

Company registration number: 05546835

Charity registration number: 1112230

Narconon Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 December 2020

Narconon Trust

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Narconon Trust

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 December 2020.

Objectives and activities

Objects and aims

Our charity's purposes as set out in the objects contained in the company's memorandum of association are to:

- (1) to reform and rehabilitate persons who are for the time being or who have at any time been drug addicts;
- (2) to assist in the reformation and rehabilitation of persons who have at any time been convicted (whether in the United Kingdom or elsewhere) of any crime;
- (3) to advance the education of the public and/or persons who are or have been dependent upon or affected by the use of drugs about all matters relating to drug abuse/addiction in particular by the provision of advice, information and support.

Ensuring our work delivers our aims

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcomes of our work in the previous 12 months. The review looks at the success of each key activity and the benefits they have brought to those groups of people we are set up to help.

The review also helps us ensure our aim, objectives and activities remained focused on our stated purposes. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aim and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Main Activities

In furtherance of the above objects and aims the Charity has acquired two properties through grant funding, one in England and one in Ireland which it has refurbished to provide facilities to rehabilitate individuals who are drug addicts.

Public benefit

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Achievements and performance

The Charity continues to provide an excellent facility to Narconon United Kingdom to carry out its work in England in state-of-the-art drug rehabilitation care.

In providing facilities to Narconon United Kingdom for the direct care for drug addicts the Charity provides a benefit to society to enable the rehabilitation of former drug addicts back into society.

Narconon Trust

Trustees' Report

Financial review

The Trustees are satisfied with the Charity's financial position at the end of the year.

It received grant income of £154,103 for the maintenance of its two properties. Expenditure totalled £285,811. This compares with income of £834,619 and expenditure of £621,091 and is accounted for by the reduced need for expenditure on the property in Ireland due to it having been completed.

There is a legal case ongoing regarding the planning permission for the property in Ireland at Ballivor. The High Court ruled in favour of the Charity but the decision was appealed to the Court of Appeal in Ireland. The appeal was heard on 29 June 2021 and the judgement is not expected for some months.

The Charity is a going concern as it has reasonable expectation that it will continue to meet all expenditures from grants and donations as it has done in the past.

Policy on reserves

The charity holds reserves derived from grants received for specific charitable projects. These consist of designated unrestricted funds, restricted funds and unrestricted fund. The total reserve funds held as at 31 December 2020 were £10.8 million (2019: £10.9 million). Of this amount £10,569,263 comprises designated unrestricted reserves relating to properties purchased and equates to their net book value including furniture and equipment. This enables the charity to carry out its charitable operations effectively and efficiently. Restricted reserves totalled £167,411 and are held on account of renovation work to be undertaken to one of the properties being held and is expected to be utilised in the next year. Unrestricted General free funds amounted to £36,428 and will be used to fund the day-to-day running of the charity.

Principal funding sources

The activities of Narconon Trust have been facilitated by grants from the International Association of Scientologists, which is currently its principal funding source.

Investment policy and objectives

Under the memorandum and articles of association the charity has the power to invest in any way the trustees wish. The trustees, having regard to the liquidity requirements of the charity's operations and to the reserves policy, will operate a policy of keeping available funds in interest bearing deposit accounts which pay a rate of interest in excess of the rate of inflation.

Structure, governance and management

Nature of governing document

The organisation is a charitable company limited by guarantee, incorporated on 25 August 2005 and registered as a charity. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £10.

Narconon Trust

Trustees' Report

Recruitment and appointment of trustees

The directors of the company are also charity trustees for the purposes of charity law. New trustees are appointed by existing trustees. New trustees undergo an orientation session to brief them on their legal obligations under charity and company law, the content of the memorandum and articles of association, the decision making processes, the business plan and recent financial performance of the charity.

All Trustees/Directors give their time voluntarily and receive no benefits from the charity.

Organisational structure

The Directors/Trustees are responsible for the administration and running of the activities of the Charity.

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Trustees' Report

Major risks and management of those risks

Risk management

The trustees review the major risks to which the charity is exposed. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Nobody outside the Directors/Trustees has authority to incur financial liabilities or contracts for the charity or sign cheques.

Reference and Administrative Details

Trustees	M Angius A Brown S C Burrough
Secretary	M Angius
Principal Office	42-44 Copthorne Road Felbridge East Grinstead West Sussex RH19 2NS The charity is incorporated in England & Wales.
Company Registration Number	05546835
Charity Registration Number	1112230
Solicitors	Hodkin and Company 42-44 Copthorne Road Felbridge East Grinstead West Sussex RH19 2NS
Bankers	NatWest 2nd Floor 123 High Street Turnpike House Crawley West Sussex RH10 1DQ
Auditor	Grant Sellers Limited Bank Court Manor Road Verwood Dorset BH31 6DY

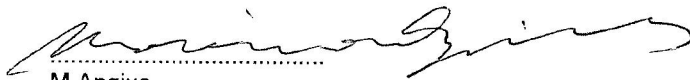
Narconon Trust

Trustees' Report

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the trustees of the charity on 8/9/2021 and signed on its behalf by:



M Angius
Company Secretary and Trustee

Narconon Trust

Statement of Trustees' Responsibilities

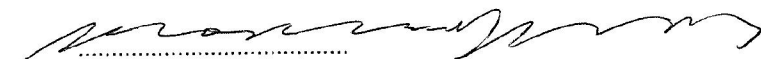
The trustees (who are also the directors of Narconon Trust for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP(2019);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees of the charity on 8/9/2021 and signed on its behalf by:



M Angius
Company Secretary and Trustee

Narconon Trust

Independent Auditor's Report to the Members of Narconon Trust

Opinion

We have audited the financial statements of Narconon Trust (the 'charity') for the year ended 31 December 2020, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 (2019) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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Independent Auditor's Report to the Members of Narconon Trust

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 6), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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Independent Auditor's Report to the Members of Narconon Trust

Testing of supporting documentation to evaluate compliance with relevant laws and regulations and reviewing the financial statement disclosures.

Enquiring of trustees concerning actual and potential litigation and claims;

Obtaining a detailed understanding of the entities internal control environment and performing process walkthroughs.

In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments as well as testing large and unusual receipts and payment transactions in the bank statements;

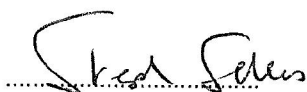
Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and

Evaluating the reasoning of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's trustees 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 charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Sellers (Senior Statutory Auditor)
For and on behalf of Grant Sellers Limited, Statutory Auditor

Bank Court
Manor Road
Verwood
Dorset
BH31 6DY

Date: 8 September 2021

Narconon Trust

Statement of Financial Activities for the Year Ended 31 December 2020 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted 2020 £	Restricted 2020 £	Total 2020 £
Income and Endowments from:				
Charitable activities	4	-	154,103	154,103
Investment income	5	-	33	33
Total income		-	154,136	154,136
Expenditure on:				
Charitable activities	6	(88,290)	(197,521)	(285,811)
Other expenditure	7	39	2,925	2,964
Total expenditure		(88,251)	(194,596)	(282,847)
Net expenditure		(88,251)	(40,460)	(128,711)
Transfers between funds		47,746	(47,746)	-
Net movement in funds		(40,505)	(88,206)	(128,711)
Reconciliation of funds				
Total funds brought forward		10,617,272	255,617	10,872,889
Total funds carried forward	17	10,576,767	167,411	10,744,178
				(As restated)
	Note	Unrestricted 2019 £	Restricted 2019 £	Total 2019 £
Income and Endowments from:				
Donations and legacies	3	810	-	810
Charitable activities	4	-	834,619	834,619
Total income		810	834,619	835,429
Expenditure on:				
Charitable activities	6	(194,847)	(426,244)	(621,091)
Other expenditure	7	9	(41,580)	(41,571)
Total expenditure		(194,838)	(467,824)	(662,662)
Net (expenditure)/income		(194,028)	366,795	172,767
Transfers between funds		2,047,841	(2,047,841)	-
Net movement in funds		1,853,813	(1,681,046)	172,767
Reconciliation of funds				
Total funds brought forward		8,763,459	1,936,663	10,700,122
Total funds carried forward	17	10,617,272	255,617	10,872,889

The notes on pages 14 to 25 form an integral part of these financial statements.

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Statement of Financial Activities for the Year Ended 31 December 2020 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

All of the charity's activities derive from continuing operations during the above two periods.
The funds breakdown for 2019 is shown in note 17.

The notes on pages 14 to 25 form an integral part of these financial statements.

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(Registration number: 05546835)
Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £ (As restated)
Fixed assets			
Tangible assets	12	10,540,340	10,569,263
Current assets			
Debtors	13	271,147	329,770
Cash at bank and in hand	14	136,744	206,011
		407,891	535,781
Creditors: Amounts falling due within one year	15	(204,053)	(232,155)
Net current assets		203,838	303,626
Net assets		10,744,178	10,872,889
Funds of the charity:			
Restricted income funds			
Restricted funds		167,411	255,617
Unrestricted income funds			
Unrestricted funds		10,576,767	10,617,272
Total funds	17	10,744,178	10,872,889

The financial statements on pages 10 to 25 were approved by the trustees, and authorised for issue on 8/9/2021 and signed on their behalf by:


M Angius
Company Secretary and Trustee

Narconon Trust

Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £	(As restated) 2019 £
Cash flows from operating activities			
Net cash (expenditure)/income		(128,711)	172,767
Adjustments to cash flows from non-cash items			
Depreciation	7	<u>63,627</u>	<u>64,919</u>
		(65,084)	237,686
Working capital adjustments			
Decrease in debtors	13	58,623	1,716,430
Decrease in creditors	15	<u>(28,102)</u>	<u>(49,922)</u>
Net cash flows from operating activities		(34,563)	1,904,194
Cash flows from investing activities			
Purchase of tangible fixed assets	12	<u>(34,704)</u>	<u>(2,047,841)</u>
Net decrease in cash and cash equivalents		(69,267)	(143,647)
Cash and cash equivalents at 1 January		<u>206,011</u>	<u>349,658</u>
Cash and cash equivalents at 31 December		<u><u>136,744</u></u>	<u><u>206,011</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 14 to 25 form an integral part of these financial statements.

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Notes to the Financial Statements for the Year Ended 31 December 2020

1 Charity status

The charity is limited by guarantee, incorporated in England & Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £10 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

42-44 Copthorne Road
Felbridge
East Grinstead
West Sussex
RH19 2NS

Authorised for issue date

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102) (2019)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

Basis of preparation

Narconon Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are presented in sterling and rounded to the nearest £1.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Narconon Trust

Notes to the Financial Statements for the Year Ended 31 December 2020

Prior period restatement

In 2019 negative bank balances per grant had been shown as overdrawn bank balances within creditors, however the individual bank accounts did not have an overdrawn balance. This has been corrected in the comparative figures to show all bank balances within current assets, reflecting that no bank account was overdrawn in the 2019 period. This has resulted in creditors decreasing by £91,605 and cash at bank and in hand increasing by £91,605. This reclassification did not have any effect on the funds carried forward.

	Relating to the current period disclosed in these financial statements £	Relating to the prior period disclosed in these financial statements £	Relating to prior periods before the prior period disclosed in these financial statements £
Creditors	-	(91,605)	-
Cash at bank and in hand	-	91,605	-

In 2019 restricted grant income that had been received in prior years was expended on asset additions. On the purchase of asset additions, the asset becomes designated unrestricted. The transfer was incorrectly reflected, to show in the Statement of Financial Activities, negative grant income for restricted funds and positive grant income for the designated unrestricted fund. This has been corrected to reflect the transfer of £2,047,840 between the restricted fund and designated unrestricted fund via the transfer between funds section on the Statement of Financial Activities. This reclassification did not have any effect on the funds carried forward.

	Relating to the current period disclosed in these financial statements £	Relating to the prior period disclosed in these financial statements £	Relating to prior periods before the prior period disclosed in these financial statements £
Charitable activities income (Restricted fund)	-	2,047,840	-
Charitable activities income (Designated unrestricted fund)	-	2,047,840	-

The 2019 cash flow has been restated to correctly reflect income from grants as operating activities, whereas it was previously reflected as financing activities.

Narconon Trust

Notes to the Financial Statements for the Year Ended 31 December 2020

	Relating to the current period disclosed in these financial statements £	Relating to the prior period disclosed in these financial statements £	Relating to prior periods before the prior period disclosed in these financial statements £
Cash flows from financing activities - Income attributable to Designated unrestricted	-	(2,047,841)	-
Cash flows from operating activities - net cash (expenditure)/income	-	2,047,841	-

In 2019 foreign exchange differences of £9 unrestricted and £41,580 restricted were classified as other trading activities under Income and Endowments in the Statement of Financial Activities. This has been reclassified to Other expenditure within the Statement of Financial Activities.

	Relating to the current period disclosed in these financial statements £	Relating to the prior period disclosed in these financial statements £	Relating to prior periods before the prior period disclosed in these financial statements £
Income and endowments from: other trading activities	-	41,571	-
Expenditure on: Other expenditure	-	(41,571)	-

Income and endowments

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

Grants and legacies

Grants are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a grant is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the grant of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Investment income

Interest is recognised once the interest has been declared and notification has been received of the interest due.

Narconon Trust

Notes to the Financial Statements for the Year Ended 31 December 2020

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Freehold property	Nil on land, 2% on property
Improvements to property	5% on cost
Plant and Machinery	20% on reducing balance method
Fixtures and Fittings	25% on reducing balance and straight line over 25 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

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Notes to the Financial Statements for the Year Ended 31 December 2020

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in the Statement of Financial Activities in the period in which they arise except for:

- 1) exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- 2) exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose. Restricted funds are held on account of renovation work to be undertaken on the properties.

Narconon Trust

Notes to the Financial Statements for the Year Ended 31 December 2020

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

3 Income from donations and legacies

	Total 2020 £	Total 2019 £
Donations and legacies;		
Legacies	-	810
	-	810

Narconon Trust

Notes to the Financial Statements for the Year Ended 31 December 2020

4 Income from charitable activities

	Restricted funds £	Total funds £
Property Maintenance	154,103	154,103
Total for 2020	154,103	154,103
(As restated)		
Total for 2019	834,619	834,619

5 Investment income

	Restricted funds £	Total funds £
Interest receivable and similar income;		
Interest receivable on bank deposits	33	33
Total for 2020	33	33

6 Expenditure on charitable activities

Note	Unrestricted funds		Restricted funds £	Total funds £
	Designated £	General £		
Drug and offender rehabilitation	-	810	-	810
Property Maintenance	-	16,576	197,521	214,097
Depreciation, amortisation and other similar costs	63,628	-	-	63,628
Governance costs	-	7,276	-	7,276
Total for 2020	63,628	24,662	197,521	285,811
Total for 2019	64,919	129,928	426,244	621,091

**Total
expenditure
£**

In addition to the expenditure analysed above, there are also governance costs of £7,276 (2019 - £6,954) which relate directly to charitable activities. See note for further details.

Narconon Trust

Notes to the Financial Statements for the Year Ended 31 December 2020

7 Other expenditure

	Unrestricted funds General £	Restricted funds £	Total funds £
Note			
Foreign exchange (gains)/losses	(39)	(2,925)	(2,964)
Total for 2020	<u>(39)</u>	<u>(2,925)</u>	<u>(2,964)</u>
(As restated)			
Total for 2019	<u>(9)</u>	<u>41,580</u>	<u>41,571</u>

Narconon Trust

Notes to the Financial Statements for the Year Ended 31 December 2020

8 Net incoming/outgoing resources

Net (outgoing)/incoming resources for the year include:

	2020 £	2019 £
Audit fees	7,276	6,954
Depreciation of fixed assets	<u>63,628</u>	<u>64,919</u>

9 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

10 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	<u>7,276</u>	<u>6,954</u>

11 Taxation

The charity is a registered charity and is therefore exempt from taxation.

12 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Other tangible fixed asset £	Total £
Cost				
At 1 January 2020	3,038,405	1,080,798	6,727,735	10,846,938
Additions	<u>-</u>	<u>34,704</u>	<u>-</u>	<u>34,704</u>
At 31 December 2020	<u>3,038,405</u>	<u>1,115,502</u>	<u>6,727,735</u>	<u>10,881,642</u>
Depreciation				
At 1 January 2020	199,154	78,521	-	277,675
Charge for the year	<u>49,055</u>	<u>14,572</u>	<u>-</u>	<u>63,627</u>
At 31 December 2020	<u>248,209</u>	<u>93,093</u>	<u>-</u>	<u>341,302</u>
Net book value				
At 31 December 2020	<u>2,790,196</u>	<u>1,022,409</u>	<u>6,727,735</u>	<u>10,540,340</u>
At 31 December 2019	<u>2,839,251</u>	<u>1,002,277</u>	<u>6,727,735</u>	<u>10,569,263</u>

Narconon Trust

Notes to the Financial Statements for the Year Ended 31 December 2020

13 Debtors

	2020	2019
	£	£
Prepayments	27,827	-
Accrued income	243,320	301,942
Other debtors	-	27,828
	<u>271,147</u>	<u>329,770</u>

14 Cash and cash equivalents

	2020	(As restated) 2019
	£	£
Cash at bank	<u>136,744</u>	<u>206,011</u>

15 Creditors: amounts falling due within one year

	2020	(As restated) 2019
	£	£
Trade creditors	196,801	224,949
Other creditors	251	251
Accruals	<u>7,001</u>	<u>6,955</u>
	<u>204,053</u>	<u>232,155</u>

16 Contingent liabilities

The planning permission relating to the property in the Republic of Ireland had been subject to legal challenge. The case is now before the Court of Appeal in Ireland. For more detail refer to the Trustees' Report under the Financial Review heading on page 2.

Narconon Trust

Notes to the Financial Statements for the Year Ended 31 December 2020

17 Funds

	Balance at 1 January 2020 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2020 £
Unrestricted funds					
General	48,009	-	(24,623)	13,042	36,428
Designated	10,569,263	-	(63,628)	34,704	10,540,339
Total unrestricted funds	10,617,272	-	(88,251)	47,746	10,576,767
Restricted funds	255,617	154,136	(194,596)	(47,746)	167,411
Total funds	10,872,889	154,136	(282,847)	-	10,744,178
	Balance at 1 January 2019 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2019 £
Unrestricted funds					
General	177,118	810	(129,919)	-	48,009
Designated	8,586,341	-	(64,919)	2,047,841	10,569,263
Total unrestricted funds	8,763,459	810	(194,838)	2,047,841	10,617,272
Restricted funds	1,936,663	834,619	(467,824)	(2,047,841)	255,617
Total funds	10,700,122	835,429	(662,662)	-	10,872,889

18 Analysis of net assets between funds

	General £	Unrestricted funds Designated £	Other £	Restricted funds £	Total funds at 31 December 2020 £
Tangible fixed assets	-	10,540,340	-	-	10,540,340
Current assets	8,644	-	34,783	364,464	407,891
Current liabilities	-	(1)	(7,000)	(197,052)	(204,053)
Total net assets	8,644	10,540,339	27,783	167,412	10,744,178

Narconon Trust

Notes to the Financial Statements for the Year Ended 31 December 2020

	General £	Unrestricted funds Designated £	Other £	Restricted funds £	Total funds at 31 December 2019 £
Tangible fixed assets	-	10,569,263	-	-	10,569,263
Current assets	11,962	-	43,003	480,816	535,781
Current liabilities	-	(1)	(6,954)	(225,200)	(232,155)
Total net assets	<u>11,962</u>	<u>10,569,262</u>	<u>36,049</u>	<u>255,616</u>	<u>10,872,889</u>

19 Analysis of net funds

	At 1 January 2020 £	Financing cash flows £	At 31 December 2020 £
Cash at bank and in hand	<u>206,011</u>	<u>(69,267)</u>	<u>136,744</u>
Net debt	<u>206,011</u>	<u>(69,267)</u>	<u>136,744</u>

	At 1 January 2019 £	Financing cash flows £	At 31 December 2019 £
Cash at bank and in hand	<u>349,658</u>	<u>(143,647)</u>	<u>206,011</u>
Net debt	<u>349,658</u>	<u>(143,647)</u>	<u>206,011</u>

20 Related party transactions

Narconon Trust and Narconon United Kingdom share similar aims and from time to time provide mutual assistance to each other and therefore arguably qualify as related parties as defined by FRS102.

During the year the main property was rented to Narconon United Kingdom rent-free who are taking on all the running costs.

There were grants made to Narconon United Kingdom in the year totalling £810 (2019: £110,562).

Narconon Trust and Church of Scientology Religious Education College Inc share a common Trustee and therefore are related parties.

There were grants received from Church of Scientology Religious Education College Inc in the year totalling £22,450 (2019: £130,600).