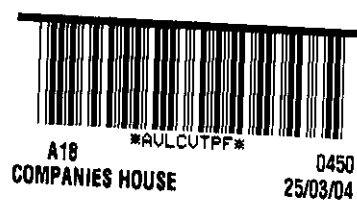


Parliamentary Broadcasting Unit Limited

(Registered Number: 2402768)

**Directors' Report and Financial Statements
for the Year Ended 30 September 2003**



Parliamentary Broadcasting Unit Limited

Directors' Report and Financial Statements

| Contents | Page |
|--|-------------|
| Directors' Report | 1-2 |
| Statement of Directors' Responsibilities | 3 |
| Independent Auditors' Report | 4 |
| Profit and Loss Account | 5 |
| Balance Sheet | 6 |
| Notes | 7-9 |

Parliamentary Broadcasting Unit Limited

Directors' Report

The Directors present their report together with the financial statements of the Company for the year ended 30 September 2003.

Directors

The Directors during the year ended 30 September 2003 are listed below:

| | |
|--|--|
| Rt. Hon. Sir Alan Haselhurst M.P. Steven Anderson | Chairman |
| Rt. Hon. Lord Brabazon of Tara | (Appointed 24.2.2003) |
| Rt. Hon. Lord Burnham | |
| Rt. Hon. Robin Cook M.P. | (Ceased to be a Director 14.4.2003) |
| Sir Patrick Cormack M.P. | |
| Rt. Hon. Peter Hain M.P. | (Appointed 17.6.2003) |
| Tiffany Hall | (Appointed 1.7.2003) |
| Nigel Jones M.P. | |
| Peter Knowles | (Appointed 1.7.2003) |
| David Lloyd | |
| Barbara Long | |
| Peter Lowe | |
| Paul Mathews | |
| Roger Mosey | (Ceased to be a Director 1.7.2003) |
| Julia Nelson | (Ceased to be a Director 1.7.2003) |
| Rt. Hon. Lord Paul of Marylebone | |
| Peter Phillips | |
| Rt. Hon. Dr John Reid M.P. | (Appointed 14.4.2003; ceased to be a Director 17.6.2003) |
| James Scorer | (Ceased to be a Director 1.10.2002) |
| Chris Shaw | |
| Anne Sloman | |
| Clive Soley M.P. | |
| Rt. Hon. Lord Thomson of Monifieth, K.T. | |
| Rt. Hon. Lord Tordoff | (Ceased to be a Director 24.2.2003) |
| Sarah Tweddell | |

There have been no Directors appointed since 30 September 2003.

Principal Activities

The principal activity of the Company is the making of arrangements for the televising of the Parliament of the United Kingdom of Great Britain and Northern Ireland by means of live relay and by recordings.

Results and Review of Business

During the year under review the Company, which is non profit making, derived the major part of its income from UK broadcasters for a clean feed of the proceedings of the House of Commons, House of Lords and coverage of certain committees of each House. The Directors foresee the Company continuing in this manner for the foreseeable future. The income received by the Company is used to finance the operation of the technical equipment installed in the Houses of Parliament and the supply of the clean feed signals.

Parliamentary Broadcasting Unit Limited

Directors' Report (Continued)

Dividend

The Company is a non-profit making organisation and therefore no dividends will be paid.

Directors

One of the Directors receives remuneration from the Company. As at 30 September 2003 no Director had interests in the shares of the Company.

Employees

The Company has one employee (2002: one).

Fixed Assets

All assets used by the Company are rented under operating leases.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

By order of the board



Martin Webster
Secretary

18 March 2004

Parliamentary Broadcasting Unit 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 results of the Company for that period. 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;
- State that all applicable accounting standards have been followed, save as disclosed in the notes to the accounts;
- 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.

Independent Auditors' Report to the Members of Parliamentary Broadcasting Unit Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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, the Directors' Report is not consistent with the financial statements, if the company 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 directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report.

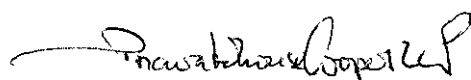
Basis of Audit Opinion

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 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 at 30 September 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

18 March 2004

Parliamentary Broadcasting Unit Limited

Profit and Loss Account for the Year Ended 30 September 2003

| | Note | 2003 £ | 2002 £ |
|---|------|-----------|-----------|
| Turnover | 2 | 886,610 | 886,528 |
| Cost of sales | | (814,523) | (803,508) |
| Gross profit | | 72,087 | 83,020 |
| Administrative expenses | | (76,530) | (88,078) |
| Operating loss | | (4,443) | (5,058) |
| Bank interest receivable | | 4,443 | 5,058 |
| Profit on ordinary activities before taxation | 4 | - | - |
| Taxation | | - | - |
| Retained profit for the financial year | | - | - |

The Company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

All of the results above arise from continuing operations.

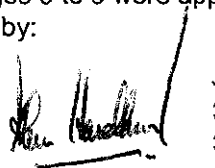
The notes on pages 7 to 9 form part of these financial statements.

Parliamentary Broadcasting Unit Limited

Balance Sheet as at 30 September 2003

| | Note | 2003 £ | 2002 £ |
|-------------------------------------|------|-----------|-----------|
| Current assets | | | |
| Debtors | 5 | 49,935 | 69,740 |
| Cash at bank | | 105,261 | 60,378 |
| | | 155,196 | 130,118 |
| Creditors: | | | |
| Amounts falling due within one year | 6 | (155,016) | (129,938) |
| Net assets | | 180 | 180 |
| Share capital | 7 | 180 | 180 |
| Equity shareholders' funds | | 180 | 180 |

The financial statements set out on pages 5 to 9 were approved by the Board of Directors on 18 March 2004 and signed on their behalf by:



)
)
)
Director(s)

Parliamentary Broadcasting Unit Limited

Notes to the Financial Statements for the Year Ended 30 September 2003

1 Accounting Policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom which have been consistently applied.

Turnover represents amounts invoiced for services, together with amounts invoiced to shareholders in respect of costs incurred by the company during the year, excluding VAT.

Costs in respect of operating leases are charged on a straight line basis over the lease term. All of the leases which the Company has entered into as lessee are operating leases.

The Company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cashflow statement.

2 Turnover

| | 2003 £ | 2002 £ |
|--|----------------|----------------|
| Turnover comprises: | | |
| Fees and contributions from shareholders | 546,913 | 591,761 |
| Other income from shareholders | 144,910 | 146,520 |
| External income | 194,787 | 148,247 |
| Total | 886,610 | 886,528 |

Shareholders contribute to any shortfalls in revenue in order to ensure the Company makes neither a profit nor a loss after taxation.

3 Directors' Emoluments

| | 2003 £ | 2002 £ |
|----------------------|-----------|-----------|
| Aggregate emoluments | 19,972 | 19,848 |

Parliamentary Broadcasting Unit Limited

Notes to the Financial Statements for the Year Ended 30 September 2003 (Continued)

4 Profit on Ordinary Activities Before Taxation

| | 2003 £ | 2002 £ |
|---|-----------|-----------|
| Profit on ordinary activities before taxation is stated after charging: | | |
| Operating lease rentals | 601,291 | 594,600 |
| Auditors' remuneration | 6,250 | 6,000 |

Remuneration of the company's auditors for provision of non-audit services to the company was £1,000 (2002: £1,000).

5 Debtors

| | 2003 £ | 2002 £ |
|----------------|-----------|-----------|
| Trade debtors | 42,929 | 45,022 |
| VAT receivable | 7,006 | 24,718 |
| | 49,935 | 69,740 |

6 Creditors

| | 2003 £ | 2002 £ |
|--------------------------------------|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade creditors | 21,920 | 33,794 |
| Amounts owed to shareholders | 79,648 | 43,373 |
| Accrued charges | 53,448 | 52,771 |
| Total | 155,016 | 129,938 |

7 Share Capital

| | 2003 £ | 2002 £ |
|---|-----------|-----------|
| 9 authorised, issued and fully paid ordinary shares of £20 each | 180 | 180 |

Parliamentary Broadcasting Unit Limited

Notes to the Financial Statements for the Year Ended 30 September 2003 (Continued)

8 Reconciliation of Movements In Equity Shareholders' Funds

| | 2003 £ | 2002 £ |
|------------------------------------|-----------|-----------|
| Profit for the financial year | - | - |
| Opening equity shareholders' funds | 180 | 180 |
| Closing equity shareholders' funds | 180 | 180 |

9 Financial Commitments

The operating lease commitment for the supply of services amounts to an annual cost of £601,291 (2002: £594,600), which subject to earlier termination in certain circumstances will continue until 31 July 2006.

10 Related Parties Disclosure (Financial Reporting Standard 8)

The Company's shares are held by the main UK broadcasters. The shareholders and the Company are parties to a Shareholders' Agreement under which the shareholders agree to be invoiced for any shortfall in the Company's income in proportion to their respective shareholdings, such that the profit after taxation of the company is nil. Any amounts invoiced in excess of the net costs of the Company are held in creditors and refunded to the shareholders. The company also provides other services to the shareholders and these are invoiced on an individual basis. Details of the total transactions with shareholders are shown in Note 2.