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COMPANY NUMBER: F9154

CHURCH OF SCIENTOLOGY
RELIGIOUS EDUCATION COLLEGE INC

FINANCIAL STATEMENTS

for the 52 weeks ended

28 December 1995

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**CHURCH OF SCIENTOLOGY
RELIGIOUS EDUCATION COLLEGE INC**

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**CHURCH OF SCIENTOLOGY
RELIGIOUS EDUCATION COLLEGE INC**

ACCOUNTING POLICIES

for the 52 weeks ended 28 December 1995

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:-

a) 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.

b) 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

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.

c) Stocks

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

d) 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 income and expenditure account.

**CHURCH OF SCIENTOLOGY
RELIGIOUS EDUCATION COLLEGE INC**

ACCOUNTING POLICIES (CONTINUED)

for the 52 weeks ended 28 December 1995

e) 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.

f) 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 52 weeks ended 28 December 1995

	<u>Note</u>	<u>52 weeks ended</u> <u>28 December 1995</u> £	<u>52 weeks ended</u> <u>29 December 1994</u> £
Income	2	5,678,380	6,015,363
Expenditure		<u>5,012,722</u>	<u>5,523,557</u>
Surplus		665,658	491,806
Interest receivable		<u>35,580</u>	<u>12,572</u>
		701,238	504,378
Interest payable and similar charges	4	<u>171,289</u>	<u>175,737</u>
Surplus for the financial period before taxation	2	529,949	328,641
Taxation	5	<u>-</u>	<u>-</u>
Surplus for the financial period after taxation	12	<u>£529,949</u>	<u>£328,641</u>

The accounting policies on pages 1 and 2 and the notes on pages 5 to 9 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 9 for the 52 weeks ended 28 December 1995 from the books and information supplied to us.

Lees House
21 Dyke Road
Brighton
East Sussex
BN1 3GD

16 May 1996

Grant Thornton
GRANT THORNTON

Chartered Accountants

**CHURCH OF SCIENTOLOGY
RELIGIOUS EDUCATION COLLEGE INC**

BALANCE SHEET

at 28 December 1995

	Note	<u>28 December 1995</u>		<u>29 December 1994</u>	
		£	£	£	£
Fixed assets					
Tangible assets	6	9,358,910		9,158,260	
Subsidiary undertakings	7	<u>451,000</u>		<u>451,000</u>	
		9,809,910		9,609,260	
Current assets					
Stocks	8	2,050,432		1,833,849	
Debtors	9	605,267		46,026	
Bank balances and cash		<u>1,265,227</u>		<u>1,461,818</u>	
		3,920,926		3,341,693	
Current liabilities					
Creditors: amounts falling due within one year	10	<u>1,063,661</u>		<u>873,454</u>	
Net current assets		<u>2,857,265</u>		<u>2,468,239</u>	
Total assets less current liabilities		<u>£12,667,175</u>		<u>£12,077,499</u>	
Other liabilities					
Financed by:					
Amounts due to associated churches		9,390,808		9,292,317	
Parishioners' donations received in advance		8,745,928		8,008,231	
Long term loans	11	<u>1,790,797</u>		<u>2,567,258</u>	
		19,927,533		19,867,806	
Accumulated funds	12	<u>(7,260,358)</u>		<u>(7,790,307)</u>	
		<u>£12,667,175</u>		<u>£12,077,499</u>	

These financial statements were approved by the Trustees on 16 May 1996

GREGORY I RYERSON

Trustees

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The accounting policies on pages 1 and 2 and the notes on pages 5 to 9 form an integral part of these financial statements.

**CHURCH OF SCIENTOLOGY
RELIGIOUS EDUCATION COLLEGE INC**

NOTES TO THE FINANCIAL STATEMENTS

for the 52 weeks ended 28 December 1995

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 before taxation

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

Surplus is stated after:

	52 weeks ended 28 December 1995	52 weeks ended 29 December 1994
	£	£
Depreciation	253,051	206,304
Net currency conversion gains	(29,905)	(620,678)
Surplus on the sale of fixed assets	(170,926)	(387)
Provisions against amounts due from members and associated churches	<u>52,160</u>	<u>84,825</u>

3. Trustees and employees

Staff costs during the period were as follows:

	52 weeks ended 28 December 1995	52 weeks ended 29 December 1994
Wages and salaries	<u>£667,826</u>	<u>£850,452</u>
Average number of employees	<u>428</u>	<u>445</u>
Management remuneration in respect of trustees	<u>£4,486</u>	<u>£5,740</u>

**CHURCH OF SCIENTOLOGY
RELIGIOUS EDUCATION COLLEGE INC**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the 52 weeks ended 28 December 1995

4. Interest payable and similar charges

	52 weeks ended 28 December 1995	52 weeks ended 29 December 1994
	£	£
On bank overdrafts and other loans		
- repayable within 5 years, otherwise than by instalments	150,161	146,853
- repayable within 5 years by instalments	<u>21,128</u>	<u>28,884</u>
	<u>£171,289</u>	<u>£175,737</u>

5. Taxation

No liability to corporation tax is expected to arise on the results for either period.

6. Tangible fixed assets

	<u>Total</u>	<u>Freehold property</u>	<u>Furniture, fixtures and equipment</u>	<u>Motor vehicles</u>
	£	£	£	£
Cost				
At 30 December 1994	10,563,292	8,163,699	2,347,292	52,301
Additions	621,863	271,455	309,560	40,848
Disposals	<u>(205,534)</u>	<u>(165,000)</u>	<u>(4,548)</u>	<u>(35,986)</u>
At 28 December 1995	<u>£10,979,621</u>	<u>£8,270,154</u>	<u>£2,652,304</u>	<u>£57,163</u>
Depreciation				
At 30 December 1994	1,405,032	-	1,354,225	50,807
Provided in the period	253,051	-	242,606	10,445
Disposals	<u>(37,372)</u>	<u>-</u>	<u>(1,386)</u>	<u>(35,986)</u>
At 28 December 1995	<u>£1,620,711</u>	<u>£-</u>	<u>£1,595,445</u>	<u>£25,266</u>
Net book amounts				
At 28 December 1995	<u>£9,358,910</u>	<u>£8,270,154</u>	<u>£1,056,859</u>	<u>£31,897</u>
At 29 December 1994	<u>£9,158,260</u>	<u>£8,163,699</u>	<u>£993,067</u>	<u>£1,494</u>

**CHURCH OF SCIENTOLOGY
RELIGIOUS EDUCATION COLLEGE INC**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the 52 weeks ended 28 December 1995

7. Subsidiary undertakings

Shares at cost

At 29 December 1994 and

At 28 December 1995 **£451,000**

At 28 December 1995, the subsidiary undertakings, which were wholly owned and incorporated in England and Wales, comprised:-

	<u>Nature of business</u>	<u>Amount and class of share capital</u>
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:-

	<u>Profit/(loss) after tax</u>	<u>Accumulated profits at 28 December 1995</u>
Nesta Investments Limited	<u>£(355)</u>	<u>£293,883</u>
SOR Services (UK) Limited	<u>£12,200</u>	<u>£14,780</u>

8. Stocks

	<u>28 December 1995</u>	<u>29 December 1994</u>
Religious books and artifacts	<u>£2,050,432</u>	<u>£1,833,849</u>

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

**CHURCH OF SCIENTOLOGY
RELIGIOUS EDUCATION COLLEGE INC**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the 52 weeks ended 28 December 1995

9. Debtors

	<u>28 December 1995</u>	<u>29 December 1994</u>
	£	£
Prepayments and accrued income	572,020	5,573
Due from subsidiary undertaking	4,815	30,962
Tax recoverable	9,006	3,069
Other debtors	<u>19,426</u>	<u>6,422</u>
	<u>£605,267</u>	<u>£46,026</u>

Prepayments and accrued income in 1995 includes £563,275 in respect of prepaid staff development costs. No adjustment for prepaid staff development costs was made in the 1994 accounts as the amount was not considered material.

10. Creditors: amounts falling due within one year

	<u>28 December 1995</u>	<u>29 December 1994</u>
	£	£
Bank overdrafts	49,821	20,697
Due to subsidiary undertaking	389,721	229,330
Value Added Tax	141,797	296,513
Other creditors	<u>482,322</u>	<u>326,914</u>
	<u>£1,063,661</u>	<u>£873,454</u>

11. Long term loans

	<u>28 December 1995</u>	<u>29 December 1994</u>
	£	£
Loan from associated church repayable by 19 December 2008 (secured)	1,361,026	2,158,291
Other loans	<u>429,771</u>	<u>408,967</u>
	<u>£1,790,797</u>	<u>£2,567,258</u>

**CHURCH OF SCIENTOLOGY
RELIGIOUS EDUCATION COLLEGE INC**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the 52 weeks ended 28 December 1995

12. Accumulated funds

	<u>Total</u> £	<u>General funds</u> £	<u>Capital funds</u> £
At 30 December 1994	(7,790,307)	(14,563,350)	6,773,043
Surplus for the financial period	<u>529,949</u>	<u>529,949</u>	<u>-</u>
At 28 December 1995	<u>£(7,260,358)</u>	<u>£(14,033,401)</u>	<u>£6,773,043</u>