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CHURCH OF SCIENTOLOGY RELIGIOUS
EDUCATION COLLEGE INC

FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED

2 JANUARY 1997



Company No. F9154

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE INC

FINANCIAL STATEMENTS

For the 53 weeks ended 2 January 1997

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CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE INC

ACCOUNTING POLICIES

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

The principal accounting policies of the College have remained unchanged from the previous period and are set out below:

INCOME

Income is the total amount receivable by the College for spiritual counselling and religious instruction given to individuals together with materials supplied, donations, and income from related activities provided to other churches and organisations.

DEPRECIATION

Depreciation is calculated to write down the cost of all tangible fixed assets by the straight line method over their expected useful lives.

The rates generally applicable are:

Furniture, fixtures and equipment	10% per annum
Motor vehicles	25% per annum
Computer equipment	33% per annum

No depreciation has been provided on the freehold buildings as it is the College's policy to maintain these assets in a continual state of sound repair. The useful economic lives of these assets are thus so long and residual values so high that any depreciation would not be material. Residual values are based on prices prevailing at the date of acquisition or subsequent valuation. Provision is made in the profit and loss account for any permanent diminution in value.

STOCKS

Stocks of religious books and artifacts are stated at the lower of cost and net realisable value.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date.

Exchange differences are dealt with through the profit and loss account.

CONSOLIDATION

The financial statements of the subsidiary companies have not been incorporated into a consolidated set of financial statements because the Trustees do not consider that the additional expense involved would be of any benefit to the members.

DONATIONS RECEIVED FOR CAPITAL EXPENDITURE

Donations received for capital expenditure are dealt with through reserves.

The Trustees of the College consider that this policy is necessary to enable users of these financial statements to more fully appreciate the true financial position of the College, as these donations do not form part of the income from the normal activities of the College.

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE INC

INCOME AND EXPENDITURE ACCOUNT

For the 53 weeks ended 2 January 1997

	Note	53 weeks ended 2 January 1997 £	52 weeks ended 28 December 1995 £
Income	2	5,208,797	5,678,380
Expenditure		<u>4,574,245</u>	<u>5,012,722</u>
Surplus		634,552	665,658
Interest receivable		<u>21,785</u>	<u>35,580</u>
		656,337	701,238
Interest payable and similar charges	4	<u>152,005</u>	<u>171,289</u>
Surplus for the financial period	2	<u>504,332</u>	<u>529,949</u>

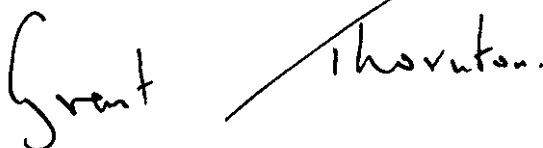
The accompanying accounting policies and notes form an integral part of these financial statements.

Accountants' Report to the Trustees of Church of Scientology Religious Education College Inc

We have prepared without audit the financial statements on pages 1 to 7 for the 53 weeks ended 2 January 1997 from the books and information supplied to us.

Lees House
21 Dyke Road
BRIGHTON
East Sussex
BN1 3GD

7 September 1998

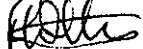
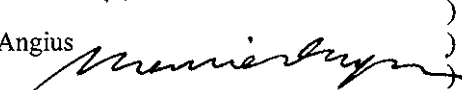

GRANT THORNTON
Chartered Accountants

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE INC

BALANCE SHEET AT 2 JANUARY 1997

	Note	2 January 1997 £	28 December 1995 £
Fixed assets			
Tangible assets	5	9,757,618	9,358,910
Subsidiary undertakings	6	<u>451,000</u> 10,208,618	<u>451,000</u> 9,809,910
Current assets			
Stocks	7	2,073,947	2,050,432
Debtors	8	760,978	605,267
Bank balances and cash		<u>1,383,414</u> 4,218,339	<u>1,265,227</u> 3,920,926
Current liabilities			
Creditors: amounts falling due within one year	9	<u>868,147</u>	<u>1,063,661</u>
Net current assets		<u>3,350,192</u>	<u>2,857,265</u>
Total assets less current liabilities		<u>13,558,810</u>	<u>12,667,175</u>
Financed by:			
Amounts due to associated churches		8,621,799	9,390,808
Parishioners' donations received in advance		10,045,127	8,745,928
Long term loans	10	<u>1,647,910</u>	<u>1,790,797</u>
		20,314,836	19,927,533
Accumulated funds	11	<u>(6,756,026)</u> <u>13,558,810</u>	<u>(7,260,358)</u> <u>12,667,175</u>

The financial statements were approved by the Trustees on 4 September 1998

R Wilkins )
M Angius )
) TRUSTEES

The accompanying accounting policies and notes form an integral part of these financial statements.

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE INC

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 2 January 1997

1 STATUS

The Church of Scientology Religious Education College was incorporated as a non-profit making religious organisation under the South Australia Associations Incorporation Act 1956-65 on 19 October 1976 and commenced activities in the United Kingdom on 1 May 1977.

2 INCOME AND SURPLUS ON ORDINARY ACTIVITIES

An analysis of income by geographical region has not been provided.

Surplus is stated after:

	53 weeks ended 2 January 1997 £	52 weeks ended 28 December 1995 £
Depreciation	339,540	253,051
Net currency conversion gains	(834,882)	(29,905)
Loss/(surplus) on sale of fixed assets	3,725	(170,926)
Provisions against amounts due from members and associated churches	55,995	52,160
Additional parishioner's donations received in advance in prior years now identified and included	<u>486,483</u>	<u>359,405</u>

3 TRUSTEES AND EMPLOYEES

Staff costs during the period were as follows:

	53 weeks ended 2 January 1997	52 weeks ended 28 December 1995
Wages and salaries	<u>£559,669</u>	<u>£667,826</u>
Average number of employees	<u>426</u>	<u>428</u>
Management remuneration in respect of trustees	<u>£2,646</u>	<u>£4,486</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	53 weeks ended 2 January 1997 £	52 weeks ended 28 December 1995 £
On bank overdrafts and other loans		
- repayable within 5 years, otherwise than by instalments	126,689	150,161
- repayable within 5 years by instalments	<u>25,316</u>	<u>21,128</u>
	<u>152,005</u>	<u>171,289</u>

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE INC

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 2 January 1997

5 TANGIBLE FIXED ASSETS

	Total £	Freehold property £	Furniture, fixtures and equipment £	Motor vehicles £
Cost				
At 29 December 1995	10,979,621	8,270,154	2,652,304	57,163
Additions	743,616	268,172	465,929	9,515
Disposals	(17,083)	-	(618)	(16,465)
At 2 January 1997	<u>11,706,154</u>	<u>8,538,326</u>	<u>3,117,615</u>	<u>50,213</u>
Depreciation				
At 29 December 1995	1,620,711	-	1,595,445	25,266
Provided in the period	339,540	-	328,112	11,428
Disposals	(11,715)	-	-	(11,715)
At 2 January 1997	<u>1,948,536</u>	<u>-</u>	<u>1,923,557</u>	<u>24,979</u>
Net book amounts				
At 2 January 1997	<u>9,757,618</u>	<u>8,538,326</u>	<u>1,194,058</u>	<u>25,234</u>
At 28 December 1995	<u>9,358,910</u>	<u>8,270,154</u>	<u>1,056,859</u>	<u>31,897</u>

6 SUBSIDIARY UNDERTAKINGS

Shares at cost

At 28 December 1995 and

At 2 January 1997

451,000

At 2 January 1997, the subsidiary undertakings, which were wholly owned and incorporated in England and Wales, comprised:

	Nature of business	Amount and class of share capital
Nesta Investments Limited	Holding of investment properties	180,000 £1 ordinary 3 £1 non cumulative preference
SOR Services (UK) Limited	Provides bookkeeping services	1,000 £1 ordinary

The results of the subsidiary undertakings not dealt with in the College financial statements were as follows:

	Profit/(loss) after tax £	Aggregate capital and reserves 2 January 1997 £
Nesta Investments Limited	<u>(224)</u>	<u>473,662</u>
SOR Services (UK) Limited	<u>70</u>	<u>15,850</u>

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE INC

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 2 January 1997

7 STOCKS

	2 January 1997	28 December 1995
	£	£
Religious books and artifacts	<u>2,073,947</u>	<u>2,050,432</u>

There were no significant differences between the replacement cost and the values disclosed for stocks.

8 DEBTORS

	2 January 1997	28 December 1995
	£	£
Prepayments and accrued income	730,959	572,020
Due from subsidiary undertaking	-	4,815
Tax recoverable	12,665	9,006
Other debtors	<u>17,354</u>	<u>19,426</u>
	<u>760,978</u>	<u>605,267</u>

Prepayments and accrued income at 2 January 1997 includes £650,247 (1995: £563,275) in respect of prepaid staff development costs.

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2 January 1997	28 December 1995
	£	£
Bank overdrafts	34,971	49,821
Due to subsidiary undertaking	390,720	389,721
Value Added Tax	108,217	141,797
Other creditors	<u>334,239</u>	<u>482,322</u>
	<u>868,147</u>	<u>1,063,661</u>

10 LONG TERM LOANS

	2 January 1997	28 December 1995
	£	£
Loan from associated church repayable by 19 December 2008 (secured)	1,232,914	1,361,026
Other loans	<u>414,996</u>	<u>429,771</u>
	<u>1,647,910</u>	<u>1,790,797</u>

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE INC

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 2 January 1997

11 ACCUMULATED FUNDS

	Total £	General funds £	Capital funds £
At 28 December 1995	(7,260,358)	(14,033,401)	6,773,043
Surplus for the financial period	<u>504,332</u>	<u>504,332</u>	-
At 2 January 1997	<u>(6,756,026)</u>	<u>(13,529,069)</u>	<u>6,773,043</u>