

Company Registration No. 3047110 (England and Wales)

QUEST INVESTIGATIONS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999



QUEST INVESTIGATIONS LIMITED

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QUEST INVESTIGATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1999

The directors present their report and financial statements for the year ended 30 September 1999.

Principal activities

The principal activity of the company continued to be that of professional intelligence and investigation services.

Results and dividends

The results for the year are set out on page 4.

No dividends have been declared or proposed by the directors in respect of the year ended 30 September 1999.

Review of the business and future developments

Both the level of business and the year end financial position were in line with expectations, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Year 2000

The directors have reviewed the risks and uncertainties of the Year 2000 issue. No parts of the company's operations appeared to have been affected by the Year 2000 problems and we do not anticipate that they will be in the future.

Directors

The following directors' held office during the year:

N G Layton
P G Olsen
D J Lee
T J Allen
M P J Taylor

Directors' interests

The directors' beneficial interests in the shares of the company as at 30 September 1999 were as stated below:

	30 September 1999	1 October 1998
Ordinary shares of £1 each	Number	Number
N G Layton	15,000	15,000
P G Olsen	3,850	3,850
D J Lee	12,450	12,450
T J Allen	12,450	12,450
M P J Taylor	6,250	6,250

Change in ownership

On 10 February 2000 there was a change in control of the company. On that date the following resignations and appointments of directors' occurred:

Resignations

P G Olsen
D J Lee
T J Allen
M P J Taylor

Appointments

L S Solomon

QUEST INVESTIGATIONS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 1999

As at 10 February 2000 the directors' beneficial interests in the shares of the company were as stated below:

	10 February 2000
Ordinary shares of £1 each	Number
N G Layton	18,500
L S Solomon	16,500

Payment of creditors

The company's policy is to pay all creditors in accordance with agreed terms of business, normally 30 days.

Directors' responsibilities

The directors are required by United Kingdom company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 September 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board



N G Layton

Director

21 July 2000

QUEST INVESTIGATIONS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF QUEST INVESTIGATIONS LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 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 30 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Jayson Newman

Chartered Accountants
Registered Auditor

21. July 2000



Chartered Accountants
48 Portland Place
London
W1N 4AJ

QUEST INVESTIGATIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1999

	Notes	1999 £	1998 £
Turnover	2	435,729	377,191
Movement in work in progress		(817)	7,000
		<hr/> 434,912	<hr/> 384,191
Staff costs		(223,896)	(193,980)
Depreciation and amortisation		(1,418)	(1,683)
Other operating charges		(208,572)	(190,068)
		<hr/> (433,886)	<hr/> (385,731)
Operating profit/(loss)	3	1,026	(1,540)
Interest received		578	3,015
Interest paid		(92)	(10)
		<hr/> 1,512	<hr/> 1,465
Profit on ordinary activities before taxation		1,512	1,465
Tax on profit on ordinary activities	4	(590)	(1,000)
		<hr/> 922	<hr/> 465
Profit on ordinary activities after taxation	9	<hr/> <hr/> 922	<hr/> <hr/> 465

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

QUEST INVESTIGATIONS LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	5		1,237		1,476
Current assets					
Work in progress		6,183		7,000	
Debtors	6	125,934		69,822	
Cash at bank and in hand		9,023		10,228	
		<u>141,140</u>		<u>87,050</u>	
Creditors: amounts falling due within one year	7	<u>(130,220)</u>		<u>(77,291)</u>	
Net current assets			<u>10,920</u>		<u>9,759</u>
Total assets less current liabilities			<u><u>12,157</u></u>		<u><u>11,235</u></u>
Capital and reserves					
Called up share capital	8		12,502		12,502
Profit and loss account	9		(345)		(1,267)
Shareholders' funds - equity interests	10		<u><u>12,157</u></u>		<u><u>11,235</u></u>

The financial statements were approved by the Board on 21 July 2000



N G Layton
Director

QUEST INVESTIGATIONS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 1999

	1999 £	1998 £
Net cash inflow/(outflow) from operating activities	512	(65,623)
Returns on investments and servicing of finance		
Interest received	554	3,015
Interest paid	(92)	(10)
	<u> </u>	<u> </u>
Net cash inflow for returns on investments and servicing of finance	462	3,005
Taxation	(1,000)	-
Capital expenditure		
Payments to acquire tangible assets	(1,179)	(1,355)
	<u> </u>	<u> </u>
Net cash outflow for capital expenditure	(1,179)	(1,355)
	<u> </u>	<u> </u>
Net cash outflow before management of liquid resources and financing	(1,205)	(63,973)
	<u> </u>	<u> </u>
Decrease in cash in the year	<u> (1,205)</u>	<u> (63,973)</u>

QUEST INVESTIGATIONS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 1999

1	Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities	1999	1998
		£	£
	Operating profit/(loss)	1,026	(1,540)
	Depreciation of tangible assets	1,418	1,683
	Decrease/(increase) in stocks	817	(7,000)
	(Increase)/decrease in debtors	(55,876)	23,194
	Increase/(decrease) in creditors within one year	53,127	(81,960)
	Net cash inflow/(outflow) from operating activities	512	(65,623)
2	Analysis of net funds	1 October 1998	Cash flow 30 September 1999
		£	£
	Net cash:		
	Cash at bank and in hand	10,228	(1,205)
	Net funds	10,228	(1,205)
3	Reconciliation of net cash flow to movement in net funds	1999	1998
		£	£
	Decrease in cash in the year	(1,205)	(63,973)
	Cash inflow from increase in debt	-	-
	Movement in net funds in the year	(1,205)	(63,973)
	Opening net funds	10,228	74,201
	Closing net funds	9,023	10,228

QUEST INVESTIGATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared in accordance with the historical cost convention.

1.2 Compliance with accounting standards

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

1.3 Turnover

Turnover represents amounts receivable for services net of VAT.

1.4 Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The expected useful economic lives of all office equipment is three years.

1.5 Work in progress

Work in progress represents work performed but not billed to clients as at the period end, stated at cost. The cost is determined on an individual client basis by reference to the hours performed by directors and staff multiplied by an appropriate direct hourly cost of such persons to the company, plus any expenses incurred. Where necessary, any hours and expenses which are not expected to be recovered are written off.

1.6 Foreign currency translation

Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences arising in the ordinary course of business are included in the operating profit. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity and consists of sales made primarily in the United Kingdom.

3 Operating profit/(loss)

	1999	1998
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	1,418	1,683
Auditors' remuneration - audit fees	1,500	1,500

QUEST INVESTIGATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 1999

4	Taxation	1999 £	1998 £
	U.K. current year taxation		
	U.K. corporation tax at 20% (1998- 21%)	803	1,000
	Prior years		
	U.K. corporation tax	(213)	-
		<u>590</u>	<u>1,000</u>

5	Tangible fixed assets	Office equipment £
	Cost	
	At 1 October 1998	5,050
	Additions	1,179
		<u>6,229</u>
	At 30 September 1999	
	Depreciation	
	At 1 October 1998	3,574
	Charge for the year	1,418
		<u>4,992</u>
	At 30 September 1999	
	Net book value	
	At 30 September 1999	<u>1,237</u>
	At 30 September 1998	<u>1,476</u>

6	Debtors: amounts falling due within one year	1999 £	1998 £
	Trade debtors	125,348	69,472
	Other debtors	586	350
		<u>125,934</u>	<u>69,822</u>

QUEST INVESTIGATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

7	Creditors: amounts falling due within one year	1999	1998
		£	£
	Trade creditors	48,082	20,437
	Corporation tax	803	1,000
	Other taxes and social security costs	39,202	16,910
	Other creditors	2,155	904
	Accruals and deferred income	39,978	38,040
		<u>130,220</u>	<u>77,291</u>
8	Share capital	1999	1998
		£	£
	Authorised		
	1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	Alotted		
	50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
	Called up and fully paid		
	12,502 Ordinary shares of £1 each	<u>12,502</u>	<u>12,502</u>
9	Statement of movements on profit and loss account		
			Profit and loss account £
	Balance at 1 October 1998		(1,267)
	Retained profit for the year		<u>922</u>
	Balance at 30 September 1999		<u>(345)</u>
10	Reconciliation of movements in shareholders' funds	1999	1998
		£	£
	Profit for the financial year	922	465
	Opening shareholders' funds	<u>11,235</u>	<u>10,770</u>
	Closing shareholders' funds	<u>12,157</u>	<u>11,235</u>

QUEST INVESTIGATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 1999

11 Subsidiary Company

The company has a wholly owned subsidiary Quest Management Limited which is incorporated in the United Kingdom. Group accounts have not been prepared as the subsidiary has not traded in the year and is immaterial.

12 Directors' emoluments

	1999 £	1998 £
Emoluments for qualifying services	<u>130,000</u>	<u>131,667</u>

13 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1999 Number	1998 Number
Professional and administration	<u>9</u>	<u>9</u>

Employment costs

	£	£
Wages and salaries	202,456	179,551
Social security costs	<u>21,440</u>	<u>14,429</u>
	<u>223,896</u>	<u>193,980</u>

14 Related party transactions

During the year and preceding year Quest Investigations Limited and Lee & Allen Consulting Limited were entities subject to a degree of common control. During the year Quest Investigations Limited provided services to Lee & Allen Consulting Limited amounting to £17,883 (1998:£16,431). During the year Lee & Allen Consulting Limited provided administration services to Quest Investigations Limited amounting to £1,500 and in previous year provided administration services and office accommodation amounting to £49,350.

During the year and preceding year Quest Investigations Limited and Computer Forensic Investigations Limited were also entities subject to a degree of common control. During the year Quest Investigations Limited provided services to Computer Forensic Investigations Limited amounting to £Nil (1998:£6,385). During the year Computer Forensic Investigations Limited provided services to Quest Investigations Limited amounting to £Nil (1998:12,808).