

Company Registration No. 2604233 (England and Wales)

**AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS)  
LIMITED**

**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2006**



# **AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED**

## **COMPANY INFORMATION**

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<b>Director</b>	A B Atwan
<b>Secretary</b>	P Sundram
<b>Company number</b>	2604233
<b>Registered office</b>	Clifton Down House Beaufort Buildings Clifton Down Clifton Bristol BS8 4AN
<b>Auditors</b>	Mazars LLP Clifton Down House Beaufort Buildings Clifton Down Clifton Bristol BS8 4AN
<b>Business address</b>	164-166 King Street London W6 0QU

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# **AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED**

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# AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

## DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2006

The director presents his report and financial statements for the year ended 30 September 2006

### Principal activities and review of the business

The principal activity of the company continued to be that of publishing and distributing a daily newspaper

The director is satisfied with the results for the year and expects them to continue into the future

### Results and dividends

The results for the year are set out on page 5

### Director

The following director has held office since 1 October 2005

A B Atwan

### Director's interests

There are no director's interests requiring disclosure under the Companies Act 1985

Charitable donations	2006 £	2005 £
During the year the company made the following payments		
Charitable donations	590	1,000

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Mazars LLP be reappointed as auditors of the company will be put to the Annual General Meeting

### Director's responsibilities

Company law requires the director 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 period. In preparing those financial statements, the director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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

**AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS)  
LIMITED**

**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

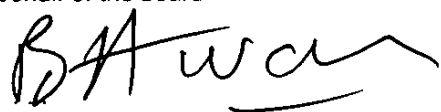
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**Statement of disclosure to auditor**

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



17/4/07

# **AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED**

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We have audited the financial statements of Al-Quds Al-Arabi Publishing & Advertising (overseas) Limited for the year ended 30 September 2006 which comprise the Profit and Loss Account, the Balance Sheet, and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the director and auditors**

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

# **AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED**

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### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

### **Going concern**

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company incurred a net loss of £306,258 during the year ended 30 September 2006 and, as of that date, the Company's current liabilities exceeded its total assets by £434,669. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

*M. Gun*

**Mazars LLP**

Chartered Accountants

**Registered Auditor**

*17/6/07*

Clifton Down House  
Beaufort Buildings  
Clifton Down  
Clifton  
Bristol  
BS8 4AN

# AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 £	2005 £
<b>Turnover</b>	<b>2</b>	651,740	696,079
Cost of sales		(2,254,577)	(2,437,365)
<b>Gross loss</b>		(1,602,837)	(1,741,286)
Administrative expenses		(233,033)	(272,529)
Other operating income		2,140,000	1,940,000
<b>Operating profit/(loss)</b>	<b>3</b>	304,130	(73,815)
Other interest receivable and similar income	<b>4</b>	3,061	1,829
Interest payable and similar charges	<b>5</b>	(933)	-
<b>Profit/(loss) on ordinary activities before taxation</b>		306,258	(71,986)
Tax on profit/(loss) on ordinary activities	<b>6</b>	(768)	-
<b>Profit/(loss) on ordinary activities after taxation</b>	<b>12</b>	305,490	(71,986)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

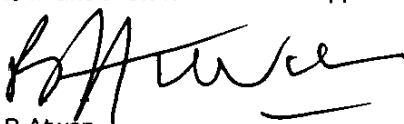


# AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

## BALANCE SHEET AS AT 30 SEPTEMBER 2006

	Notes	2006 £	£	2005 £	£
<b>Fixed assets</b>					
Tangible assets	8		13,778		14,741
<b>Current assets</b>					
Debtors	9	217,337		229,990	
Cash at bank and in hand		109,182		41,040	
		<u>326,519</u>		<u>271,030</u>	
<b>Creditors amounts falling due within one year</b>	10	<u>(761,188)</u>		<u>(1,032,161)</u>	
<b>Net current liabilities</b>			<u>(434,669)</u>		<u>(761,131)</u>
<b>Total assets less current liabilities</b>			<u>(420,891)</u>		<u>(746,390)</u>
<b>Capital and reserves</b>					
Called up share capital	11	570,109		550,100	
Profit and loss account	12	(991,000)		(1,296,490)	
<b>Shareholders' funds - equity interests</b>	13	<u>(420,891)</u>		<u>(746,390)</u>	

The financial statements were approved by the Board on 17/9/07

  
A B Atwan  
Director

# **AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

During the year whilst the company incurred a profit before tax of £306,258, at the balance sheet date its current liabilities exceeded its current assets by £434,669. In addition to its sales and advertising revenue, the company relies on its supporters for financial support. This is shown in the accounts as other operating income. The director has received written assurances that funding will be available for next year at levels at least similar to that received in the year to 30 September 2006.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this is based on the supporters giving their support by continuing to provide adequate loan facilities and making substantial donations as outlined above.

If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for future liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently.

#### **1.3 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### **1.4 Goodwill**

Goodwill represents the excess of cost of acquisition over the fair value of separable net assets acquired. Goodwill is written off in equal instalments over its estimated useful economic life.

#### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	25%
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#### **1.6 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.7 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance had not been discounted.

#### **1.8 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

# AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating profit/(loss)	2006 £	2005 £
Operating profit/(loss) is stated after charging		
Depreciation of tangible assets	4,592	4,913
Loss on foreign exchange transactions	1,580	2,210
Operating lease rentals		
- Plant and machinery	1,478	2,683
Auditors' remuneration	7,832	6,411
	<u>          </u>	<u>          </u>
4 Investment income	2006 £	2005 £
Bank interest	3,061	1,829
	<u>          </u>	<u>          </u>
5 Interest payable	2006 £	2005 £
On bank loans and overdrafts	933	-
	<u>          </u>	<u>          </u>
6 Taxation	2006 £	2005 £
<b>Domestic current year tax</b>		
U K corporation tax	768	-
	<u>          </u>	<u>          </u>
<b>Current tax charge</b>	<u>768</u>	<u>-</u>
<b>Factors affecting the tax charge for the year</b>		
Profit/(loss) on ordinary activities before taxation	306,258	(71,986)
	<u>          </u>	<u>          </u>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005: 0.00%)	91,877	-
Effects of		
Tax losses utilised	(91,109)	-
	<u>          </u>	<u>          </u>
<b>Current tax charge</b>	<u>768</u>	<u>-</u>

# AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

### 7 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 October 2005 & at 30 September 2006	325,928
<b>Amortisation</b>	
At 1 October 2005 & at 30 September 2006	325,928
<b>Net book value</b>	
At 30 September 2006	-
At 30 September 2005	-

### 8 Tangible fixed assets

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 October 2005	98,806
Additions	3,629
At 30 September 2006	102,435
<b>Depreciation</b>	
At 1 October 2005	84,065
Charge for the year	4,592
At 30 September 2006	88,657
<b>Net book value</b>	
At 30 September 2006	13,778
At 30 September 2005	14,741

# AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

9 Debtors	2006 £	2005 £
Trade debtors	189,521	184,346
Other debtors	21,195	24,136
Prepayments and accrued income	6,621	21,508
	<u>217,337</u>	<u>229,990</u>

10 Creditors amounts falling due within one year	2006 £	2005 £
Bank loans and overdrafts	32,802	106,787
Corporation tax	768	-
Other taxes and social security costs	-	24,158
Director's current accounts	69,192	69,192
Accruals and deferred income	658,426	832,024
	<u>761,188</u>	<u>1,032,161</u>

11 Share capital	2006 £	2005 £
<b>Authorised</b>		
570,109 Ordinary shares of £1 each of £1 each	<u>570,109</u>	<u>550,100</u>
<b>Allotted, called up and fully paid</b>		
570,109 Ordinary shares of £1 each of £1 each	<u>570,109</u>	<u>550,100</u>

On 24th April 2006 a further 20,009 ordinary shares of £1 each were authorised, allotted and issued at par

## 12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 2005	(1,296,490)
Retained profit for the year	<u>305,490</u>
Balance at 30 September 2006	<u>(991,000)</u>

# AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

<b>13 Reconciliation of movements in shareholders' funds</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Profit/(Loss) for the financial year	305,490	(71,986)
Proceeds from issue of shares	20,009	-
Net addition to/(depletion in) shareholders' funds	325,499	(71,986)
Opening shareholders' funds	(746,390)	(674,404)
Closing shareholders' funds	(420,891)	(746,390)

## 14 Financial commitments

At 30 September 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2007

	<b>Land and buildings</b>			<b>Other</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire				
Between two and five years	-	-	1,516	-
In over five years	55,250	55,250	-	-
	55,250	55,250	1,516	-

<b>15 Director's emoluments</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	136,325	137,386

# AL-QUDS AL-ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

### 16 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2006 Number	2005 Number
Management	3	3
Production	19	21
	<u>22</u>	<u>24</u>

#### Employment costs

	2006 £	2005 £
Wages and salaries	640,520	671,788
Social security costs	67,823	71,482
	<u>708,343</u>	<u>743,270</u>

### 17 Control

The ultimate controlling party is Sweetrain Limited, a company incorporated in the British Virgin Islands