

**AL JAZEERA SATELLITE CHANNEL
LIMITED**
**(A COMPANY LIMITED BY
GUARANTEE)**

REPORT OF THE DIRECTORS AND

ABRIDGED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2013



AL JAZEERA SATELLITE CHANNEL
LIMITED
(A COMPANY LIMITED BY GUARANTEE)

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

| | Page |
|---|-------------|
| Company Information | 1 |
| Report of the Independent Auditors | 2 |
| Statement of Financial Position | 4 |
| Notes to the Financial Statements | 6 |

AL JAZEERA SATELLITE CHANNEL
LIMITED
(A COMPANY LIMITED BY GUARANTEE)

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS: M Al Suwaidan
K A M Al-Mulla

REGISTERED OFFICE: 4 Churchill Court
58 Station Road
North Harrow
Middlesex
HA2 7ST

BUSINESS ADDRESS: Westminster Tower
3 Albert Embankment
London
SE1 7SL

REGISTERED NUMBER: 03466258 (England and Wales)

AUDITORS: ADAMS MOORHOUSE, Chartered Accountants
Statutory Auditors
4 Churchill Court
58 Station Road
North Harrow
Middlesex
HA2 7ST

BANKERS: Qatar National Bank
51 Grosvenor Street
London
W1K 3HH

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AL JAZEERA SATELLITE CHANNEL
LIMITED
(A COMPANY LIMITED BY GUARANTEE)

Although the company is only required to file a Statement of Financial Position, the Companies Act 2006 requires the accompanying Report of the Auditors to be a copy of our report to the members on the company's full Financial Statements and Report of the Directors. Readers are cautioned that the Statement of Profit or Loss and Other Comprehensive Income and certain other primary statements and the Report of the Directors, referred to in the copy of our Report of the Auditors, are not required to be filed with the Registrar of Companies.

We have audited the financial statements of Al Jazeera Satellite Channel Limited (A Company Limited by Guarantee) for the year ended 31 December 2013 on pages six to twenty two. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors, including 'APB – Ethical Standard – Provisions Available for Small Entities (Revised)', in circumstances set out in note eighteen to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

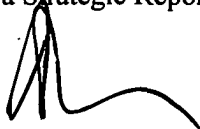
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AL JAZEERA SATELLITE CHANNEL
LIMITED
(A COMPANY LIMITED BY GUARANTEE)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.



S R Mamdani, FCA FCCA (Senior Statutory Auditor)
for and on behalf of ADAMS MOORHOUSE, Chartered Accountants
Statutory Auditors
4 Churchill Court
58 Station Road
North Harrow
Middlesex
HA2 7ST

Date: 5/12/2014

AL JAZEERA SATELLITE CHANNEL**LIMITED****(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 03466258)****STATEMENT OF FINANCIAL POSITION****31 DECEMBER 2013**

| | Notes | 2013 £ | 2012 as restated £ |
|-------------------------------------|-------|----------------|--------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 3 | <u>75,350</u> | <u>140,510</u> |
| CURRENT ASSETS | | | |
| Trade and other receivables | 4 | 224,840 | 178,920 |
| Cash and cash equivalents | 5 | <u>200,296</u> | <u>447,976</u> |
| | | <u>425,136</u> | <u>626,896</u> |
| TOTAL ASSETS | | <u>500,486</u> | <u>767,406</u> |
| EQUITY | | | |
| Retained earnings | 6 | <u>62,532</u> | <u>28,588</u> |
| TOTAL EQUITY | | <u>62,532</u> | <u>28,588</u> |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | - | 512,770 |
| Provisions | 9 | <u>85,709</u> | <u>-</u> |
| | | <u>85,709</u> | <u>512,770</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | 234,895 | 101,660 |
| Tax payable | | 11,999 | 11,993 |
| Provisions | 9 | <u>105,351</u> | <u>112,395</u> |
| | | <u>352,245</u> | <u>226,048</u> |
| TOTAL LIABILITIES | | <u>437,954</u> | <u>738,818</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>500,486</u> | <u>767,406</u> |

The notes on pages 6 to 22 form part of these financial statements

AL JAZEERA SATELLITE CHANNEL

LIMITED

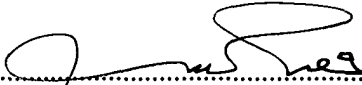
(A COMPANY LIMITED BY GUARANTEE) (REGISTERED NUMBER: 03466258)

STATEMENT OF FINANCIAL POSITION - continued

31 DECEMBER 2013

The financial statements have been prepared and delivered in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on19.02.2014..... and were signed on its behalf by:

..........

M Al Suwaidan - Director

AL JAZEERA SATELLITE CHANNEL
LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Revenue recognition

Revenue represents net invoiced sales of services, excluding value added tax.

Property, plant and equipment

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

| | |
|-----------------------|---------------|
| Short leasehold | - 20% on cost |
| Plant and machinery | - 15% on cost |
| Fixtures and fittings | - 15% on cost |

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to transfer pricing provisions as applicable to the company.

Tax on the income or loss for the year comprises current and deferred tax. Income tax is charged or credited directly to the income statement.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates enacted or substantively enacted at the statement of financial position date.

Deferred tax is recognised on all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the exception of deferred income tax assets which are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date

AL JAZEERA SATELLITE CHANNEL
LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES - continued

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents, net of outstanding bank overdrafts

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs. Gains or losses on liabilities held for trading are recognised in the income statement.

The Company's financial liabilities consist of trade and other payables. There are no external loans or borrowings.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Current/non-current asset/liability distinction

Current assets include assets held primarily for trading purposes, cash and cash equivalents and assets expected to be realised in the course of the operating cycle. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes and liabilities expected to be settled in the course of the operating cycle. All other liabilities are classified as non-current liabilities.

AL JAZEERA SATELLITE CHANNEL
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

2. AUDITORS' REMUNERATION

The profit before income tax is stated after charging:

| | Year Ended 31.12.13 | Period 1.12.11 to 31.12.12 as restated |
|---|------------------------|--|
| | £ | £ |
| Auditors' remuneration | 14,000 | 12,000 |
| Auditors' remuneration for non audit work | <u>5,375</u> | <u>6,250</u> |

3. PROPERTY, PLANT AND EQUIPMENT

| | Short leasehold £ | Plant and machinery £ | Fixtures and fittings £ | Totals £ |
|-----------------------|-------------------------|-----------------------------|----------------------------------|----------------|
| COST | | | | |
| At 1 January 2013 | 8,820 | 93,616 | 364,089 | 466,525 |
| Additions | <u>-</u> | <u>4,113</u> | <u>-</u> | <u>4,113</u> |
| At 31 December 2013 | <u>8,820</u> | <u>97,729</u> | <u>364,089</u> | <u>470,638</u> |
| DEPRECIATION | | | | |
| At 1 January 2013 | 8,820 | 25,004 | 292,191 | 326,015 |
| Charge for year | <u>-</u> | <u>14,659</u> | <u>54,614</u> | <u>69,273</u> |
| At 31 December 2013 | <u>8,820</u> | <u>39,663</u> | <u>346,805</u> | <u>395,288</u> |
| NET BOOK VALUE | | | | |
| At 31 December 2013 | <u>-</u> | <u>58,066</u> | <u>17,284</u> | <u>75,350</u> |
| At 31 December 2012 | <u>-</u> | <u>68,612</u> | <u>71,898</u> | <u>140,510</u> |

4. TRADE AND OTHER RECEIVABLES

| | 2013 | 2012 as restated |
|--------------------------------|----------------|---------------------|
| | £ | £ |
| Current: | | |
| Other debtors | 139,364 | 99,178 |
| VAT | 26,576 | 19,492 |
| Prepayments and accrued income | <u>58,900</u> | <u>60,250</u> |
| | <u>224,840</u> | <u>178,920</u> |

AL JAZEERA SATELLITE CHANNEL
LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

4. TRADE AND OTHER RECEIVABLES - continued

Included in debtors is an amount of £133,480 (2012 - £59,949) owed by Al Jazeera Sports Limited, a company controlled by the member of the company.

5. CASH AND CASH EQUIVALENTS

| | 2013 | 2012 as restated |
|---------------|----------------|---------------------|
| | £ | £ |
| Cash in hand | 3,889 | - |
| Bank accounts | <u>196,407</u> | <u>447,976</u> |
| | <u>200,296</u> | <u>447,976</u> |

6. RESERVES

| | Retained earnings £ |
|-----------------------|---------------------------|
| At 1 January 2013 | 28,588 |
| Profit for the year | <u>33,944</u> |
| At 31 December 2013 | <u>62,532</u> |
| | Retained earnings £ |
| At 1 December 2011 | (149,643) |
| Prior year adjustment | <u>118,992</u> |
| | (30,651) |
| Profit for the period | <u>59,239</u> |
| At 31 December 2012 | <u>28,588</u> |

AL JAZEERA SATELLITE CHANNEL
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

7. TRADE AND OTHER PAYABLES

| | 2013 | 2012 |
|------------------------------------|----------------|------------------|
| | £ | as restated £ |
| Current: | | |
| Trade creditors | 27,649 | 52,016 |
| Social security and other taxes | 15,361 | 16,004 |
| Other creditors | 171,885 | - |
| Accrued expenses | 20,000 | 33,640 |
| | <u>234,895</u> | <u>101,660</u> |
| Non-current: | | |
| Amounts owed to Al Jazeera Network | <u>-</u> | <u>512,770</u> |
| Aggregate amounts | <u>234,895</u> | <u>614,430</u> |

8. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2013 | 2012 |
|----------------------------|----------------|------------------|
| | £ | as restated £ |
| Within one year | 117,800 | 235,600 |
| Between one and five years | <u>-</u> | <u>117,800</u> |
| | <u>117,800</u> | <u>353,400</u> |

Commitments under operating leases relate primarily to the rental of office space. Minimum lease rentals payable under non-cancellable operating leases as at 31 December 2013 are as shown above.

AL JAZEERA SATELLITE CHANNEL
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

9. PROVISIONS

| | 2013 | 2012 as restated |
|----------------------------|----------------|---------------------|
| | £ | £ |
| Other provisions | 85,709 | 112,395 |
| Provision for impairment | 75,351 | - |
| Provision for dilapidation | 30,000 | - |
| | <u>191,060</u> | <u>112,395</u> |
| Analysed as follows: | | |
| Current | 105,351 | 112,395 |
| Non-current | <u>85,709</u> | <u>-</u> |
| | <u>191,060</u> | <u>112,395</u> |

| | Provision for Taxation | Provision for Impairment | Provision for Dilapidation | Total |
|--------------------------------|------------------------------|--------------------------------|----------------------------------|-----------------|
| Balance at 1 January 2013 | £112,395 | - | - | £112,395 |
| Movement during the year | -£26,686 | £75,351 | £30,000 | £78,665 |
| Balance as at 31 December 2013 | <u>£85,709</u> | <u>£75,351</u> | <u>£30,000</u> | <u>£191,060</u> |

The company intends to move to new premises during 2014.

In anticipation of this move, a provision of £30,000 has been made for dilapidation costs relating to the existing premises. In addition, a provision for impairment has been made in respect of tangible fixed assets, the economical useful life of which will conclude as a result.

10. CONTINGENT LIABILITIES

An enquiry has been made by the UK tax authorities on company's Transfer Pricing Policy. At the date of approval of the financial statements, the enquiry was at an early stage and it was not possible to assess with any certainty whether there is likely to be any adjustment to the tax provision provided in these or previous financial statements.

11. RELATED PARTY DISCLOSURES

The entire turnover of the company is derived from provision of services to Al Jazeera Network in Qatar which is controlled by the sole member of the company.

AL JAZEERA SATELLITE CHANNEL
LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

13. LIMITED BY GUARANTEE

The company is limited by guarantee and does not have any shares. The sole member of the company has undertaken to contribute £1 towards the assets of the company in the event that a contribution is required upon the winding up of the company.

13. GOING CONCERN

The financial statements have been drawn up on a going concern basis which assumes that the company will continue receiving the financial support of Al Jazeera Network, Qatar. The Board believes that this basis is appropriate and they are not aware of any reasons why the financial support should not continue in the foreseeable future.

14. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.