

**QUEST WORLDWIDE
(HOLDINGS) EUROPE LTD**

FINANCIAL STATEMENTS

for the year ended

31 December 2003



Company Registration No. 3273581

QUEST WORLDWIDE (HOLDINGS) EUROPE LTD

DIRECTOR AND OFFICERS

DIRECTOR

Dr. W S Smith

SECRETARY

H J Smith

COMPANY NUMBER

3273581 (England and Wales)

REGISTERED OFFICE

The Manor House, Huxley Close
Godalming
Surrey
GU7 2AS

AUDITORS

Baker Tilly
The Clock House
140 London Road
Guildford
Surrey
GU1 1UW

QUEST WORLDWIDE (HOLDINGS) EUROPE LTD

DIRECTOR'S REPORT

The director presents his report and financial statements of QUEST WORLDWIDE (HOLDINGS) EUROPE LTD for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of an intermediate holding company.

REVIEW OF THE BUSINESS

During the year the company received a dividend of £1,200,584 from its subsidiary Quest Worldwide Education Limited representing the company's net assets. The subsidiary was then removed from the Register of Companies.

RESULTS AND DIVIDENDS

The trading profit for the year was £1,200,536.

DIRECTOR

The following director has held office since 1 January 2003:

Dr. W S Smith

DIRECTOR'S INTERESTS IN SHARES

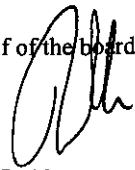
Director's interests in the shares of the company, including family interests, were as follows:

	<i>Ordinary shares of £ 1 each</i>	
	31.12.03	1.1.03
Dr. W S Smith	-	-

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants will be put to the members at the annual general meeting.

On behalf of the board


Dr. W S Smith
Director

21 January 2005

QUEST WORLDWIDE (HOLDINGS) EUROPE LTD

DIRECTOR'S RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the director 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 director is required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUEST WORLDWIDE (HOLDINGS) EUROPE LTD

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

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 the director and auditors

The director's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 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 Director's Report 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 director's remuneration and transactions with the company is not disclosed.

We read the other information in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Director's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements. Our responsibilities do not extend to any other information.

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BAKER TILLY

Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey
GU1 1UW

21 January 2005

QUEST WORLDWIDE (HOLDINGS) EUROPE LTD

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

	<i>Notes</i>	2003 £	2002 £
Investment income	1	1,200,536	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,200,536	-
Taxation	3	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	8	1,200,536	-

The profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

QUEST WORLDWIDE (HOLDINGS) EUROPE LTD

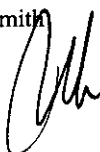
BALANCE SHEET

31 December 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Investments	4	50	100
CURRENT ASSETS			
Debtors	5	1,524,286	2
CREDITORS: Amounts falling due within one year	6	323,798	100
NET CURRENT ASSETS/(LIABILITIES)		1,200,488	(98)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,200,538	2
CAPITAL AND RESERVES			
Called up share capital	7	2	2
Profit and loss account	8	1,200,536	-
SHAREHOLDERS' FUNDS	9	1,200,538	2

Approved by the board on 21 January 2005

Dr. W S Smith



Director

QUEST WORLDWIDE (HOLDINGS) EUROPE LTD

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

INVESTMENTS

Fixed asset investments are stated at cost less provision for diminution in value.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

GROUP ACCOUNTS

The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

QUEST WORLDWIDE (HOLDINGS) EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

1. INVESTMENT INCOME	2003 £	2002 £
Loss on disposal of subsidiary undertaking	(48)	-
Dividends from subsidiary undertakings	1,200,584	-
	<u>1,200,536</u>	<u>-</u>

2. EMPLOYEES

There were no employees during the year apart from the director, who received no emoluments.

3. TAXATION	2003 £	2002 £
Current tax charge	-	-
	<u>-</u>	<u>-</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	1,200,536	-
	<u>1,200,536</u>	<u>-</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 30.00%)	360,161	-
	<u>360,161</u>	<u>-</u>
Effects of:		
Loss on disposal of subsidiary	14	-
Dividends received	(360,175)	-
	<u>(360,161)</u>	<u>-</u>
Current tax charge	-	-
	<u>-</u>	<u>-</u>

QUEST WORLDWIDE (HOLDINGS) EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2003

4. FIXED ASSET INVESTMENTS

	<i>Shares in group undertakings</i>
	£
Cost	
1 January 2003	100
Disposals	(50)
	<hr/>
31 December 2003	50
	<hr/>

In the opinion of the director the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

<i>Company</i>	<i>Country of registration or incorporation</i>	<i>Shares held</i>	
		<i>Class</i>	<i>%</i>
Subsidiary undertakings			
Quest Worlwide Colleges (UK) Limited	Great Britain	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	<i>Capital and reserves</i>	<i>Profit/(loss) for the year</i>
	£	£
Quest Worlwide Colleges (UK) Limited	(636,549)	(86,900)
	<hr/>	<hr/>

5. DEBTORS

	2003	2002
	£	£
Due within one year:		
Other debtors	1,524,286	2
	<hr/>	<hr/>

6. CREDITORS: Amounts falling due within one year

	2003	2002
	£	£
Amounts owed to group undertakings	323,798	100
	<hr/>	<hr/>

QUEST WORLDWIDE (HOLDINGS) EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2003

7. SHARE CAPITAL	2003 £	2002 £
Authorised:		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, issued and fully paid:		
2 Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

8. STATEMENT OF MOVEMENT ON RESERVES

	<i>Profit and loss account</i> £
1 January 2003	-
Retained profit for the year	1,200,536
	<u> </u>
31 December 2003	1,200,536
	<u> </u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2003 £	2002 £
Profit for the financial year	1,200,536	-
Opening shareholders' funds	2	2
	<u> </u>	<u> </u>
Closing shareholders' funds	1,200,538	2
	<u> </u>	<u> </u>

10. CONTROL

The company's immediate holding company is Quest Quality Holdings (Europe) Limited, a company registered in Ireland, and the company's ultimate holding company is Quest Quality International Limited, a company registered in the Isle of Man.

The ultimate controlling party is the director Dr W S Smith.

11. RELATED PARTY TRANSACTIONS

At the balance sheet date £323,698 (2002: £nil) was due to Quest Worldwide Colleges (UK) Limited a fellow group undertaking and £100 (2002: £100) was due to Quest Quality International Limited the company's ultimate holding company.

At the balance sheet date £1,524,284 (2002: £nil) was due from Quest Worldwide Consulting Ltd, a company under common control.