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**CHURCH OF SCIENTOLOGY RELIGIOUS
EDUCATION COLLEGE INC**

FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED

30 DECEMBER 1999

Company No. F9154

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE INC

FINANCIAL STATEMENTS

For the period ended 30 December 1999

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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, which are set out below, have remained unchanged from the previous period.

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
Computer equipment	33% 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.

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 income and expenditure 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.

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE INC

ACCOUNTING POLICIES

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 period ended 30 December 1999

	Note	52 weeks ended 30 December 1999 £	52 weeks ended 31 December 1998 £
Income	2	5,704,655	5,153,760
Expenditure		<u>5,951,708</u>	<u>5,411,336</u>
Operating deficit		(247,053)	(257,576)
Interest receivable		<u>29,824</u>	<u>49,090</u>
		(217,229)	(208,486)
Interest payable and similar charges	4	<u>119,666</u>	<u>111,465</u>
Deficit on ordinary activities before taxation	2	(336,895)	(319,951)
Tax on deficit on ordinary activities	5	-	(16,572)
Deficit sustained for the financial period	12	<u>(336,895)</u>	<u>(303,379)</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 8 for the 52 weeks ended 30 December 1999 from the books and information supplied to us.

Lees House
21 Dyke Road
BRIGHTON
East Sussex
BN1 3GD

Grant Thornton
GRANT THORNTON
Chartered Accountants

14 November 2001

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE INC

BALANCE SHEET AT 30 DECEMBER 1999

	Note	30 December 1999		31 December 1998	
		£	£	£	£
Fixed assets					
Tangible assets	6		9,620,267		9,695,049
Subsidiary undertakings	7		<u>451,000</u>		<u>451,000</u>
			<u>10,071,267</u>		<u>10,146,049</u>
Current assets					
Stocks	8	2,225,534		2,105,721	
Debtors	9	1,146,833		951,587	
Bank balances and cash		<u>1,396,998</u>		<u>1,548,987</u>	
		<u>4,769,365</u>		<u>4,606,295</u>	
Current liabilities					
Creditors: amounts falling due within one year	10		<u>1,045,809</u>		<u>1,045,906</u>
Net current assets			<u>3,723,556</u>		<u>3,560,389</u>
Total assets less current liabilities			<u>13,794,823</u>		<u>13,706,438</u>
Financed by:					
Amounts due to associated churches			9,524,671		9,107,817
Parishioners' donations received in advance			502,484		492,670
Long term loans	11		1,548,527		1,549,915
Accumulated funds	12		<u>2,219,141</u>		<u>2,556,036</u>
			<u>13,794,823</u>		<u>13,706,438</u>

The financial statements were approved by the Trustees on 14 November 2001

BRUCE PERRY )
 RICHARD WILKINS )
) 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 period ended 30 December 1999

1 STATUS

The Church of Scientology Religious Education College Inc 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 DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

Deficit on ordinary activities before taxation is stated after:

	52 weeks ended 30 December 1999	52 weeks ended 31 December 1998
	£	£
Depreciation	349,685	381,189
Net currency conversion losses/(gains)	382,834	(209,894)
Loss on disposal of fixed assets	5,995	2,927
	<u>349,685</u>	<u>381,189</u>

3 TRUSTEES

	52 weeks ended 30 December 1999	52 weeks ended 31 December 1998
	£	£
Management remuneration in respect of trustees	4,152	5,995
	<u>4,152</u>	<u>5,995</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 30 December 1999	52 weeks ended 31 December 1998
	£	£
On bank overdrafts and other loans		
- repayable within 5 years, otherwise than by instalments	98,451	91,432
- repayable within 5 years by instalments	21,215	20,033
	<u>119,666</u>	<u>111,465</u>

5 TAX ON DEFICIT ON ORDINARY ACTIVITIES

	52 weeks ended 30 December 1999	52 weeks ended 31 December 1998
	£	£
Corporation tax at 31%	-	(16,572)
	<u>-</u>	<u>(16,572)</u>

Tax losses available in 1998 were set off against 1997 profits to eliminate the tax charge for that period.

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE INC

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 December 1999

6 TANGIBLE FIXED ASSETS

	Total £	Freehold property £	Furniture, fixtures and equipment £	Motor vehicles £
Cost				
At 1 January 1999	12,373,450	8,903,190	3,415,718	54,542
Additions	361,480	17,870	333,365	10,245
Disposals	(98,442)	(4,293)	(86,434)	(7,715)
At 30 December 1999	<u><u>12,636,488</u></u>	<u><u>8,916,767</u></u>	<u><u>3,662,649</u></u>	<u><u>57,072</u></u>
Depreciation				
At 1 January 1999	2,678,401	-	2,635,493	42,908
Provided in the period	349,685	-	342,614	7,071
Disposals	(11,865)	-	(6,049)	(5,816)
At 30 December 1999	<u><u>3,016,221</u></u>	<u><u>-</u></u>	<u><u>2,972,058</u></u>	<u><u>44,163</u></u>
Net book amount				
At 30 December 1999	<u><u>9,620,267</u></u>	<u><u>8,916,767</u></u>	<u><u>690,591</u></u>	<u><u>12,909</u></u>
At 31 December 1998	<u><u>9,695,049</u></u>	<u><u>8,903,190</u></u>	<u><u>780,225</u></u>	<u><u>11,634</u></u>

7 SUBSIDIARY UNDERTAKINGS

£

Shares at cost

At 1 January 1999 and
At 30 December 1999

451,000

At 30 December 1999, 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 for the year ended 31 December 1999, not dealt with in the College financial statements were as follows:

	Profit/(loss) after tax £	Aggregate capital and reserves £
Nesta Investments Limited	<u><u>(564)</u></u>	<u><u>472,437</u></u>
SOR Services (UK) Limited	<u><u>607</u></u>	<u><u>11,291</u></u>

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE INC

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 December 1999

8 STOCKS

	30 December 1999	31 December 1998
	£	£
Religious books and artefacts	<u>2,225,534</u>	<u>2,105,721</u>

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

9 DEBTORS

	30 December 1999	31 December 1998
	£	£
Prepayments and accrued income	996,424	876,006
Tax recoverable	27,626	24,463
Other debtors	122,783	51,118
	<u>1,146,833</u>	<u>951,587</u>

Prepayments and accrued income at 30 December 1999 includes £938,341 (31 December 1998: £822,534) in respect of prepaid staff development costs.

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 December 1999	31 December 1998
	£	£
Due to subsidiary undertaking	392,758	391,757
Value Added Tax	142,458	145,463
Other creditors	510,593	508,686
	<u>1,045,809</u>	<u>1,045,906</u>

11 LONG TERM LOANS

	30 December 1999	31 December 1998
	£	£
Loan from associated church repayable by 19 December 2008 (secured)	1,051,987	1,088,677
Other loans	496,540	461,238
	<u>1,548,527</u>	<u>1,549,915</u>

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE INC

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 December 1999

12 ACCUMULATED FUNDS

	Total	Capital funds	General funds
		£	£
At 1 January 1999	2,556,036	6,773,043	(4,217,007)
Deficit sustained for the period	(336,895)	-	(336,895)
At 30 December 1999	<u>2,219,141</u>	<u>6,773,043</u>	<u>(4,553,902)</u>

13 VALUE ADDED TAX

In October 2000 exemption from Value Added Tax was agreed by Customs & Excise and as a result adjustments will be made in future accounts.