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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
Church of Scientology
Religious Education College Inc

TUESDAY



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For The Year Ended 31 December 2016**

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**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
CHURCH OF SCIENTOLOGY
RELIGIOUS EDUCATION COLLEGE INC**

The trustees have confirmed to us that the financial activities of Church of Scientology Religious Education College Inc comprise solely the financial activities of the UK Branch and therefore on this basis this report effectively covers the whole of the financial activities of Church of Scientology Religious Education College Inc.

We have audited the financial statements for the year ended 31 December 2016, which comprise of the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the entity's trustees as a body. Our audit work has been undertaken so that we may state to the entity'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 entity and the entity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The trustees are required to prepare financial statements for each financial year. The trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the entity and of the income and expenditure of the entity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the entity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the entity. They are also responsible for safeguarding the assets of the entity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial information included on the entity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards in Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the entity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
CHURCH OF SCIENTOLOGY
RELIGIOUS EDUCATION COLLEGE INC**

Opinion on financial statements


In our opinion the financial statements:

- give a true and fair view of the state of the entity's affairs as at 31 December 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Matters on which we report by exception

With regard to the audit for the year ended 31 December 2016, we have nothing to report in respect of the following matters where we are required 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 are not made; or
- we have not received all of the information and explanations we require for our audit.



Stephen Sellers FCA
Senior Statutory Auditor
For and on behalf of Grant Sellers Limited
Statutory Auditor, Chartered Accountants
Bank Court
Manor Road
Verwood
Dorset

Date: 27 June 2017

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2016

		Year To 31/12/16	Year to 31/12/15
	Notes	£	£
INCOME			
From ordinary activities		25,295,998	15,436,019
EXPENDITURE			
On ordinary activities		18,155,634	14,883,275
Exceptional item		-	3,838,749
OPERATING SURPLUS/(DEFICIT)	3	7,140,364	(3,286,005)
Interest receivable and similar income			
From ordinary activities		5,966	8,228
		7,146,330	(3,277,777)
Interest payable and similar charges	5	1,842,797	1,326,851
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		5,303,533	(4,604,628)
Tax on surplus/ (deficit) on ordinary activities	6	-	-
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR AFTER TAXATION		5,303,533	(4,604,628)
TOTAL SURPLUS/(DEFICIT) FOR THE YEAR		5,303,533	(4,604,628)
Prior year adjustment	21	-	931,767
TOTAL SURPLUS/(DEFICIT) SINCE LAST ANNUAL REPORT		5,303,533	(3,672,861)

STATEMENT OF FINANCIAL POSITION
For the Year Ended 31 December 2016

			31 December 2016	31 December 2015
	Notes	£	£	£
FIXED ASSETS				
Tangible assets	7		42,734,125	37,556,871
Investments	8		451,000	451,000
			43,185,125	38,007,871
CURRENT ASSETS				
Stocks	9	1,049,277		1,024,430
Debtors	10	2,000,312		1,535,936
Cash at bank and in hand		11,617,951		4,915,056
		14,667,540		7,475,422
CREDITORS				
Amounts falling due within one year	11	14,207,407		10,411,053
NET CURRENT ASSETS/LIABILITIES			460,133	(2,935,631)
TOTAL ASSETS LESS CURRENT LIABILITIES			43,645,258	35,072,240
CREDITORS				
Amounts falling due after more than one year	12		33,620,584	30,351,099
PROVISION FOR LIABILITIES			-	-
			10,024,674	4,721,141
RESERVES				
Capital Funds			6,773,043	6,773,043
General Funds			3,251,631	(2,293,266)
Capital Reserve			-	241,364
			10,024,674	4,721,141

STATEMENT OF FINANCIAL POSITION - continued
For the Year Ended 31 December 2016

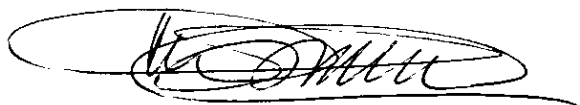
The financial statements were approved by the Trustees on 27 June 2017

and signed on their behalf by:

NAMES OF TRUSTEES



Massimo Angius



Marthe Springall

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2016

	Capital funds	General funds	Capital reserve	Total funds
Balance at 1 January 2015	6,773,043	2,081,491	471,235	9,325,769
Changes in equity				
Released in year	-	229,871	(229,871)	-
Total Comprehensive deficit	<u>-</u>	<u>(4,604,628)</u>	<u>-</u>	<u>(4,604,628)</u>
Balance at 31 December 2015	<u>6,773,043</u>	<u>(2,293,266)</u>	<u>241,364</u>	<u>4,721,141</u>
Changes in equity				
Released in year	-	241,364	(241,364)	-
Total Comprehensive income	<u>-</u>	<u>5,303,533</u>	<u>-</u>	<u>5,303,533</u>
Balance at 31 December 2016	<u>6,773,043</u>	<u>3,251,631</u>	<u>-</u>	<u>10,024,674</u>

The Capital reserve represents the amortisation of the loan from Scientology International Reserves Trust as referred to in note 14 using the effective interest rate of 5%.

STATEMENT OF CASH FLOWS
For The Year Ended 31 December 2016

		31 December 2016	31 December 2015
	Note	£	£
Cash flow from operating activities	18	12,224,801	1,243,714
Bank Charges		<u>(198,716)</u>	<u>(188,433)</u>
Net cash flow from operating activities		<u>12,026,085</u>	<u>1,055,281</u>
 Cash flow from investing activities			
Payments to acquire tangible fixed assets		(7,261,742)	(14,690,201)
Receipts from sales of tangible fixed assets		31,245	2,928
Interest received		<u>5,966</u>	<u>8,228</u>
Net cash flow from investing activities		<u>(7,224,531)</u>	<u>(14,679,045)</u>
 Cash flow from financing activities			
Loans advanced		3,545,422	13,752,340
Repayment of long term loans		-	-
Interest paid		<u>(1,644,081)</u>	<u>(1,138,416)</u>
Net cash flow from financing activities		<u>1,901,341</u>	<u>12,613,924</u>
 Net increase/(decrease) in cash and cash equivalents		6,702,895	(1,009,840)
 Cash and cash equivalents at 1 January 2016		<u>4,915,056</u>	<u>5,924,896</u>
Cash and cash equivalents at 31 December 2016		<u>11,617,951</u>	<u>4,915,056</u>

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2016

1. STATUS

Church of Scientology Religious Education College Inc was incorporated in Australia as a religious charity on 19 October 1976 and commenced activities in the United Kingdom on 1 May 1977. The address for services in the United Kingdom is 42-44 Copthorne Road, Felbridge, East Grinstead, West Sussex, RH19 2NS, England.

2. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102: The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value where required under FRS 102. The financial statements are presented in sterling which is the functional currency of the company.

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

Income

Income represents the combined income from all the individual organisations of the Church in respect of religious services together with materials supplied, donations, and income from related activities provided to other churches and organisations. Income for services and bank interest are recognised when received. Income for materials is recognised when the materials are delivered. Certain donations from parishioners, while not refundable, may be used by those parishioners as a credit against future services. These are shown in note 17 under Contingent Liability.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided at the following annual rates in order to write down the asset to its estimated residual value over its estimated useful life.

Freehold land	- No depreciation
Freehold property	- 2% on cost
Building improvements	- 5% on cost
Long Leasehold	- No depreciation
Leasehold property	- Equal instalments over the period of the lease
Fixtures and fittings	- 10% & 20% on cost
Computer equipment	- 33.33% on cost
Motor vehicles	- 25% on cost

Stocks

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

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other administrative expenses.

Investments

Investments in subsidiaries are measured at cost less impairment.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2016**

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at the date of each statement of financial position. If such indication exists, the recoverable amount of the asset or assets cash generating unit, it is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit and loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the statement of financial position. Transactions in foreign currencies are translated into sterling at the spot rate of exchange ruling at the date of transaction. Exchange differences are dealt with through the Statement of Comprehensive Income.

Grants received

The organisation receives grants from other Scientology organisations in respect of certain fixed assets. These grants are recognized at the fair value of the asset received or receivable, when there is reasonable assurance that the company will comply with conditions attaching to them and the grant will be received, using the accrual model i.e. over the expected useful life of the asset.

Leasing

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged against the income and expenditure account on a straight line basis over the lease term.

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the statement of financial position as a liability. The interest element of rental obligations is charged to the Statement of Comprehensive Income over the period of the lease at a constant proportion of the outstanding balance of capital repayments.

Consolidation

The financial statements of subsidiary companies have not been incorporated into a consolidated set of financial statements and therefore the financial statements represent the results of the entity and not of the group.

Taxation

Church of Scientology Religious Education College Inc was incorporated in South Australia as a religious charity, and is established in England for charitable purposes only. The trustees consider that corporation tax should not therefore be applicable, however corporation tax and deferred tax have been provided for in these financial statements.

Current tax represents the amount of tax payable or receivable in respect of the taxable surplus (or deficit) for the current and past reporting periods. It is measured at the amount expected to be paid or recovered using tax rates and laws that have been enacted or substantively enacted by the date of the statement of financial position.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing difference are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the date of the statement of financial position that are expected to apply to the reversal of timing differences.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2016

Going concern

The trustees consider the going concern basis to be appropriate for the preparation of these financial statements. The vast majority of current liabilities are amounts owed to other Scientology organisations, with whom there has always been mutual cooperation and who are unlikely to seek repayment to the detriment of other creditors. Church of Scientology Religious Education College Inc maintain healthy balances with the bank and the trustees are confident that Church of Scientology Religious Education College Inc are in a position to be able to pay debts when they fall due.

Judgements and key sources of estimation

The trustees have made certain judgements and estimates in the process of applying the above accounting policies. Those that have had the most significant effect on amounts recognised in the financial statements:

- Estimated life of fixed assets
- Market rate of loans from related entities.

Financial instruments

The organisation only enter into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as cash and cash equivalents, and accruals, which are included in the financial statements at carrying value in the statement of financial position.

3. OPERATING SURPLUS/(DEFICIT)

The operating surplus (2015 – operating deficit) is stated after charging/(crediting):

	Year to 31/12/16	Year To 31/12/15
	£	£
Depreciation - owned assets	2,034,502	1,240,901
Depreciation - leased assets	5,839	7,826
Loss/(Profit) on disposal of fixed assets	12,899	3,838,749
Grants released	(278,347)	(283,207)
Auditor's remuneration	29,150	30,600
Foreign exchange differences	<u>588,671</u>	<u>165,246</u>

4. TRUSTEES AND KEY MANAGEMENT PERSONNEL

	Year to 31/12/16 £	Year to 31/12/15 £
Management remuneration in respect of trustees and key management personnel.	26,052	15,931

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2016

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 31/12/16	Year to 31/12/15
	£	£
Bank charges	198,716	188,433
Loan interest	1,041,736	663,386
Interest on overdue debts	360,981	245,161
Other interest	241,364	229,871
	<u>1,842,797</u>	<u>1,326,851</u>

6. TAXATION

(a) Analysis of the tax (credit)/charge in period

	Year To 31/12/16	Year To 31/12/15
	£	£
Current Tax:		
UK Corporation tax on profits for the period	-	-
Adjustment in respect of previous periods	-	-
Total current tax (note 6 (b))	-	-
Deferred Tax:		
Originating and reversal of timing differences	-	-
Total deferred tax	-	-
Tax of profit on ordinary activities	-	-

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2016

(b) The tax assessed for the year is lower (2015 lower) than the standard rate of corporation tax in the UK 20% (2015: 20%).

The differences are explained below:

	Year To 31/12/16	Year To 31/12/15
	£	£
Surplus/(Deficit) on ordinary activities before tax	<u>5,303,533</u>	<u>(4,604,628)</u>
Surplus/(Deficit) on ordinary activities multiplied by standard rate of Corporation tax in the UK of 20% (2015 – 21%)	1,060,707	(920,926)
Effects of:		
Utilisation of losses brought forward	(1,060,707)	920,926
Adjustments to tax charge in respect of previous periods	<u>-</u>	<u>-</u>
Tax charge/(credit) for the year (note 6 (a))	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2016

7. TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold property £	Fixtures And Fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2016	34,099,550	1,385,162	8,220,471	165,603	43,870,786
Additions	2,816,690	2,699,744	780,846	964,463	7,261,743
Disposals	-	-	(54,561)	(33,100)	(87,661)
At 31 December 2016	<u>36,916,240</u>	<u>4,084,906</u>	<u>8,946,756</u>	<u>1,096,966</u>	<u>51,044,868</u>
DEPRECIATION					
At 1 January 2016	3,299,570	55,918	2,814,991	143,436	6,313,915
Charge for year	700,937	78,223	1,186,426	74,755	2,040,341
Eliminated on disposal	-	-	(10,790)	(32,723)	(43,513)
At 31 December 2016	<u>4,000,507</u>	<u>134,141</u>	<u>3,990,627</u>	<u>185,468</u>	<u>8,310,743</u>
NET BOOK VALUE					
At 31 December 2016	<u>32,915,733</u>	<u>3,950,765</u>	<u>4,956,129</u>	<u>911,498</u>	<u>42,734,125</u>
At 31 December 2015	<u>30,799,980</u>	<u>1,329,244</u>	<u>5,405,480</u>	<u>22,167</u>	<u>37,556,871</u>

Included in the total net book value of tangible fixed assets held at 31 December 2016 was £12,774 (2015:£19,611) in respect of assets held under hire purchase contracts.

The cost of depreciable assets included in freehold property at 31 December 2016 was £33,800,481 (2015:£30,983,791).

The trustees consider that the estimated residual value of certain buildings is higher than the current carrying value, resulting in no depreciation charge for those buildings for the current year.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2016

8. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2016	
and 31 December 2016	<u>451,000</u>
NET BOOK VALUE	
At 31 December 2016	<u>451,000</u>
At 31 December 2015	<u>451,000</u>

The Church's investments at the statement of financial position date in the share capital of companies which were wholly owned and incorporated in England and Wales include the following:

Nesta Investments Limited

Nature of business: Holding of investment properties

	%	31/12/15	31/12/14
	Holding	£	£
Class of shares:			
180,000 £1 ordinary	100.00	1,577,347	1,410,345
3 £1 non cumulative preference	100.00	<u>(813)</u>	<u>(513)</u>
Aggregate capital and reserves			
Loss for the year			

As the 2016 accounts for Nesta Investments Limited have not yet been prepared the above information relates to 2015.

SOR Services (UK) Limited

Nature of business: Providing bookkeeping services

	%	31/12/16	31/12/15
	Holding	£	£
Class of shares:			
1,000 £1 ordinary	100.00	18,135	25,122
Aggregate capital and reserves		<u>(6,987)</u>	<u>(4,946)</u>
Loss for the year			

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year to 31 December 2016

9. STOCKS

	Year To 31/12/16	Year To 31/12/15
	£	£
Religious books and artefacts	<u>1,049,277</u>	<u>1,024,430</u>

Stock recognised in cost of sales during the year as an expense was £910,055 (2015: £479,817).

10. DEBTORS

	31/12/16	31/12/15
	£	£
Corporation Tax	2,471	2,471
Other debtors	134,546	329,256
Payment on account	1,628,444	1,037,968
Prepayments and accrued income	<u>234,851</u>	<u>166,240</u>
	<u>2,000,312</u>	<u>1,535,935</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/16	31/12/15
	£	£
Hire purchase contracts	2,521	4,746
Amounts owed to group undertakings	389,012	389,657
Social security and other taxes	43,851	17,897
Deferred receipts arising on capital grants	278,347	283,207
Deferred receipts	195,554	211,201
VAT payable	344,365	278,851
Accruals and other creditors	<u>12,953,757</u>	<u>9,225,495</u>
	<u>14,207,407</u>	<u>10,411,053</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year to 31 December 2016

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31/12/16	31/12/15
	£	£
Hire purchase contracts	-	2,446
Deferred receipts arising on capital grants	2,725,080	2,998,567
Loans from other churches	30,895,504	27,350,086
	<hr/>	<hr/>
	33,620,584	30,351,099
	<hr/>	<hr/>

13. LOANS

An analysis of the maturity of loans is given below:

	31/12/16	31/12/15
	£	£
Amounts falling due in more than five years		
Repayable otherwise than by instalments:		
Other loans more than 5 years non-instalments	10,823,616	22,522,802
	<hr/>	<hr/>
	10,823,616	22,522,802
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year to 31 December 2016

14. OTHER CHURCHES AND RELATED PARTY DISCLOSURES

Church of Scientology Religious Education College Inc (COSRECI) and other churches in the UK/world 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. COSRECI received support by way of donations and purchases of goods and services from Church of Scientology International and its subsidiaries. During the year, COSRECI received donations of £45,080 (2015: £Nil), purchased books and other literature to a value of £910,056 (2015: £479,817), and was charged £2,155,674 (2015: £1,260,311) for ecclesiastical management services and courses. Church of Scientology International also paid £59,957 (2015: £1,268,488) in respect of building and leasehold improvements and £Nil (2015: £Nil) in respect of furniture and equipment additions, in addition payments of £1,588,575 (2015: £1,037,968) were held on account for future building improvements. At the year end, £29,187,751 (2015: £23,624,709) was due to Church of Scientology International and its subsidiaries and of this amount £4,684,952 (2015: £2,954,419) is included in Note 11 under "Accruals and other creditors" and £27,513,927 (2015: £9,306,476) is included in Note 12 under "Loans from other churches". Interest at the rate of 5% was charged on the loans.

A loan of £2,125,124 was advanced in the year from Church of Scientology International, and is included in Note 12 under "Loans from other churches". The loan is to be repaid over a period of five years, unless the term is extended by agreement. Interest of £69,704 was charged in the year.

At the year end there was a loan outstanding from Scientology International Reserves Trust of £5,068,648 (2015: £4,827,283) and this is shown in Note 12 under "Loans from other churches". The loan is to be repaid over a period of five years, unless the term is extended by agreement. Interest is chargeable at 5% p.a.

Church of Scientology Flag Service Organisation charged £286,455 (2015: £372,593) for courses provided to COSRECI. At the year end, £5,357,419 (2015: £4,632,182) was due to Church of Scientology Flag Service Organisation and this amount is included in Note 11 under "Accruals and other creditors". The amount had increased (2015: increased) in the period by exchange differences of £588,091 (2015: £60,897) and interest charged of 198,909 (2015: £172,530). The balance due was reduced in the period by repayments of £318,218 (2015: £103,754).

In summary, at the year end, £34,179,981 (2015: £29,040,497) was due to and £nil (2015: £nil) was due from other churches.

In addition, COSRECI received donations from other churches amounting to £315,179 (2015: £497,007).

At the year end there was a loan outstanding from Church of Scientology Celebrity Centre International of £1,186,749 (2015: £1,002,356) and this amount is shown in Note 11 under "Accruals and other creditors". The loan was increased by £nil (2015: £nil) in the period. The amount had increased (2015: increased) in the period by exchange differences of £146,616 (2015: £17,928) and interest charged of £37,777 (2015: £30,796). The loan is to be repaid over a period of ten years, unless the term is extended by agreement.

The amount of £389,012 (2015: £389,657) shown as due to group undertakings disclosed in note 11 to the financial statements relates to the balance due to the subsidiary company, Nesta Investments Limited.

During the year rental income of £1,637 (2015: £1,835) was received from SOR Services (UK) Limited, in relation to the letting of space.

UK Buildings and Land Limited, a company limited by guarantee which has a member who is a trustee of COSRECI, acquired properties in 2011 which have been let to COSRECI on 50 year lease at a peppercorn rent.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year to 31 December 2016

15. PROVISIONS FOR LIABILITIES

	£	£
Deferred tax balance at 1 January 2016		-
Movement in the year		-
		<u>-</u>
Deferred tax balance at 31 December 2016		<u>-</u>

The balance at the end of the year comprises:

	31/12/2016	31/12/2015
	£	£
Tax losses	1,918,000	1,918,000
Accelerated capital allowances	<u>(1,918,000)</u>	<u>(1,918,000)</u>
	<u>-</u>	<u>-</u>

16. LEASING AGREEMENTS

The future minimum operating lease payments are as follows:

	2016	2015
	£	£
Net obligations repayable:		
Within one year	68,548	105,859
Between one and five years	117,048	136,996
Over five years	<u>81,000</u>	<u>108,000</u>
	<u>266,596</u>	<u>350,855</u>

17. CONTINGENT LIABILITY

Of the amount recognised in income during the current and previous years, approximately £23.4m (2015: approximately £16.4m) could be used by parishioners against future services.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2016

18. RECONCILIATION OF SURPLUS TO CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Surplus / (deficit) for the year / period	5,303,533	(4,374,757)
Interest receivable	(5,966)	(8,228)
Interest payable	1,842,797	1,096,980
	<hr/>	<hr/>
Operating surplus / (deficit)	7,140,364	(3,286,005)
Depreciation of tangible fixed assets	2,040,341	1,248,727
Loss on disposal of tangible fixed assets	12,898	3,838,749
Grants released	(278,347)	(283,207)
(Increase) / decrease in stock	(24,847)	219,206
(Increase) / decrease in debtors	(464,377)	(1,196,638)
Increase / (decrease) in creditors	3,798,769	702,882
	<hr/>	<hr/>
Cash flow from operating activities	12,224,801	1,243,714

19. STAFF NUMBERS AND COSTS

The organisation do not have any employees, however, they do have volunteers who receive allowances.

21. PRIOR YEAR ADJUSTMENT

The prior year adjustment included in the previous years accounts is due to the inclusion of a loan in dollars rather than sterling in error, resulting in incorrect exchange differences, and also the correct classification of building improvements and payments on account of building improvements.

22. POST BALANCE SHEET EVENT NOTE

On 23 February 2017, a contract was signed for the renovation of the Birmingham building totalling £5.2m.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2016

23. FINANCIAL INSTRUMENTS

The carrying amounts of the company's financial instruments are as follows:

	2016 £	2015 £
<i>Financial assets</i>		
Measured at fair value through profit or loss:	-	-
	-	-
Debt instruments measured at amortised cost:		
- Trade debtors (note 10)	-	-
- Amounts owed by group undertakings (note 10)	-	-
- Other debtors (note 10)	134,546	106,158
	<u>134,546</u>	<u>106,158</u>
Equity instruments measured at cost less impairment:		
- Fixed asset unlisted investments (note 11)	451,000	451,000
- Current asset unlisted investments	-	-
	<u>451,000</u>	<u>451,000</u>
Measured at fair value through profit or loss	-	-
	-	-
Measured at amortised cost		
- Finance leases (notes 11-12)	2,521	7,192
- Other creditors (notes 11-12)	2,874,748	1,607,661
- Amounts owed to group undertakings (note 11)	389,012	389,012
	<u>3,266,281</u>	<u>2,003,865</u>
Loan commitments measured at cost less impairment		
- Loans	30,895,504	27,350,085
	<u>30,895,504</u>	<u>27,350,085</u>