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OS AA01

Statement of details of parent law and other
information for an overseas company

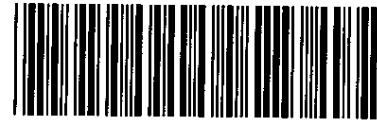


Companies House

✓ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

✗ **What this form is not for**
You cannot use this form to
accompany an alteration of
accounts with accounting
reference date.

TUESDAY



A29 *A8D6UGCJ* 03/09/2019 #25

COMPANIES HOUSE

lease

iv.uk

Part 1 Corporate company name

Corporate name of
overseas company ①

CHURCH OF SCIENTOLOGY RELIGIOUS EDUCATION COLLEGE
INCORPORATED

UK establishment
number

B R 0 1 1 1 8 5

→ **Filling in this form**

Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

**Part 2 Statement of details of parent law and other
information for an overseas company**

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ②

Australian Charities and Not-for-profit Commission Act 2012

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ **No. Go to Section A3.**

☒ **Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.**

Name of organisation
or body ③

Australian Accounting Standards Board

③ Please insert the name of the
appropriate accounting organisation
or body.

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box.

☐ **No. Go to Section A5.**

☒ **Yes. Go to Section A4.**

OS AA01

Statement of details of parent law and other information for an overseas company


A4 Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. <input type="checkbox"/> No. Go to Part 3 'Signature' . <input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature' .	① Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ①	Australian Accounting Standards Board	

A5 Unaudited accounts

Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. <input type="checkbox"/> No. <input checked="" type="checkbox"/> Yes.	
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Part 3 Signature

Signature	I am signing this form on behalf of the overseas company.	
	Signature X  X	
	This form may be signed by: Director, Secretary, Permanent representative.	

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Peter Hodkin

Company name Hodkin & Company

Address 42-44 Copthorne Road

Felbridge

Post town East Grinstead

County/Region West Sussex

Postcode R H 1 9 2 N S

Country UK

DX 300232 East Grinstead

Telephone 01342 325765



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018

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Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018

COMMITTEE'S REPORT

The committee members submit the financial report of Church of Scientology Religious Education College Inc for the financial year ended 31 December 2018.

Trustees

The names of Trustees throughout the year and at the date of this report are:

Massimo Angius

Francoise Springall

Principal Activities

The principal activity of the entity during the financial year was the dissemination and practice of the religion of Scientology in the United Kingdom which includes the delivery of religious services as the primary purpose.

Significant Changes

No significant change in the nature of these activities occurred during the year.

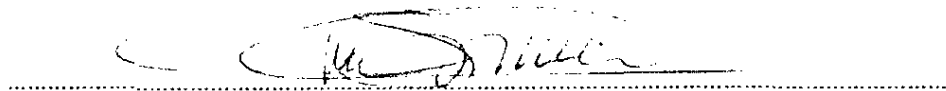
Operating Result

The surplus after providing for income tax for the 2018 financial year amounted to \$494,194.

Signed in accordance with a resolution of the members of the committee.


.....

Massimo Angius


.....

Francoise Springall

Dated this 27th day of June 2019

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018
INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
INCOME		
Parishioner donations for religious services	38,672,965	36,318,020
Sales of religious books and artefacts	2,842,636	2,073,639
Refectory proceeds	1,938,208	1,767,301
Contributions from affiliated organisations and individuals	2,131,997	10,522,780
Services to affiliated organisations	215,625	327,000
Other income	476,321	324,029
Interest received	6,249	5,695
Total Income	46,284,001	51,338,464
EXPENDITURE		
<i>Rent, rates and insurance</i>	2,092,752	1,469,148
Light and heat	1,498,379	1,268,654
Staff allowances	6,344,583	5,260,880
Administration	815,934	2,809,304
Telephone, telex and postage	2,542,486	2,140,834
Audit and accounting fees	147,187	135,545
Depreciation	5,033,814	3,622,597
Bank charges and interest	4,355,954	3,462,796
Travel and subsistence	3,115,425	3,781,239
Repairs and maintenance	1,028,987	3,103,390
Loss on sale of tangible assets	305	26,812
Missionary commission expenses	1,994,140	1,916,847
Dissemination expenses and materials	3,644,655	3,119,509
Cost of books and artefacts	2,224,512	1,916,875
Refectory costs	1,391,644	1,091,243
Technical licence fees	707,951	658,580
Instruction materials	127,857	165,270
Staff development and guidance	7,688,721	7,854,850
Legal and professional fees	1,145,555	1,088,768
Net currency conversion loss/(gain)	328,948	(725,152)
Grant released	(465,557)	(438,070)
Bad debt provision	25,575	-
Total Expenses	45,789,807	43,729,719
Net current year surplus	494,194	7,608,745
RETAINED SURPLUS AT THE BEGINNING OF THE FINANCIAL YEAR	24,316,163	16,318,857
Exchange rate difference on foreign translation	1,100,932	388,561
RETAINED SURPLUS AT THE END OF THE FINANCIAL YEAR	25,911,289	24,316,163

The accompanying notes form part of these financial statements.

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018

ASSETS AND LIABILITIES STATEMENT AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash on hand	2	23,332,328	16,033,152
Inventories	3	1,893,896	1,818,976
Accounts receivable and other debtors	4	757,660	797,492
Prepayments		451,511	360,040
TOTAL CURRENT ASSETS		26,435,395	19,009,660
NON-CURRENT ASSETS			
Financial assets	5	776,114	742,631
Property, plant and equipment	6	96,489,210	88,996,041
TOTAL NON-CURRENT ASSETS		97,265,324	89,738,672
TOTAL ASSETS		123,700,719	108,748,332
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	7	35,773,314	26,800,978
Deferred receipts arising on capital grant		469,883	449,611
Staff provisions		71,322	141,987
TOTAL CURRENT LIABILITIES		36,314,519	27,392,576
NON-CURRENT LIABILITIES			
Deferred receipts arising on capital grant		3,758,871	4,046,318
Loans from related organisations	8	57,716,040	52,993,275
TOTAL NON-CURRENT LIABILITIES		61,474,911	57,039,593
TOTAL LIABILITIES		97,789,430	84,432,169
NET ASSETS		25,911,289	24,316,163
MEMBERS' FUNDS			
Capital reserve		13,226,017	13,226,017
Retained surplus		12,685,272	11,090,146
TOTAL MEMBERS' FUNDS		25,911,289	24,316,163

The accompanying notes form part of these financial statements.

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	RETAINED SURPLUS	CAPITAL RESERVES	TOTAL
	\$	\$	\$
Balance at 1 January 2017	3,092,840	13,226,017	16,318,857
COMPREHENSIVE INCOME			
Net surplus for the year	7,608,745	-	7,608,745
Exchange difference on foreign translation	388,561	-	388,561
Total comprehensive income attributable to members of the entity	11,090,146	13,226,017	24,316,163
Balance at 31 December 2017	11,090,146	13,226,017	24,316,163
Balance at 1 January 2018	11,090,146	13,226,017	24,316,163
COMPREHENSIVE INCOME			
Net surplus for the year	494,194	-	494,194
Exchange difference on foreign translation	1,100,932	-	1,100,932
Total comprehensive income attributable to members of the entity	12,685,272	13,226,017	25,911,289
Balance at 31 December 2018	12,685,272	13,226,017	25,911,289

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for the sale of religious books and artefacts		2,842,636	2,073,639
Receipts from parishioners and affiliated organisations		43,435,115	49,259,130
Payments to suppliers and staff allowances		(29,250,123)	(31,158,968)
Interest received		6,249	5,695
Interest paid		(4,355,954)	(3,462,796)
Net cash generated from operating activities	10	12,677,923	16,716,700
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		(305)	55,030
Payment for property, plant and equipment		(8,482,379)	(21,854,882)
Net cash used in investing activities		(8,482,684)	(21,799,852)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans advanced		2,311,976	2,065,314
Net cash used in financing activities		2,311,976	2,065,314
Net increase in cash held		6,507,215	(3,017,838)
Effect of exchange rate changes on cash		791,961	138,486
Cash on hand at beginning of the financial year		16,033,152	18,912,504
Cash on hand at end of the financial year	2	23,332,328	16,033,152

The accompanying notes form part of these financial statements.

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All the activities of the entity are based in the United Kingdom (UK) and there are no financial transactions between the Association's branches in the UK and in Australia.

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act). The committee has determined that the entity is not a reporting entity.

The financial statements have been prepared on the historical cost basis. They do not take into account changing money values or, except where stated specifically, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of these financial statements.

a. Income Tax

No provision for income tax has been raised in Australia as the entity is exempt from income tax under of the Income Tax Assessment Act 1997 as its income is foreign source income derived entirely in the UK.

The entity is however subject to UK corporation tax which arises from the entity being resident for tax purposes in the UK.

The UK tax expense for the year comprises current UK tax expense (income) and deferred tax expense (income).

Current UK tax and deferred tax are recognised in income and expenditure except to the extent that they are recognised directly in equity or in other comprehensive income. Current UK tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the UK tax authorities.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current UK tax and deferred tax expense (income) is charged or credited directly to equity instead of income and expenditure when the tax relates to items that are charged or credited directly to equity.

No deferred tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the UK tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which the committee expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

b. Property, Plant and Equipment (PPE)

Each class of property, plant and equipment is carried at cost, less, where applicable, accumulated depreciation and any impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by the committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount.

Church of Scientology Religious Education College Inc

Financial Report for the Year Ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation

The depreciable amounts of all fixed assets including buildings and capitalised leased assets, but excluding freehold land and long leasehold, is depreciated at the following annual rates over the assets useful life to the entity commencing from the time the asset is held ready for use:

Class of Fixed Asset	Depreciation Rate
Buildings	2%
Building improvements	5%
Leasehold property	Equal instalments over the period of the lease
Fixtures and fittings	10% and 20%
Computer equipment	33.33%
Motor Vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in income and expenditure.

c. Impairment of Assets

At the end of each reporting period, the committee reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in the income and expenditure statement.

d. Cash on Hand

Cash on hand includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

e. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

f. Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from donors. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

g. Revenue and Other Income

Donations and income grants are recognised when the entity obtains control over the funds, which is generally at the time of receipt.

As reported in note 12, the Church does not account for deferred income on donations from parishioners in the UK because such donations are made unconditionally.

If conditions are attached to the grant that must be satisfied before the association is eligible to receive the contribution, recognition of the grant as revenue will be deferred until those conditions are satisfied.

Grants received for fixed assets are deferred and recognised over the life of the asset.

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Other income is recognised when the entity has earned the right to consideration.

h. Leases

Leases of PPE, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

j. Critical Accounting Estimates and Judgments

The committee members evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

The committee members evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Key estimates

- a. Estimated life of fixed assets
- b. Residual value of fixed assets
- c. Market rate of loans from related entities

k. Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the entity during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l. Amounts payable to Affiliated Organisations

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the entity during the reporting period that remain unpaid.

Church of Scientology Religious Education College Inc

Financial Report for the Year Ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

m. Foreign Currency translation

Functional currency and presentation currency

The financial statements are presented in Australian dollars, being the presentation currency. The primary economic environment of the entity is the UK, with the functional currency being in Sterling Pounds.

Transactions and balances

In preparing the financial statement of the entity, transactions in currencies other than the functional currency are recognised at the spot rate at the dates of the transactions or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences are recognised in the income and expenditure statement in the period in which they arise.

Translation of the accounts into presentation currency.

For the purpose of presenting the financial statements, the assets and liabilities are translated from their functional currency to Australian dollars using the closing exchange rate. Income and expenses are translated using the average rate for the period. Exchange differences arising on the translation of the accounts are recognised in the statement of changes in equity and are not reclassified to the income and expenditure statement.

The large exchange differences relating to the current figures and the comparatives are as result of the different closing exchange rates prevailing at both 31 December 2017 and 31 December 2018. This was due to a continued fall in UK Sterling following the EU referendum in June 2016. As the historical non-monetary assets are not retranslated, this difference has also affected the items where non-monetary assets are included.

NOTE 2: CASH ON HAND

	2018	2017
	\$	\$
Cash at bank – unrestricted	23,332,328	16,033,152
Total cash on hand	23,332,328	16,033,152

NOTE 3: INVENTORIES ON HAND

	2018	2017
	\$	\$
At cost:		
Stock		
At historic cost on a first in, first out basis	1,893,896	1,818,976
	1,893,896	1,818,976

NOTE 4: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	2018	2017
	\$	\$
Corporation tax (UK)	4,252	4,069
Payment on account	81,268	144,892
Other debtors	672,140	648,531
	757,660	797,492

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 5: FINANCIAL ASSETS

	2018	2017
	\$	\$
NON-CURRENT		
Investments in unlisted corporations - at cost	776,114	742,631

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
LAND AND BUILDINGS		
Land - at cost	6,084,142	6,084,142
Building and building improvements - at cost	88,475,014	82,023,469
Less accumulated depreciation	(11,204,886)	(9,048,064)
Total land and building improvements	83,354,270	79,059,547
LEASEHOLD PROPERTY		
Leasehold property and improvements - at cost	7,335,924	7,335,924
Less accumulated depreciation	(374,161)	(281,530)
Total leasehold property improvements	6,961,763	7,054,394
PLANT AND EQUIPMENT		
Fixtures and fittings - at cost	24,012,523	21,983,556
Less accumulated depreciation	(11,420,566)	(9,162,111)
Total plant and equipment	12,591,957	12,821,445
MOTOR VEHICLES		
Motor vehicles - at cost	2,278,170	2,253,849
Less accumulated depreciation	(1,261,527)	(791,472)
Total motor vehicles	1,016,643	1,462,377
Exchange difference on foreign translation	(7,435,423)	(11,401,722)
Total property, plant and equipment	96,489,210	88,996,042

NOTE 7: ACCOUNTS PAYABLE AND OTHER PAYABLES

	2018	2017
	\$	\$
Amounts owed to group undertakings	668,133	638,650
Deferred receipts on capital grant	277,465	303,573
UK VAT payable	606,422	660,980
Accruals and other creditors	4,700,649	4,387,845
Amounts payable to affiliated organisations:		
Church of Scientology International	18,441,267	11,271,851
Church of Scientology Flag Service Organisation	11,079,378	9,538,079
	35,773,314	26,800,978

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 8: LOANS FROM RELATED ORGANISATIONS

	2018	2017
	\$	\$
Loans from related organisations	57,716,040	52,993,275
	<u>57,716,040</u>	<u>52,993,275</u>

An analysis of the maturity of the loans is given below:

	2018	2017
	\$	\$
Amounts falling due in more than five years		
Repayable otherwise than by instalments:		
Other loans more than 5 years non-instalments	19,892,351	17,619,430
	<u>19,892,351</u>	<u>17,619,430</u>

NOTE 9: LEASING COMMITMENTS

	2018	2017
	\$	\$
Operating Lease Commitments		
Being for rent of premises		
Payable – minimum lease payments:		
– not later than 12 months	46,464	59,358
– between 12 months and five years	185,854	117,836
– later than five years	46,464	88,918
	<u>278,782</u>	<u>326,112</u>

NOTE 10: CASH FLOW INFORMATION

	2018	2017
	\$	\$
Reconciliation of Cash Flows from Operating Activities with Net Current Year Surplus		
Net current year surplus	485,668	7,608,745
Non-cash flows:		
Depreciation and amortisation expense	5,033,814	3,622,597
Loss on disposal of property, plant and equipment	305	26,812
Grant released	(465,557)	(438,070)
Changes in assets and liabilities:		
Increase in accounts receivable and other debtors	75,091	2,107,400
Increase/(decrease) in accounts payable and other payables	7,692,479	3,836,076
Increase/(decrease) in staff provisions	(76,358)	67,991
Increase in inventories on hand	7,026	(88,861)
Decrease/(increase) in prepayments	(74,545)	(25,990)
	<u>12,677,923</u>	<u>16,716,700</u>

Church of Scientology Religious Education College Inc

Financial Report for the Year Ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 11: RELATED PARTY TRANSACTIONS

Church of Scientology Religious Education College Inc (COSRECI) and other churches in the UK and around the 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 AASB124 and 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 \$151,657 (2017: \$75,906), purchased books and other literature to a value of \$2,284,247 (2017: \$1,967,377), and was charged \$5,236,999 (2017: \$4,809,084) for ecclesiastical management services and courses. Church of Scientology International also paid \$2,911,194 (2017: \$2,483,926) in respect of building and leasehold improvements and nil (2017: \$205,984) in respect of furniture and equipment additions, in addition payments of \$53,480 (2017: \$118,304) were held on account for future building improvements. At the year end, \$66,296,436 (2017: \$54,935,827) was due to Church of Scientology International and its subsidiaries and of this amount \$1,902,538 (2017: \$1,722,962) is included in Note 7 under "Accruals and other creditors" and \$45,952,631 (2017: \$42,262,908) is included in Note 8 under "Loans from related organisations". Interest at the rate of 5% was charged on the loans.

At the year end there were loans outstanding from Church of Scientology International of \$28,227,740 (2017: \$25,856,150) and is included in note 8 under "Loans from related organisations". The loan is to be repaid over a period of five years, unless the term is extended by agreement. Interest of \$1,205,817 (2017: \$1,151,322) was charged in the year.

At the year end there was a loan outstanding from Scientology International Reserves Trust of \$9,595,951 (2017: \$8,764,653) and this is shown in Note 8 under "Loans from related organisations". 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 \$580,573 (2017: \$807,930) for courses provided to COSRECI. At the year end, \$11,079,378 (2017: \$9,538,079) was due to Church of Scientology Flag Service Organisation and this amount is included in Note 7. The amount had increased (2017: increased) in the period by interest charged of \$441,470 (2017: \$396,863), and was reduced in the period by repayments of \$126,913 (2017: \$173,667) and exchange differences of \$646,169 (2017: increased by \$314,749).

In summary, at the year end, \$79,048,873 (2017: \$66,444,156) was due to, and nil (2017: nil) was due from related organisations.

In addition, COSRECI received donations from other churches amounting to \$917,780 (2017: \$818,696).

At the year end there was a loan outstanding from Church of Scientology Celebrity Centre International of \$2,115,428 (2017: \$1,917,820) and this amount is shown in Note 7 under "Accruals and other creditors". The loan was increased by nil (2017: nil) in the period. The amount had decreased (2017: decreased) in the period by exchange differences of \$48,057 (2017: \$82,883) and interest charged of \$63,082 (2017: \$46,565). The loan is to be repaid over a period of ten years, unless the term is extended by agreement.

At the year end an amount of \$167,317 (2017: \$260,822) was due from Church of Scientology and Community Centre of Dublin and is included within "Other Debtors" in note 4. During the year assets were donated to the organisation with a total value of \$108,439.

The amount of \$668,133 (2017: \$638,650) shown as due to group undertakings disclosed in note 7 to the financial statements relates to the balance due to the subsidiary company, Nesta Investments Limited. COSRECI rents a property from Nesta Investments Limited, on a 50 years lease at a peppercorn rent.

During the year contributions towards office costs of \$3,043 (2017: \$2,911) were received from SOR Services (UK) Limited.

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.

NOTE 12: CONTINGENT LIABILITY

The entity does not account for deferred income in the United Kingdom because donations are made unconditionally. While the entity has a policy of providing spiritual assistance and training in exchange for donations, this is based on internal religious practice and policy only and deferring income would be misleading to the users of this report. The amount to which there may be a contingent liability for undelivered religious services in the UK is \$64,780,925 (2017: \$50,897,607).

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 13: CAPITAL COMMITMENTS

In October 2018 a contract totalling \$10.6m was signed for the construction of a building. Payments totalling \$499,000 had been made by 31 December 2018.

At the balance sheet date there was a capital commitment of \$830,000 in relation to the extension to an existing building.

In August 2018 an agreement totalling \$1.81m was signed relating to professional services on a development. Payments totalling \$346,000 had been made by 31 December 2018.

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018

COMMITTEE'S DECLARATION

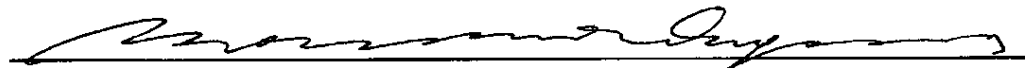
The committee of the registered entity declares that in the committee's opinion:

The financial statements and notes, as set out on pages 1 to 13 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

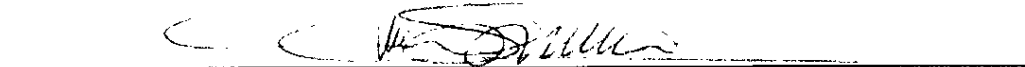
- a. comply with Australian Accounting Standards; and
- b. give a true and fair view of the financial position of the registered entity as at 31 December 2018 and of its performance for the year ended on that date.

There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Massimo Angius (Trustee)



Francoise Springall (Trustee)

Dated this 27th day of June 2019

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CHURCH OF SCIENTOLOGY
RELIGIOUS EDUCATION COLLEGE INC

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Church of Scientology Religious Education College Inc Not For Profit (ACNC Non-reporting) (the registered entity), which comprises financial position as at 31 December 2018, the statement for profit and loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the committees' declaration.

In our opinion, the accompanying financial report of Church of Scientology Religious Education College Inc Not For Profit (ACNC Non-reporting) has been prepared in accordance with Div. 60 of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act), including:

- (i) giving a true and fair view of the registered entity's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and Div. 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the ACNC Act, the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the registered entity's financial reporting responsibilities under the Australian Charities and Not-for-profits Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Committee for the Financial Report

The committee of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee are responsible for assessing the registered entity ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the committee either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Church of Scientology Religious Education College Inc

Financial Report for the Year Ended 31 December 2018

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CHURCH OF SCIENTOLOGY
RELIGIOUS EDUCATION COLLEGE INC**

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the registered entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Name of auditor: Salvatore Cammarata, FCA

Auditor's Registration No: 13521

Name of firm: Prudential Partners
Chartered Accountants

Address: Level 2, 67 Castlereagh Street, Sydney NSW 2000

Date: 28th June 2019

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2018

**DECLARATION FOR RESPONSIBLE PERSONS CONFIRMING THEY ARE NOT DISQUALIFIED UNDER
GOVERNANCE STANDARD 4**

I, Massimo Angius of Fonthill Lodge, East Grinstead, West Sussex, RH19 4LY

declare that:

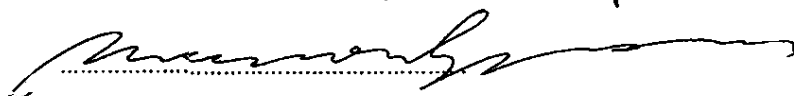
- I am not disqualified from managing a registered entity, under the *Associations Incorporation Act 1985* (South Australia) and
- I have not been disqualified by the Australian Charities and Not-for-profits Commissioner at any time during the previous year from being a responsible person (what the ACNC Act calls a 'responsible entity') of a registered charity.

While I am a Responsible Person for Church of Scientology Religious Education College Inc, I agree to notify this charity as soon as possible if I do become disqualified from managing the registered entity under the *Associations Incorporation Act 1985* (South Australia), or am disqualified by the Australian Charities and Not-for-profits Commissioner. Responsible persons are the members of a charity's governing body who share responsibility for the governance of the charity (called 'responsible entities' under the ACNC Act).

Declared at: Fonthill Lodge, East Grinstead, West Sussex, RH19 4LY

On: 27/ June / 2019

Signature:



Name: Massimo Angius

Position: Trustee