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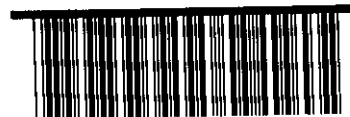
AL JAZEERA SATELLITE
CHANNEL LIMITED

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 NOVEMBER 2003



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AL JAZEERA SATELLITE
CHANNEL LIMITED

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FOR THE YEAR ENDED 30 NOVEMBER 2003

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AL JAZEERA SATELLITE
CHANNEL LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 30 NOVEMBER 2003

DIRECTORS:

M Al Suwaidan
M J Al Ali
H A Jafar
M A Sahlawi
K A Al Mannae

SECRETARY:

M A Shah

REGISTERED OFFICE:

4 Churchill Court
58 Station Road
North Harrow
HA2 7ST

REGISTERED NUMBER:

03466258 (England and Wales)

AUDITORS:

ADAMS MOORHOUSE, Chartered Accountants
Registered Auditors
4 Churchill Court
Station Road
Harrow
Middlesex
HA2 7ST

BANKERS:

Qatar National Bank
One Mount Street
London
W1Y 8HQ

AL JAZEERA SATELLITE
CHANNEL LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2003

The directors present their report with the financial statements of the company for the year ended 30 November 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of Satellite TV programme producers and provision of production facilities.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

The company, by virtue of being a company limited by guarantee, is unable to pay any dividends.

RESEARCH AND DEVELOPMENT

Research and development costs are written off to profit and loss account in the period in which the expenditure is incurred.

FUTURE DEVELOPMENTS

No major developments are planned for the ensuing year.

DIRECTORS

The directors during the year under review were:

M Al Suwaidan

M J Al Ali

H A Jafar

M A Sahlawi

K A Al Mannae

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 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;
- 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

The auditors, ADAMS MOORHOUSE, Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

.....
M Al Suwaidan - Director

Date: 15/4/05

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AL JAZEERA SATELLITE
CHANNEL LIMITED

We have audited the financial statements of Al Jazeera Satellite Channel Limited for the year ended 30 November 2003 on pages four to eleven. These financial statements have been prepared under the historical cost convention and 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 directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Report of the Directors 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 with the company is not disclosed.

We read the Report of the Directors 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 United Kingdom 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 30 November 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ADAMS MOORHOUSE, Chartered Accountants
Registered Auditors
4 Churchill Court
Station Road
Harrow
Middlesex
HA2 7ST

Date: 15/4/05

**AL JAZEERA SATELLITE
CHANNEL LIMITED**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 2003**

| | Notes | 2003 | | 2002 | |
|-------------------------------------------------------------|-------|---------|-----------|---------|-----------|
| | | £ | £ | £ | £ |
| TURNOVER | | | 1,535,526 | | 1,489,564 |
| Cost of sales | | | 920,212 | | 943,800 |
| GROSS PROFIT | | | 615,314 | | 545,764 |
| Distribution costs | | 95,984 | | 31,082 | |
| Administrative expenses | | 523,310 | | 448,490 | |
| | | | 619,294 | | 479,572 |
| OPERATING (LOSS)/PROFIT | 3 | | (3,980) | | 66,192 |
| Interest receivable and similar income | | | 2,137 | | 148 |
| | | | (1,843) | | 66,340 |
| Interest payable and similar charges | 4 | | 865 | | 5,395 |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | (2,708) | | 60,945 |
| Tax on (loss)/profit on ordinary activities | 5 | | - | | - |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | | (2,708) | | 60,945 |
| Retained profit brought forward | | | 97,202 | | 36,257 |
| RETAINED PROFIT CARRIED FORWARD | | | £94,494 | | £97,202 |

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

AL JAZEERA SATELLITE
CHANNEL LIMITED

BALANCE SHEET
30 NOVEMBER 2003

| | Notes | 2003 | | 2002 | |
|-------------------------------------------------------|-------|---------|-----------|---------|---------|
| | | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 6 | | 353,824 | | 76,391 |
| CURRENT ASSETS: | | | | | |
| Debtors | 7 | 534,346 | | 515,035 | |
| Cash at bank and in hand | | 73,706 | | 249,925 | |
| | | 608,052 | | 764,960 | |
| CREDITORS: Amounts falling due within one year | 8 | 867,382 | | 744,149 | |
| NET CURRENT (LIABILITIES)/ASSETS: | | | (259,330) | | 20,811 |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | £94,494 | | £97,202 |
| RESERVES: | | | | | |
| Profit and loss account | | | 94,494 | | 97,202 |
| | 12 | | £94,494 | | £97,202 |

ON BEHALF OF THE BOARD:

.....
M Al Suwaidan - Director

Approved by the Board on 15/4/05

AL JAZEERA SATELLITE
CHANNEL LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2003

| | | <u>2003</u> | <u>2002</u> |
|----------------------------------------------------------|-------|-------------------|------------------|
| | Notes | £ | £ |
| Net cash inflow from operating activities | 1 | 45,959 | 524,559 |
| Returns on investments and servicing of finance | 2 | 1,272 | (5,247) |
| Capital expenditure | 2 | (339,873) | (43,397) |
| | | <u>(292,642)</u> | <u>475,915</u> |
| Financing | 2 | (13,856) | (29,208) |
| (Decrease)/Increase in cash in the period | | <u>£(306,498)</u> | <u>£446,707</u> |
| <hr/> | | | |
| Reconciliation of net cash flow to movement in net funds | 3 | | |
| (Decrease)/Increase in cash in the period | | <u>(306,498)</u> | <u>446,707</u> |
| Change in net funds resulting from cash flows | | <u>(306,498)</u> | <u>446,707</u> |
| Movement in net funds in the period | | <u>(306,498)</u> | <u>446,707</u> |
| Net funds/(debt) at 1 December | | <u>248,221</u> | <u>(198,486)</u> |
| Net (debt)/funds at 30 November | | <u>£(58,277)</u> | <u>£248,221</u> |

The notes form part of these financial statements

AL JAZEERA SATELLITE
CHANNEL LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2003

1. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2003 £ | 2002 £ |
|------------------------------------------------------|---------------|----------------|
| Operating (loss)/profit | (3,980) | 66,192 |
| Depreciation charges | 62,440 | 6,510 |
| Increase in debtors | (19,311) | (149,894) |
| Increase in creditors | 6,810 | 601,751 |
| Net cash inflow from operating activities | 45,959 | 524,559 |

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

| | 2003 £ | 2002 £ |
|------------------------------------------------------------------------------------------|------------------|-----------------|
| Returns on investments and servicing of finance | | |
| Interest received | 2,137 | 148 |
| Interest paid | (865) | (5,395) |
| Net cash inflow/(outflow) for returns on investments and servicing of finance | 1,272 | (5,247) |
| Capital expenditure | | |
| Purchase of tangible fixed assets | (339,873) | (43,397) |
| Net cash outflow for capital expenditure | (339,873) | (43,397) |
| Financing | | |
| Amount withdrawn by directors | (13,856) | (29,208) |
| Net cash outflow from financing | (13,856) | (29,208) |

AL JAZEERA SATELLITE
CHANNEL LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2003

3. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1.12.02 £ | Cash flow £ | At 30.11.03 £ |
|--------------------------------------|--------------------|----------------------|---------------------|
| Net cash: | | | |
| Cash at bank and in hand | 249,925 | (176,219) | 73,706 |
| Bank overdraft | (1,704) | (130,279) | (131,983) |
| | <u>248,221</u> | <u>(306,498)</u> | <u>(58,277)</u> |
| Total | <u>248,221</u> | <u>(306,498)</u> | <u>(58,277)</u> |
| Analysed in Balance Sheet | | | |
| Cash at bank and in hand | 249,925 | | 73,706 |
| Bank overdraft | (1,704) | | (131,983) |
| | <u>248,221</u> | | <u>(58,277)</u> |

The notes form part of these financial statements

AL JAZEERA SATELLITE
CHANNEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2003

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents invoiced value of services provided, excluding Value Added Tax. The entire turnover relates to export services.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-----------------------|---------------------------|
| Plant and machinery | - 15% on reducing balance |
| Fixtures and fittings | - 15% on reducing balance |

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. STAFF COSTS

| | 2003 | 2002 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 464,694 | 325,826 |
| Social security costs | 50,307 | 27,388 |
| | <u>515,001</u> | <u>353,214</u> |

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

| | 2003 | 2002 |
|---------------------------|-----------|-----------|
| Office and administration | 5 | 4 |
| Production | 13 | 16 |
| | <u>18</u> | <u>20</u> |

3. OPERATING (LOSS)/PROFIT

The operating loss (2002 - operating profit) is stated after charging:

| | 2003 | 2002 |
|-----------------------------|---------------|---------------|
| | £ | £ |
| Hire of plant and machinery | 2,114 | 1,355 |
| Depreciation - owned assets | 62,440 | 6,510 |
| Auditors' remuneration | 5,000 | 4,750 |
| | <u>50,000</u> | <u>50,017</u> |

4. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2003 | 2002 |
|---------------|------------|--------------|
| | £ | £ |
| Bank interest | <u>865</u> | <u>5,395</u> |

AL JAZEERA SATELLITE
CHANNEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2003

5. TAXATION

The company is exempt from Corporation Tax by virtue of the provisions of the International Organisations Act 1968.

6. TANGIBLE FIXED ASSETS

| | Plant and machinery | Fixtures and fittings | Totals |
|------------------------|------------------------|-----------------------------|---------|
| | £ | £ | £ |
| COST: | | | |
| At 1 December 2002 | 90,572 | 12,296 | 102,868 |
| Additions | 9,443 | 330,430 | 339,873 |
| At 30 November 2003 | 100,015 | 342,726 | 442,741 |
| DEPRECIATION: | | | |
| At 1 December 2002 | 23,931 | 2,546 | 26,477 |
| Charge for year | 11,413 | 51,027 | 62,440 |
| At 30 November 2003 | 35,344 | 53,573 | 88,917 |
| NET BOOK VALUE: | | | |
| At 30 November 2003 | 64,671 | 289,153 | 353,824 |
| At 30 November 2002 | 66,641 | 9,750 | 76,391 |

**7. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | 2003 £ | 2002 £ |
|-----------------------------------------------|-----------|-----------|
| V.A.T. | 19,935 | 25,494 |
| Other debtors | - | 381,083 |
| Prepayments & accrued income | 108,458 | 108,458 |
| Amounts owed by common ownership companies | 405,953 | - |
| | 534,346 | 515,035 |

**8. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | 2003 £ | 2002 £ |
|-------------------------------------------|-----------|-----------|
| Bank loans and overdrafts (see note 9) | 131,983 | 1,704 |
| Trade creditors | 651,761 | 617,232 |
| Directors current accounts | 32,950 | 46,806 |
| Other creditors | 2,075 | 44,315 |
| Social security & other taxes | 18,090 | 8,124 |
| Employee salaries | 55 | - |
| Accrued expenses | 30,468 | 25,968 |
| | 867,382 | 744,149 |

AL JAZEERA SATELLITE
CHANNEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2003

9. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

| | 2003 £ | 2002 £ |
|---------------------------------------------------|----------------|--------------|
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | <u>131,983</u> | <u>1,704</u> |

10. CONTINGENT LIABILITIES

As far as the Board is aware, there were no contingent liabilities at the balance sheet date.

11. RELATED PARTY DISCLOSURES

The entire turnover of the company is derived from provision of services to Al Jazeera in the Emirate of Qatar. The directors of the company are also the directors of Al Jazeera, Qatar.

The directors (who are also the members) have undertaken to contribute £1 each, towards the assets of the company in the event that a contribution is required upon the winding up of the company.

12. RECONCILIATION OF MOVEMENTS IN RESERVES

| | 2003 £ | 2002 £ |
|--------------------------------------|----------------|---------------|
| (Loss)/Profit for the financial year | <u>(2,708)</u> | <u>60,945</u> |
| Net (reduction)/addition to reserves | <u>(2,708)</u> | <u>60,945</u> |
| Opening reserves | <u>97,202</u> | <u>36,257</u> |
| Closing reserves | <u>94,494</u> | <u>97,202</u> |