan interest	-	3,028
	=====	=====

PARLIAMENTARY COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 1997 (CONTINUED)

4. Staff Costs	1997	1996
	£	£
Wages and salaries	486,510	305,607
Social Security costs	45,907	19,418
Pension costs	2,087	-
	-----	-----
	£534,504	£325,025
	=====	=====

The average number of employees during the year was 24 (1996: 12).

5. Directors' Emoluments (including pension contributions)	1997	1996
	£	£
Remuneration provided during the year	60,000	-
	=====	=====

6. Tax on profit/(loss) on ordinary activities:

The taxation charge based on profit/(loss) for the year at 32% (1996: 24%) is made up as follows:

	1997	1996
	£	£
Tax interest	(90)	-
Tax payable	106,134	7,562
Deferred tax (note 12)	(4,170)	4,170
	-----	-----
	£101,874	£11,732
	=====	=====

7. Intangible Fixed Assets

With effect from July 1 1994 the company paid £1 to acquire the assets and liabilities of Christian Weekly Newspapers Limited. The investment represents the excess of the cost of purchase over the net assets acquired. See also note 15(a).

Cost	Goodwill
	£
At July 1 1996 and June 30 1997	39,448
	=====
Amortisation	
At July 1 1996	7,890
Charge for the year	3,945

At June 30 1997	11,835
	=====
Net Book Value	
At June 30 1997	£27,613
	=====
At June 30 1996	£31,558
	=====

PARLIAMENTARY COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 1997 (CONTINUED)

8. Tangible fixed assets

	Office Equipment	Short Leasehold	Total
	£	£	£
Cost			
At July 1 1996	178,383	20,701	199,084
Additions during the year	71,239	-	71,239
Disposals	(75,314)	-	(75,314)
	-----	-----	-----
At June 30 1997	174,308	20,701	195,009
	=====	=====	=====
Depreciation			
At July 1 1996	62,152	4,039	66,191
Charge for the year	37,341	2,070	39,411
Disposals	(12,043)	-	(12,043)
	-----	-----	-----
At June 30 1997	87,450	6,109	93,559
	=====	=====	=====
Net Book Value			
At June 30 1997	£86,858	£14,592	£101,450
	=====	=====	=====
At June 30 1996	£116,231	£16,662	£132,893
	=====	=====	=====

Fixed assets with a net book value of £7,500 are held under hire purchase agreements.

Depreciation of £2,500 was charged on fixed assets held under hire purchase agreements.

PARLIAMENTARY COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 1997 (CONTINUED)

9. Investments

The company owned 20% of UK Publications, an unincorporated joint venture, based in England, and participated in 100% of the profits or losses. On August 2 1996 the titles, business and goodwill owned by the joint venturers were sold.

	Share of net tangible liabilities	Goodwill	Premium paid on acquisition	Total
	£	£	£	£
Cost				
At July 1 1996	(56,242)	136,559	65,573	145,890
Disposals	56,242	(136,559)	(65,573)	(145,890)
	-----	-----	-----	-----
At June 30 1997	-	-	-	-
	=====	=====	=====	=====
Amortisation				
At July 1 1996	-	13,656	6,557	20,213
Charge for the year	-	284	137	421
Disposals	-	(13,940)	(6,694)	(20,634)
	-----	-----	-----	-----
At June 30 1997	-	-	-	-
	=====	=====	=====	=====
Net book value				
At June 30 1997	-	-	-	-
	=====	=====	=====	=====
At June 30 1996	£(56,242)	£122,903	£59,016	£125,677
	=====	=====	=====	=====

Revenue from associated undertakings is brought into account on a cash received basis. The revenue received on the sale was £122,803 and is shown as other income on the profit and loss account.

PARLIAMENTARY COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 1997 (CONTINUED)

10. Debtors

	1997	1996
	£	£
Trade debtors	543,711	238,809
Amounts owed by associated undertaking	-	167,807
Other debtors	260,807	27,044
Prepayments and accrued income	424,213	261,333
	-----	-----
	£1,228,731	£694,993
	=====	=====

11. Creditors: amounts falling due within one year

	1997	1996
	£	£
Trade creditors	234,346	449,794
Other taxes and social security	85,745	19,155
Corporation tax payable	106,134	7,562
Deferred income	376,464	342,693
Hire Purchase	4,249	-
Other creditors	409,025	189,973
Accruals	142,721	86,099
	-----	-----
	£1,358,684	£1,095,276
	=====	=====

12. Provision for Liabilities and Charges

	1997	1996
	£	£
Deferred Taxation:		
Accelerated capital allowances	£ -	£4,170
	=====	=====

The movement on deferred taxation of £(4,170) (1996: £4,107) forms part of the taxation charge (note 6).

PARLIAMENTARY COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 1997 (CONTINUED)

13. Share Capital

	1997	1996
	£	£
Equity:		
Authorised		
400,000 Ordinary shares of £1 each	400,000	400,000
	=====	=====
Allotted, called up and fully		
paid Ordinary shares of £1 each	101,000	101,000
	=====	=====

14. Reconciliation of Movement on Shareholder's Funds

	1997	1996
	£	£
Shareholder's Funds brought forward	(52,494)	(61,928)
Increase in share capital during the year	-	100,000
Retained profit/(loss) for the year	320,719	(90,566)
	-----	-----
Shareholder's Funds carried forward	£268,225	£(52,494)
	=====	=====
Represented by Equity Interests	£268,225	£(52,494)
	=====	=====

15. Contingent Liabilities

- a) The company has an agreement with Christian Weekly Newspapers Limited to manage the production and publication of the Church of England Newspaper. Under the terms of this agreement the company indemnifies Christian Weekly Newspapers Limited against all obligations and liabilities and any losses incurred in connection with the publication(see also note 7).
- b) Included in other debtors is an amount of £23,100 which is secured by a fixed charge.

16. Other Financial Commitments

At June 30 1997 the company had annual commitments under non-cancellable operating leases as set out below:

	1997		1996	
	Short	Other	Short	Other
	Leasehold		Leasehold	
	£	£	£	£
Operating leases which expire:				
Within one year	-	2,553	-	1,053
In the second to fifth years inclusive	-	16,990	-	19,542
In over five years	46,200	-	46,200	-
	-----	-----	-----	-----
	£46,200	£19,543	£46,200	£20,595
	=====	=====	=====	=====

PARLIAMENTARY COMMUNICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 1997 (CONTINUED)

17. Related Party Transactions

i) During the year, the company was provided with the following services on an arm's length basis by businesses over which K Young, director and chairman, exercises control.

	1997	1996
	£	£
Management services	702, 188	313,961
Pre Press services	46,846	45,354
Courier Services	8,842	-
	-----	-----
	£757,876	£359,315
	=====	=====

Management and Pre Press services were provided by ITM Graphics Ltd and courier services were provided by Excel Couriers Ltd. Amounts due to these companies at June 30 1997 totalled £77,703.

ii) During the year, the company provided the following services on an arm's length basis to businesses over which K Young, director and chairman, exercises control.

	1997	1996
	£	£
Management services	560,630	182,024
	=====	=====

Management services were provided to Sport First Publishing Ltd. Amounts due from this company at June 30 1997 totalled £572,442 of which £299,898 was received in July 1997.

iii) Included in other creditors and accruals are amounts due to Keith Young of £346,920. These amounts are interest free and repayable on demand.

18. Post Balance Sheet Events

Subsequent to the year end the company issued a debenture secured by Sport First Publishing Limited for all amounts due from or falling due from Sport First Publishing Limited.

19. Ultimate Controlling Party

The company is controlled by Mr Keith Young