

CALLAN METHOD ORGANISATION LIMITED

(IN ADMINISTRATION)

COMPANY NO: 1479886

ABBREVIATED FINANCIAL STATEMENTS

for the year ended 31 December 1994



REPORT OF THE AUDITORS
TO THE DIRECTORS OF
CALLAN METHOD ORGANISATION LIMITED
(IN ADMINISTRATION)

We have examined the abbreviated financial statements on pages 3 to 7 together with the full financial statements of Callan Method Organisation Limited under section 226 of the Companies Act 1985 for the year ended 31 December 1994.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of Opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. the scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under section 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 31 December 1994, and the abbreviated accounts on pages 3 to 7 have been properly prepared in accordance with that Schedule.

Other Information

On 30 October 1995 we reported, as auditors of Callan Method Organisation Limited, to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1994 and our audit report was as follows:

"We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective Responsibilities of the Director and Auditors

As described in the Director's Report the company's director is responsible for the preparation of the 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.

REPORT OF THE AUDITORS

TO THE DIRECTORS OF

CALLAN METHOD ORGANISATION LIMITED

(IN ADMINISTRATION)

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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 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 mis-statement 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.

Fundamental Uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements. The financial statements have been prepared on a going concern basis, the validity of which depends upon the continuation of the company's Company Voluntary Arrangement, and do not include any adjustments that would result from a discontinuation of this support. Details of the circumstances relating to this fundamental uncertainty are described in notes 1(g) and 12. Our opinion is not qualified in this respect.

Limitation of Scope

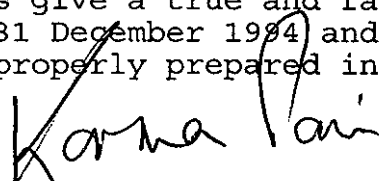
The evidence available to us was limited because the company's turnover comprises predominantly of cash sales, over which there was no system of control on which we could rely for the purpose of our audit. There were no other satisfactory audit procedures that we could adopt to confirm that cash sales were properly recorded.

Qualified Opinion Arising From Limitation In Audit Scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning cash sales, in our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985".

Registered Auditors
Chartered Accountants

30 October 1995


KORMAN PARIS
GKP House
Spring Villa Park
Edgware
Middlesex
HA8 7XT

CALLAN METHOD ORGANISATION LIMITED

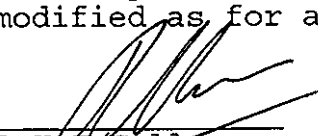
(IN ADMINISTRATION)

ABBREVIATED BALANCE SHEET

as at 31 December 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	2a	28,747	16,120
<u>CURRENT ASSETS</u>			
Freehold property		220,000	440,000
Stocks		12,259	5,270
Debtors		106,279	101,673
Supervisors' bank accounts		93,223	81,733
		-----	-----
		431,761	628,676
<u>CREDITORS: Amounts falling due within one year</u>	3	237,835	727,007
		-----	-----
<u>NET CURRENT ASSETS/(LIABILITIES)</u>		193,926	(98,331)
		-----	-----
<u>TOTAL ASSETS LESS</u>			
<u>CURRENT LIABILITIES</u>		222,673	(82,211)
<u>CREDITORS: Amounts falling due after more than one year</u>	4	(813,209)	(597,209)
		-----	-----
		£(590,536)	£(679,420)
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called up share capital	5	20,000	20,000
Profit and loss account		(610,536)	(699,420)
		-----	-----
		£(590,536)	£(679,420)
		=====	=====

In preparing these abbreviated financial statements I have relied upon Section A of part III of Schedule 8 made under section 246 and 247 of the Companies Act 1985 as enabling me to deliver financial statements modified as for a small company.


R K M Callan
Director

Approved by the Board on 30 October 1995.

The notes on pages 4 to 7 form part of these abbreviated financial statements.

CALLAN METHOD ORGANISATION LIMITED

(IN ADMINISTRATION)

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

for the year ended 31 December 1994

1. ACCOUNTING POLICIES

a) Accounting Convention

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

b) Turnover

Turnover represents the invoiced amount of goods and services provided during the year stated net of Value Added Tax.

c) Depreciation

Depreciation is provided at the following annual rates in order to write off the cost, less estimated residual value, of each asset over its estimated useful life.

Fixtures, fittings and equipment	25% straight-line
Motor vehicles	25% straight-line

Freehold land and buildings have been classified as current assets and are therefore accounted for at their expected net realisable value.

Improvements to leasehold have been fully depreciated.

d) Stocks and Work in Progress

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present condition and location. Net realisable value is based on the estimated selling price less any further costs expected to be incurred to completion and disposal.

e) Deferred Taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

Provision is also made for long term timing differences, except for those which are not expected to reverse in the foreseeable future.

No provision has been made for deferred taxation in respect of accelerated capital allowances as the Directors are of the opinion that no material part of such tax will become payable in the foreseeable future.

CALLAN METHOD ORGANISATION LIMITED

(IN ADMINISTRATION)

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

for the year ended 31 December 1994

1. ACCOUNTING POLICIES - contd.

f) Going Concern

Whilst the company is technically insolvent, the company has entered into a Company Voluntary Arrangement to enable it to meet its liabilities. The accounts have therefore been prepared on a going concern basis.

g) Cash Flow Statement

A cash flow statement in accordance with the requirements of Financial Reporting Standard 1 has not been prepared on the grounds that the Company qualifies as a small company and is therefore exempt from this requirement.

2a. <u>TANGIBLE ASSETS</u>	<u>Total</u>
<u>COST OR VALUATION</u>	<u>£</u>
At 1 January 1994	188,606
Additions	22,582

At 31 December 1994	£211,188
	=====
<u>DEPRECIATION</u>	
At 1 January 1994	172,486
Charge for year	9,955

At 31 December 1994	£182,441
	=====
<u>NET BOOK VALUE</u>	
At 31 December 1994	£ 28,747
	=====
At 31 December 1993	£ 16,120
	=====

CALLAN METHOD ORGANISATION LIMITED

(IN ADMINISTRATION)

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

for the year ended 31 December 1994

2b. FREEHOLD PROPERTY

Land &
Buildings

COST OR VALUATION

£

At 1 January 1994
Disposals

785,474
(350,000)

At 31 December 1994

£435,474
=====

REDUCTION IN VALUE

At 1 January 1994
Provision for the year

345,474
(130,000)

At 31 December 1994

£215,474
=====

NET BOOK VALUE

At 31 December 1994

£220,000
=====

At 31 December 1993

£440,000
=====

In January 1994, the company sold the freehold property, The Orchard Tea Gardens, to Orchard Publishing Co. Limited, a company beneficially owned by Mr R K T Callan for the sum of £220,000.

In January 1995, the company sold the freehold property, The Orchard House, to Mr R K T Callan for the sum of £220,000.

Both property sales were independently valued and considered to be conducted at arms length.

	<u>1994</u>	<u>1993</u>
3. <u>CREDITORS</u> : Amounts falling due within one year		
Administrators' bank overdraft	£ 52,502 =====	£219,318 =====

4. CREDITORS: Amounts falling due after more than one year.

The company which was placed in administration on 21 December 1992 entered into a Company Voluntary Arrangement with its creditors on 19 May 1993.

The terms and conditions of the CVA include monthly payments of £12,000 to the supervisor effective from May 1993, of which £111,000 has been paid into the supervisor's account up to 31 December 1994. The amount paid in up to 25 July 1995 was £145,000.

CALLAN METHOD ORGANISATION LIMITED

(IN ADMINISTRATION)

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

for the year ended 31 December 1994

	<u>1994</u>	<u>1993</u>
5. <u>SHARE CAPITAL</u>	<u>£</u>	<u>£</u>
Authorised		
50,000 Ordinary shares of £1 each	£ 50,000	£ 50,000
	=====	=====
Allotted, called up and fully paid:		
20,000 Ordinary Shares of £1 each	£ 20,000	£ 20,000
	=====	=====
6. <u>CONTINGENT LIABILITIES</u>		

In May 1994 the company was served with notice of dilapidation works necessary to comply with the terms of one of its leases. The value of these works are estimated by the Landlords to be £82,000. The director is of the opinion that the cost of these works is excessive and a provision of £41,000 was made in last year's financial statements.

7. DIRECTORS INTERESTS AND TRANSACTIONS

The company purchased educational books, tapes and marketing literature from Orchard Publishing Co. Limited to the value of £106,232 during the year. Orchard Publishing Co. Limited is beneficially owned by Mr R K T Callan. These transactions were made at arms length.