

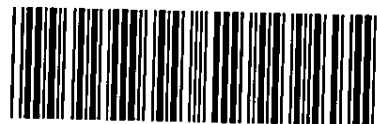
Al Quds Al Arabi Publishing & Advertising (Overseas) Limited

Registered number 2604233

Director's report and financial statements

For the year ended 30 September 2007

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COMPANIES HOUSE

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

COMPANY INFORMATION

Director	A B Atwan
Secretary	P Sundram
Company number	2604233
Registered office	Clifton Down House Beaufort Buildings Clifton Down Clifton Bristol BS8 4AN
Auditors	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

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AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2007

The director presents his report and the financial statements for the year ended 30 September 2007

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 and review of 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 of the year and expects them to continue into the future.

Results

The profit for the year, after taxation, amounted to £121,517 (2006 - £305,490).

Director

The director who served during the year was

A B Atwan

Political and charitable contributions

Charitable donations totalled £600 (2006 £590).

Provision of information to auditors

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 auditors are unaware, and
- each 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 auditors in connection with preparing his report and to establish that the company's auditors are aware of that information.

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

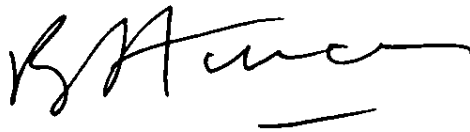
DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2007

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on 21/6/08 and signed on its behalf

Director



AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

INDEPENDENT AUDITOR'S 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 2007, 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.

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 AUDITOR'S 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, of the state of the company's affairs as at 30 September 2007 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 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 whilst the Company incurred a net profit of £121,517 during the year ended 30 September 2007, its liabilities exceeded its total assets by £299,374. 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.

Mga

Mazars LLP

Chartered accountants
Registered auditors

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

Date

8/7/08

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Note	2007 £	2006 £
Turnover	1,2	673,997	651,740
Cost of sales		(2,058,476)	(2,254,577)
Gross loss		(1,384,479)	(1,602,837)
Administrative expenses		(236,811)	(233,033)
Other operating income	3	1,740,000	2,140,000
Operating profit	4	118,710	304,130
Interest receivable		4,038	3,061
Interest payable	7	(20)	(933)
Profit on ordinary activities before taxation		122,728	306,258
Tax on profit on ordinary activities	8	(1,211)	(768)
Profit on ordinary activities after taxation	14	121,517	305,490

All amounts relate to continuing operations

There were no recognised gains and losses for 2007 or 2006 other than those included in the profit and loss account

The notes on pages 7 to 12 form part of these financial statements

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2007

	Note	£	2007 £	£	2006 £
Fixed assets					
Tangible fixed assets	10		29,586		13,778
Current assets					
Debtors	11	179,143		217,337	
Cash at bank		193,248		109,182	
		<u>372,391</u>		<u>326,519</u>	
Creditors amounts falling due within one year	12	(701,351)		(761,188)	
Net current liabilities			(328,960)		(434,669)
Total assets less current liabilities			<u>(299,374)</u>		<u>(420,891)</u>
Capital and Reserves					
Called up share capital	13		570,109		570,109
Profit and loss account	14		(869,483)		(991,000)
Shareholders' deficit	15		<u>(299,374)</u>		<u>(420,891)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2/6/07

Director



The notes on pages 7 to 12 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 2007

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 applicable accounting standards

During the year the company incurred a profit before tax of £121,517, at the balance sheet date its current liabilities exceeded its current assets by £328,960. 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 2007.

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 2007

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

2 Turnover

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

All turnover arose within the United Kingdom

3 Other operating income

	2007 £	2006 £
Subsidy income	1,740,000	2,140,000

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

4 Operating profit

The operating profit is stated after charging

	2007 £	2006 £
Depreciation of tangible fixed assets - owned by the company	9,918	4,592
Auditors' remuneration	6,518	7,832
Difference on foreign exchange	4,205	1,580

5. Staff costs

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

	2007 £	2006 £
Wages and salaries	632,748	640,520
Social security costs	67,150	67,823
	699,898	708,343

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

	2007 No.	2006 No.
Management	3	3
Production	19	19
	22	22

6. Director's remuneration

	2007 £	2006 £
Emoluments	150,223	136,325

7. Interest payable

	2007 £	2006 £
On bank loans and overdrafts	20	933

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

8. Taxation

	2007 £	2006 £
UK corporation tax charge on profit for the year	1,211	768

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2006 - higher than) the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	122,728	306,258
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	36,818	91,877
Effects of:		
Expenses not deductible for tax purposes	11,579	-
Capital allowances for year in excess of depreciation	(2,696)	-
Utilisation of tax losses	(44,490)	(91,109)
Current tax charge for the year (see note above)	1,211	768

9. Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2006 and 30 September 2007	325,928
Amortisation	
At 1 October 2006 and 30 September 2007	325,928
Net book value	
At 30 September 2007	-

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

10. Tangible fixed assets

	Furniture, fittings and equipment £
Cost	
At 1 October 2006	102,435
Additions	25,891
Disposals	(2,924)
At 30 September 2007	<u>125,402</u>
Depreciation	
At 1 October 2006	88,657
Charge for the year	9,918
On disposals	(2,759)
At 30 September 2007	<u>95,816</u>
Net book value	
At 30 September 2007	<u>29,586</u>
At 30 September 2006	<u>13,778</u>

11 Debtors

	2007 £	2006 £
Trade debtors	134,832	189,521
Other debtors	23,211	21,195
Prepayments and accrued income	21,100	6,621
	<u>179,143</u>	<u>217,337</u>

12 Creditors. Amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	22,337	32,802
Corporation tax	1,211	768
Social security and other taxes	19,346	-
Other creditors	69,192	69,192
Accruals and deferred income	589,265	658,426
	<u>701,351</u>	<u>761,188</u>

AL QUDS AL ARABI PUBLISHING & ADVERTISING (OVERSEAS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

13. Share capital

	2007 £	2006 £
Authorised, allotted, called up and fully paid		
570,109 Ordinary shares of £1 each	570,109	570,109

14. Reserves

	Profit and loss account £
At 1 October 2006	(991,000)
Profit for the year	121,517
At 30 September 2007	(869,483)

15. Reconciliation of movement in shareholders' deficit

	2007 £	2006 £
Opening shareholders' deficit	(420,891)	(746,390)
Profit for the year	121,517	305,490
Shares issued during the year	-	20,009
Closing shareholders' deficit	(299,374)	(420,891)

16. Operating lease commitments

At 30 September 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2007 £	2006 £	2007 £	2006 £
Expiry date.				
Between 2 and 5 years	55,250	-	1,516	1,516
After more than 5 years	-	55,250	-	-

17. Controlling party

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