

HUBBARD COMMUNICATIONS OFFICE
Saint Hill Manor, East Grinstead, Sussex

Remimeo
Exec Sec Hats
Org Division Hats

HCO POLICY LETTER OF 23 JANUARY 1966

U R G E N T

ACCOUNTING POLICIES OF
SCIENTOLOGY COMPANIES

(Scientology organizations long have had exact firm rules regarding accounting procedure. They are repeated here. These MUST be in use from 1 Jan 1966 forward in all organizations. If they are not, put them right back to 1 Jan 1966 so we can get a proper and swift audit in 1967.)

The Accounting policies of a Scientology Company are:

1. ALL AUDITS MUST BE DONE FROM ORIGINAL RECORDS. (No secondary books, journals or ledgers may be consulted in doing an audit and are illegal in a Scientology Company anyway.)
2. ALL SUMS RECEIVED FROM ANY SOURCE MUST BE LEGIBLY INVOICED AND BANKED. (They may not be spent before banking, not even a penny no matter the emergency.)
3. ALL SUMS DISBURSED MUST BE DISBURSED BY CHEQUE. (Even petty cash and salary sums must be drawn by cheque before being disbursed.)
4. ALL SUMS DISBURSED MUST ALSO BE DISBURSED BY LEGIBLE VOUCHER GIVING FULL DETAILS AS WELL AS CHEQUE GIVING FULL DATA. (Wages for each person must have a disbursement voucher for that person and signed by that person. Every cheque also has a voucher. A voucher is like an invoice, same machine.)
5. WEEKLY INCOME INVOICE MACHINE COPIES WITH A CARBON COPY OF THE BANK DEPOSIT SLIP FOR THAT WEEK AND A TAPE OF THE INVOICES ADDING THEM MUST BE PLACED IN AN ENVELOPE AND DATED AND CAREFULLY FILED. (This gives a complete record of bankings for the year by week.)
6. ALL BILLS MUST BE FILED WHEN RECEIVED IN A FOLDER FOR EACH COMPANY AND THE FOLDER SUMMARIZED BEFORE THE BILL IS PAID. (Bills may not be paid merely by reason of receipt in mail or before filing.)
7. EVERY MONTH ALL BILLS OWING ARE LISTED ON A MIMED FORM AND PRESENTED TO THE SIGNING EXECUTIVES WITH A LIST OF MONIES IN THE BANK AND PLANNED FOR PAYMENT BEFORE ANY CHEQUES MAY BE WRITTEN OR SIGNED.
8. EVERY PERSON OWING ORG MONEY HAS A COLLECTION FOLDER INTO WHICH COPIES OF INVOICES OF ALL PAYMENTS MADE ARE FILED, THE FOLDER TO INCLUDE COPIES OF ALL CONTRACTS AND NOTES.
9. COLLECTION FOLDERS ARE SUMMARIZED MONTHLY AND STATEMENTS ARE SENT OUT MONTHLY TO DEBTORS. (Any bill written off for tax is still billed to the debtor monthly.)
10. ALL PERSONS OWNING MEMBERSHIPS FREE OR PAID ARE RECORDED IN ACCOUNTS AND BILLED 30 DAYS BEFORE MEMBERSHIP, FREE OR PAID, EXPIRES.
11. ACCOUNTS ORIGINAL RECORDS AS ABOVE MUST BE SENT TO WORLDWIDE EVERY QUARTER FOR AUDIT AND PREPARATION OF BALANCE SHEETS AND TAX RETURNS.
12. BANK STATEMENTS MUST BE RECONCILED (COMPARED TO DEPOSITS AND VOUCHERS) WHEN RECEIVED. (TO KEEP THE BANK FROM MAKING ERRORS.)
13. CHEQUES WHEN CLEARED AND BACK FROM BANK MUST BE TAPED IN TO ORIGINAL CHEQUE BOOK ONTO THEIR STUBS (COUNTERFOILS).
14. EVERY PERSON TO WHOM A SALARY IS PAID HAS A FILE FOLDER INTO WHICH ALL HIS PAPERS, CONTRACT, DEBTS TO ORG AND VOUCHER SHOWING EACH AMOUNT RECEIVED ARE FILED WEEKLY.

There is a peg board system of separating the weekly invoices and vouchers into categories of income and expense. This refinement is described in earlier policy.

If you have any other accounting system in operation, it is contrary to company policy which is based on the above only.

As Executive Director I will not sign any balance sheet or return not taken from the original records. Balance sheets or statements of affairs based on secondary ledgers and journals or double entry systems or punched card computer systems or any "books". The law requires that accurate records be kept. This does not mean ledgers and double entry and such are not required by law anywhere in the world.

Accounting is no mystery. When it becomes so by complex systems executives cannot manage their companies and they go broke.

The introduction of complex accounting contrary to policy is a suppressive act on laymen.

Scientists with little or no accounting experience can run the above system and interpret it easily.

The decline of more than one Scientology organization can be traced to violations of the above accounting policies. Executives could not manage the company when intimidated by mysterious complex accounting. Accounting cost more than the company could afford. The field APC Broke on being billed erroneously. Accounts collections were neglected and staggering sums went uncollected because they weren't billed or poorly billed due to violations of the above.

This system is a very simple one and a good one, designed for Scientology orgs and successful.

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