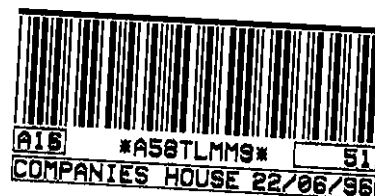


Quester Capital Management Limited

Directors' report and financial statements

for the year ended 31 March 1996

Registered number 2454345



Quester Capital Management Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1 - 2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes	7 - 10

Quester Capital Management Limited

Directors' report

The directors present herewith the audited financial statements for the year ended 31 March 1996.

Principal activities

The principal activities of the company are the management of venture capital funds and the provision of corporate finance advice.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory. The directors expect that the present level of activity will continue in the future.

Dividends and reserves

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 1996 (1995 - £148,331). The profit for the year of £1,346 (1995 loss - £8,004) has been transferred to reserves.

Directors

The directors of the company during the year ended 31 March 1996 were:

APG Holmes
JA Spooner
SHV Acland
JR Hustler

Quester Capital Management Limited

Directors' report *(continued)*

Directors' interests in shares of group companies

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the company and other group companies as recorded in the register of directors' share interests:

	Company	Class of share	Interest at beginning and end of year
APG Holmes	Querist Investments Limited	£1 ordinary	10
JA Spooner	Querist Investments Limited	£1 ordinary	10

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

By order of the Board



P Cox
Secretary

2 Queen Anne's Gate Buildings
Dartmouth Street
London SW1H 9BP

19 June 1996

Quester Capital Management Limited

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditors' report to the members of Quester Capital Management Limited

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors
London

19 June 1996

Quester Capital Management Limited

Profit and loss account for the year ended 31 March 1996

	Note	1996 £	1995 £
Turnover	2	72,507	156,856
Administrative expenses		(76,540)	(5,906)
Operating (loss)/profit		(4,033)	150,950
Profit on sale of investments		-	7,423
Interest receivable and similar income		311	152
(Loss)/profit on ordinary activities before taxation	3	(3,722)	158,525
Tax on (loss)/profit on ordinary activities	5	5,068	(18,198)
Profit on ordinary activities after taxation		1,346	140,327
Proposed dividends		-	(148,331)
Retained profit/(loss) for the financial year		1,346	(8,004)
Retained profits brought forward		5,571	13,575
Retained profits carried forward		6,917	5,571

There are no recognised gains and losses other than as shown above in the profit and loss account (1995 - £nil).

All operations arise from continuing activities.


The notes on pages 7 to 10 form part of these financial statements.

Quester Capital Management Limited

Balance sheet at 31 March 1996

	Note	1996	1995
		£	£
Fixed assets			
Intangible asset	6	1	1
Current assets			
Debtors	7	4,310	14,992
Cash at bank		25,276	6,326
		<u>29,586</u>	<u>21,318</u>
Creditors: amounts falling due within one year	8	(15,170)	(10,748)
		<u>14,416</u>	<u>10,570</u>
Net current assets		14,416	10,570
Net assets		14,417	10,571
Capital and reserves			
Called up share capital	9	7,500	5,000
Profit and loss account		6,917	5,571
		<u>14,417</u>	<u>10,571</u>
Shareholders' funds attributable to equity interests		14,417	10,571

These financial statements were approved by the Board of Directors on 19 June 1996 and signed on its behalf by:


APG Holmes
Director

The notes on pages 7 to 10 form part of these financial statements.

Quester Capital Management Limited

Notes to the financial statements - 31 March 1996

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2 Turnover

Turnover, which excludes VAT, represents the invoiced value of fees and management services supplied.

3 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities is stated after charging:

	1996	1995
	£	£
Auditors' remuneration		
- audit	1,080	2,500
- other services	1,865	725
	<u> </u>	<u> </u>

4 Directors' emoluments and employees

Directors' emoluments totalling £21,869 (1995:£nil) were paid and borne by the company's parent undertaking and comprised emoluments in respect of services as directors of the company.

Particulars of directors' emoluments (excluding pension contributions), disclosed in accordance with Part I of Schedule 6 of the Companies Act 1985, are as follows:

	1996	1995
	£	£
Emoluments of the highest paid director	<u>8,384</u>	<u>-</u>

Numbers of directors (including the highest paid director) whose emoluments were within the ranges:

	1996	1995
£0 - £ 5,000	3	-
£ 5,001 - £10,000	<u>1</u>	<u>-</u>

The company had no employees during the year (1995:nil).

Quester Capital Management Limited

Notes to the financial statements - 31 March 1996 *(continued)*

5 Tax on profit on ordinary activities

	1996	1995
	£	£
Tax credit		
United Kingdom corporation tax at 25% (1995 - 25%)	-	(9,636)
Group relief	3,722	(14,636)
Over/(under) provision in respect of prior year	1,346	(551)
Tax attributable to franked investment income	-	(7)
ACT recoverable surrendered by parent undertaking for nil consideration	-	6,632
	<u>5,068</u>	<u>(18,198)</u>

Taxation has been provided against the profit on ordinary activities to the extent that group relief is not available. Group relief is paid for at a rate of 100% of losses surrendered (1995 - 12%).

6 Intangible fixed asset

With effect from 1 April 1991 the company acquired from its intermediate holding company Quester Capital Management Limited (now Quester Limited) by way of assignment, certain rights and obligations for a consideration of £1.

7 Debtors

	1996	1995
	£	£
Trade debtors	587	6,916
Amounts owed by group undertakings	3,723	8,076
	<u>4,310</u>	<u>14,992</u>

Quester Capital Management Limited

Notes to the financial statements - 31 March 1996 (*continued*)

8 Creditors: amounts falling due within one year

	1996 £	1995 £
Subordinated loan	5,929	-
Amount owed to group undertakings	6,191	4,518
Other creditors including taxation and social security		
- corporation tax	-	3,004
Accruals and deferred income	3,050	3,226
	<u>15,170</u>	<u>10,748</u>

At 31 March 1996 the company had guaranteed group bank overdraft facilities of £150,000 (1995 - £150,000) in respect of Querist Investments Limited, Quester Limited, Quester Services Limited and Parquest Capital Management Limited, of which £nil (1995 - £61,069) had been drawn down by the group at the end of the year.

9 Called up share capital

	1996 £	1995 £
<i>Authorised</i>		
7,500 Ordinary shares of £1 each	<u>7,500</u>	<u>5,000</u>
<i>Allotted, called up and fully paid</i>		
7,500 Ordinary shares of £1 each	<u>7,500</u>	<u>5,000</u>

During the year the company increased the authorised share capital by 2,500 Ordinary shares of £1 each. The company then issued 2,500 Ordinary shares of £1 each at their nominal value.

10 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
At 1 April	10,571	18,575
Profit/(loss) for the year	1,346	(8,004)
Issue of share capital	2,500	-
	<u>14,417</u>	<u>10,571</u>
At 31 March		

Quester Capital Management Limited

Notes to the financial statements - 31 March 1996 *(continued)*

11 Cashflow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking whose cashflows are included within a consolidated cashflow statement.

12 Ultimate parent undertaking

The company is a subsidiary of Querist Investments Limited which is the ultimate parent company registered in England and Wales. The only group in which the results of the company are consolidated is that headed by Querist Investments Limited.