

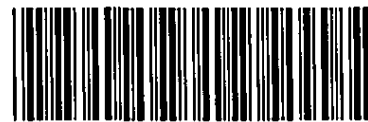
Al Quds Al Arabi Publishing & Advertising (Overseas) Limited

Registered number: 2604233

Director's report and financial statements

For the year ended 30 September 2008

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AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

COMPANY INFORMATION

Director	A B Atwan
Company secretary	P Sundram
Company number	2604233
Registered office	Clifton Down House Beaufort Buildings Clifton Down Clifton Bristol BS8 4AN
Auditor	Mazars LLP Chartered accountants & Registered auditors Clifton Down House Beaufort Buildings Clifton Down Clifton Bristol BS8 4AN

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

CONTENTS

	Page
Director's report	1 - 2
Independent auditor's report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 13

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2008

The director presents his report and the financial statements for the year ended 30 September 2008.

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 that 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.

Principal activities

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

Director

The director who served during the year was:

A B Atwan

Provision of information to auditor

The director at the time when this director's report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

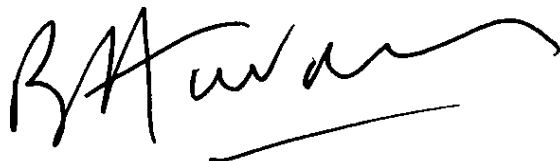
The report of the director has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2008

This report was approved by the board on 27/1/09 and signed on its behalf.

Director

A handwritten signature in black ink, appearing to read 'B. Alwan', with a horizontal line underneath.

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

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

We have audited the financial statements of Al Quds Al Arabi Publishing & Advertising (Overseas) Limited for the year ended 30 September 2008, which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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 Auditor's 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 director and auditor

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of director's responsibilities.

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 they are properly prepared in accordance with the Companies Act 1985, and whether the information given in the director's report is consistent with the financial statements.

In addition we 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements 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 judgments made by the director 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 TO THE SHAREHOLDERS OF AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 September 2008 and of its loss 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 director's report is consistent with the financial statements.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company incurred a net loss of £81,879 during the year ended 30 September 2008, and its liabilities exceeded its total assets by £381,253. 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.

Mazars

Mazars LLP

Chartered accountants
Registered auditors

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

Date:

27/5/09

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2008

	Note	2008 £	2007 £
Turnover	1	619,708	673,997
Cost of sales		(2,209,372)	(2,058,476)
Gross loss		(1,589,664)	(1,384,479)
Administrative expenses		(235,354)	(236,811)
Other operating income	2	1,740,000	1,740,000
Operating (loss)/profit	3	(85,018)	118,710
Interest receivable		2,982	4,038
Interest payable		(1,054)	(20)
(Loss)/profit on ordinary activities before taxation		(83,090)	122,728
Tax on (loss)/profit on ordinary activities	6	1,211	(1,211)
(Loss)/profit for the financial year	12	(81,879)	121,517

The notes on pages 7 to 13 form part of these financial statements.

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2008

	Note	£	2008 £	£	2007 £
Fixed assets					
Tangible fixed assets	8		33,565		29,586
Current assets					
Debtors	9	185,042		179,143	
Cash at bank		170,177		193,248	
		<u>355,219</u>		<u>372,391</u>	
Creditors: amounts falling due within one year	10	<u>(770,037)</u>		<u>(701,351)</u>	
Net current liabilities			<u>(414,818)</u>		<u>(328,960)</u>
Total assets less current liabilities			<u>(381,253)</u>		<u>(299,374)</u>
Capital and Reserves					
Called up share capital	11		570,109		570,109
Profit and loss account	12		<u>(951,362)</u>		<u>(869,483)</u>
Shareholders' deficit			<u>(381,253)</u>		<u>(299,374)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Director



27/8/09

The notes on pages 7 to 13 form part of these financial statements.

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2008

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

During the year the company incurred a loss before tax of £83,090, at the balance sheet date its current liabilities exceeded its current assets by £381,253. 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 2008.

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 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

1.4 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	25% reducing balance
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1.5 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2008

1. Accounting policies (continued)

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2008

2. Other operating income

	2008 £	2007 £
Subsidy income	1,740,000	1,740,000

3. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2008 £	2007 £
Depreciation of tangible fixed assets: - owned by the company	11,787	9,918
Auditors' remuneration	6,561	6,518

4. Staff costs

Staff costs, including director's remuneration, were as follows:

	2008 £	2007 £
Wages and salaries	634,118	632,748
Social security costs	67,394	67,150
	701,512	699,898

The average monthly number of employees, including the director, during the year was as follows:

	2008 No.	2007 No.
Management	3	3
Production	19	19
	22	22

5. Director's remuneration

	2008 £	2007 £
Aggregate emoluments	136,400	150,223

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2008

6. Taxation

	2008 £	2007 £
UK corporation tax (credit)/charge on (loss)/profit for the year	(1,211)	1,211

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 30% (2007 - 30%).

Factors that may affect future tax charges

The company has tax losses available for carry forward of £240,759.

7. Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2007 and 30 September 2008	325,928
Amortisation	
At 1 October 2007 and 30 September 2008	325,928
Net book value	
At 30 September 2008	-

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2008

8. Tangible fixed assets

	Furniture, fittings and equipment £
Cost	
At 1 October 2007	125,402
Additions	17,562
Disposals	(13,158)
	<u>129,806</u>
At 30 September 2008	
Depreciation	
At 1 October 2007	95,816
Charge for the year	11,787
On disposals	(11,362)
	<u>96,241</u>
At 30 September 2008	
Net book value	
At 30 September 2008	<u>33,565</u>
At 30 September 2007	<u>29,586</u>

9. Debtors

	2008 £	2007 £
Trade debtors	138,644	134,832
Other debtors	46,398	44,311
	<u>185,042</u>	<u>179,143</u>

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2008

10. Creditors: Amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts	64,872	22,337
Corporation tax	-	1,211
Social security and other taxes (see below)	17,278	19,346
Other creditors	687,887	658,457
	<u>770,037</u>	<u>701,351</u>

Social security and other taxes

	2008 £	2007 £
PAYE/NI control	<u>17,278</u>	<u>19,346</u>

11. Share capital

	2008 £	2007 £
Authorised, allotted, called up and fully paid		
570,109 Ordinary shares of £1 each	<u>570,109</u>	<u>570,109</u>

12. Reserves

	Profit and loss account £
At 1 October 2007	(869,483)
Loss for the year	(81,879)
	<u>(951,362)</u>
At 30 September 2008	

13. Operating lease commitments

At 30 September 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008 £	2007 £
Expiry date:		
Within 1 year	1,516	-
Between 2 and 5 years	<u>-</u>	<u>1,516</u>

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2008

14. Controlling party

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