

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
FOR
Church of Scientology
Religious Education College Inc

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For The Year Ended 31 December 2015**

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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 2015, 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 2015 and of its loss 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 2015, 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

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: 29 June 2016

Church of Scientology
Religious Education College Inc

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2015

	Notes	Year To 31/12/15 £	Year to 31/12/14 as restated £
INCOME			
From ordinary activities		15,436,019	10,805,637
EXPENDITURE			
On ordinary activities		14,883,275	9,966,943
Exceptional item		3,838,749	-
OPERATING DEFICIT	3	(3,286,005)	838,694
Interest receivable and similar income			
From ordinary activities		8,228	20,064
		(3,277,777)	858,758
Interest payable and similar charges	5	1,326,851	925,138
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(4,604,628)	(66,380)
Tax on deficit on ordinary activities	6	-	-
DEFICIT FOR THE FINANCIAL YEAR AFTER TAXATION		(4,604,628)	(66,380)
TOTAL DEFICIT FOR THE YEAR		(4,604,628)	(66,380)
Prior year adjustment	18	931,767	-
TOTAL DEFICIT SINCE LAST ANNUAL REPORT		(3,672,861)	(66,380)

CONTINUING OPERATIONS

None of the activities were acquired or discontinued during the current or previous year.

TOTAL RECOGNISED SURPLUSES AND LOSSES

There are no recognised surpluses or losses other than the loss for the current year and the surplus for the previous year.

STATEMENT OF FINANCIAL POSITION
For the Year Ended 31 December 2015

			31 December 2015	31 December 2014
	Notes	£	£	As restated £
FIXED ASSETS				
Tangible assets	7		37,556,871	27,957,073
Subsidiary undertakings	8		<u>451,000</u>	<u>451,000</u>
			38,007,871	28,408,073
CURRENT ASSETS				
Stocks	9	1,024,430		1,243,636
Debtors	10	1,535,936		339,297
Cash at bank and in hand		<u>4,915,056</u>		<u>5,924,896</u>
		7,475,422		7,507,829
CREDITORS				
Amounts falling due within one year	11	<u>11,413,409</u>		<u>9,607,351</u>
NET CURRENT LIABILITIES/ASSETS				
			<u>(3,937,987)</u>	<u>(2,099,522)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
			34,069,884	26,308,551
CREDITORS				
Amounts falling due after more than one year	12		29,348,742	16,982,782
PROVISION FOR LIABILITIES				
			<u>-</u>	<u>-</u>
			<u>4,721,141</u>	<u>9,325,769</u>
RESERVES				
Accumulated funds			<u>4,721,141</u>	<u>9,325,769</u>
			<u>4,721,141</u>	<u>9,325,769</u>


Church of Scientology
Religious Education College Inc (Registered number: FC009154)

STATEMENT OF FINANCIAL POSITION - continued
For the Year Ended 31 December 2015

The financial statements were approved by the Trustees on 29 June 2016

and signed on their behalf by:

NAMES OF TRUSTEES



Massimo Angius



Francoise Springall

STATEMENT OF CHANGES IN EQUITY
 For the Year Ended 31 December 2015

	Capital funds £	General funds £	Capital reserve £	Total funds £
Balance at 1 January 2014	<u>6,773,043</u>	<u>1,928,947</u>	<u>690,159</u>	<u>9,392,149</u>
Changes in equity				
Released in year	-	218,924	(218,924)	-
Total Comprehensive deficit	-	(998,147)	-	(998,147)
Balance at 31 December 2014	<u>6,773,043</u>	<u>1,149,724</u>	<u>471,235</u>	<u>8,394,002</u>
Prior year adjustment	-	931,767	-	931,767
As restated	<u>6,773,043</u>	<u>2,081,491</u>	<u>471,235</u>	<u>9,325,769</u>
Changes in equity				
Released in year	-	229,871	(229,871)	-
Total Comprehensive deficit	-	(4,604,628)	-	(4,604,628)
Balance at 31 December 2015	<u>6,773,043</u>	<u>(2,293,266)</u>	<u>241,364</u>	<u>4,721,141</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%.

Church of Scientology
Religious Education College Inc

STATEMENT OF CASH FLOWS
For The Year Ended 31 December 2015

	31 December 2015		31 December 2014 as restated	
	£	£	£	£
Cash generated from operations				
Operating (deficit)	(3,286,005)		838,694	
Reconciliation to cash generated from operations:				
Depreciation	1,248,727		970,876	
Loss/(Profit) on disposal of fixed assets	3,838,749		8,532	
Grant released	(283,207)		(186,180)	
Decrease/(Increase) in stocks	219,206		(98,596)	
Decrease in debtors	(1,196,638)		(59,296)	
Increase in creditors	1,705,230		1,074,265	
		2,246,070		2,548,295
Cash from other sources				
Interest received	8,228		20,064	
Capital grants for fixed assets	-		-	
Sale of fixed assets	2,928		5,108	
Loans advanced	12,749,986		(540,668)	
		12,761,142		(515,496)
Application of cash				
Interest paid	1,326,851		925,138	
Purchase of tangible fixed assets	14,690,201		1,856,395	
		(16,017,052)		(2,781,533)
Net (decrease)/increase in cash		(1,009,840)		(748,733)
Cash at bank and in hand at the beginning of the year		5,924,896		6,673,629
Cash at bank and in hand at the end of the year		<u>4,915,056</u>		<u>5,924,896</u>

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2015

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 registered address 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 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. The company adopted FRS 102 in the current year and an explanation of how transition to FRS 102 has affected the reported financial position and performance is given in note 19.

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
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 2015

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 profit (or loss) 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 2015

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.

3. OPERATING DEFICIT

The operating deficit (2014 – operating deficit) is stated after charging/(crediting):

	Year to 31/12/15	Year To 31/12/14 as restated
	£	£
Depreciation - owned assets	1,240,901	970,876
Depreciation - leased assets	7,826	7,826
Loss/(Profit) on disposal of fixed assets	3,838,749	8,532
Grants released	(283,207)	(186,180)
Auditor's remuneration	30,600	26,550
Foreign exchange differences	<u>165,246</u>	<u>(982,318)</u>

The exceptional item of £3,838,749, relates to the loss on disposal of Building Improvements as part of a large renovation project in the year.

4. TRUSTEES AND KEY MANAGEMENT PERSONNEL

	Year to 31/12/15	Year to 31/12/14 as restated
	£	£
Management remuneration in respect of trustees and key management personnel.	15,931	13,791

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2015

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 31/12/15 £	Year to 31/12/14 as restated £
Bank charges	188,433	119,471
Loan interest	663,386	307,291
Interest on overdue debts	245,161	279,452
Other interest	229,871	218,924
	<u>1,326,851</u>	<u>925,138</u>

6. TAXATION

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

The tax charge/credit on the surplus on ordinary activities for the year was as follows:

	Year To 31/12/15 £	Year To 31/12/14 as restated £
UK corporation tax:		
- Current year	-	-
- Prior year	-	-
Total current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2015

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK 20% (2014: 21%).
The differences are explained below:

	Year To 31/12/15 £	Year To 31/12/14 as restated £
(Deficit)/Surplus on ordinary activities before tax	<u>(4,604,628)</u>	<u>(66,380)</u>
(Deficit)/Surplus on ordinary activities multiplied by standard rate of Corporation tax in the UK of 20%/21%	(920,926)	(13,940)
Effects of:		
Expenses not deductible for tax purposes	12,400	2,230
Depreciation in excess/(less than) capital allowances	682,088	(3,865)
Utilisation of tax losses carried forward	618,455	195,430
Utilisation of tax losses current year	(1,645)	(4,213)
Non taxable capital items	<u>(390,372)</u>	<u>(175,642)</u>
Current tax charge/(credit) for the year	<u>-</u>	<u>-</u>

(c) Factors affecting future tax charge

There are tax losses of £13,565,427 (2014 as restated: £10,481,381) carried forward available for set off against future taxable profits. No deferred tax asset has been recognised in respect of these losses.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2015

7. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Fixtures and Fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2015	30,020,993	152,012	6,008,349	161,697	36,343,051
Additions	9,396,024	1,233,151	4,044,743	16,284	14,690,202
Disposals	(5,317,467)	-	(1,832,621)	(12,378)	(7,162,466)
At 31 December 2015	<u>34,099,550</u>	<u>1,385,163</u>	<u>8,220,471</u>	<u>165,603</u>	<u>43,870,787</u>
DEPRECIATION					
At 1 January 2015	4,371,979	19,439	3,849,541	145,019	8,385,978
Charge for year	480,931	36,480	721,010	10,306	1,248,727
Eliminated on disposal	(1,553,342)	-	(1,755,559)	(11,888)	(3,320,789)
At 31 December 2015	<u>3,299,568</u>	<u>55,919</u>	<u>2,814,992</u>	<u>143,437</u>	<u>6,313,916</u>
NET BOOK VALUE					
At 31 December 2015	<u>30,799,982</u>	<u>1,329,244</u>	<u>5,405,479</u>	<u>22,166</u>	<u>37,556,871</u>
At 31 December 2014	<u>25,649,014</u>	<u>132,573</u>	<u>2,158,808</u>	<u>16,678</u>	<u>27,957,073</u>

Included in the total net book value of tangible fixed assets held at 31 December 2015 was £19,611 (2014:£27,437) in respect of assets held under hire purchase contracts.

The cost of depreciable assets included in freehold property at 31 December 2015 was £31,245,091 (2014:£26,916,289).

The trustees consider that the estimated residual value of certain buildings is higher than the current carrying value, resulting in not depreciation charge for those buildings for the current year.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2015

8. SUBSIDIARY UNDERTAKINGS

	Shares in group undertakings £
COST	
At 1 January 2015 and 31 December 2015	<u>451,000</u>
NET BOOK VALUE	
At 31 December 2015	<u>451,000</u>
At 31 December 2014	<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 as restated
	holding	£	£
Class of shares:			
180,000 £1 ordinary	100.00		
3 £1 non cumulative preference	100.00		
Aggregate capital and reserves		1,577,347	1,410,345
Loss for the year		<u>(813)</u>	<u>(513)</u>

SOR Services (UK) Limited

Nature of business: Providing bookkeeping services

	%	31/12/15	31/12/14 as restated
	holding	£	£
Class of shares:			
1000 £1 ordinary	100.00		
Aggregate capital and reserves		25,122	32,750
Profit/(loss) for the year		<u>(4,946)</u>	<u>26,813</u>

The SOR Services (UK) Limited accounts provided are in draft form, but are not expected to change.

The accounts provided by Nesta Investments Limited and SOR Services (UK) Limited were prepared under FRSSE 2015.

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

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year to 31 December 2015

9. STOCKS

	Year To 31/12/15 £	Year To 31/12/14 as restated £
Religious books and artefacts	<u>1,024,430</u>	<u>1,243,636</u>

Stock recognised in cost of sales during the year as an expense was £559,148 (2014: £813,859).

10. DEBTORS

	31/12/15 £	31/12/14 as restated £
Corporation Tax	2,471	2,471
Other debtors	329,256	-
Payment on account	1,037,968	237,455
Prepayments and accrued income	<u>166,240</u>	<u>99,371</u>
	<u>1,535,935</u>	<u>339,297</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/15 £	31/12/14 as restated £
Hire purchase contracts	4,746	8,201
Amounts owed to group undertakings	389,657	390,170
Social security and other taxes	17,897	17,865
Deferred receipts arising on capital grants	283,207	186,180
Deferred receipts	211,201	231,933
VAT payable	278,851	183,881
Accruals and other creditors	<u>10,227,850</u>	<u>8,589,121</u>
	<u>11,413,409</u>	<u>9,607,351</u>

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

	31/12/15	31/12/14 as restated
	£	£
Hire purchase contracts	2,446	6,236
Other creditors	-	13,112,831
Deferred receipts arising on capital grants	2,998,567	3,378,801
Loans from other churches	26,347,729	484,913
	<hr/>	<hr/>
	29,348,742	16,982,781
	<hr/> <hr/>	<hr/> <hr/>

13. LOANS

An analysis of the maturity of loans is given below:

	31/12/15	31/12/14 as restated
	£	£
Amounts falling due in more than five years:		
Repayable otherwise than by instalments:		
Other loans more than 5 years non-instalments	21,520,446	484,913
	<hr/>	<hr/>
	21,520,446	16,982,781
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year to 31 December 2015

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 £Nil (2014: £25,412), purchased books and other literature to a value of £479,817 (2014: £595,147), and was charged £1,260,311 (2014: £989,600) for ecclesiastical management services and courses. COSRECI also paid £1,268,488 (2014 as restated: £345,168) in respect of building and leasehold improvements and £Nil (2014: £140,155) in respect of furniture and equipment of which £1,037,968 (2014 as restated: £237,455) was made on account of future building improvements. At the year end, £23,624,709 (2014: £10,869,530) was due to Church of Scientology International and its subsidiaries and of this amount £2,954,419 (2014: £1,869,198) is included in Note 11 under "Accruals and other creditors" and £484,913 (2014: £484,913) and £8,821,563 (2014: £8,515,419) are included in Note 12 under "Loans from other churches" and "Other creditors" respectively. One of the two loans included was charged £306,144 (2014: £306,144) interest and is repayable on terms yet to be agreed with COSRECI. The other loan of £484,913 (2014: £484,913) included was interest free during the year, however, terms have now been agreed for interest to be charged on a commercial basis. No advances have been received or repayments made in the period.

A loan of £11,888,868 was advanced in the year from Church of Scientology International. The loan was charged £325,102 interest. The loan is to be repaid over a period of ten years, unless the term is extended by agreement.

At the year end there was a loan outstanding from Scientology International Reserves Trust of £4,827,283 (2014 as restated: £4,597,413) and this is shown in Note 12 under "Loans from other churches". The loan is interest free and therefore has been shown at amortised cost using an effective interest rate of 5%, as required by FRS 102. The loan is to be repaid over a period of five years, unless the term is extended by agreement.

With the exception to the Scientology International Reserves Trust loan detailed above, all loans over one year are charged a market rate of interest.

Church of Scientology Flag Service Organisation charged £372,593 (2014: £194,939) for courses provided to COSRECI. At the year end, £4,632,182 (2014: £4,129,917) 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 (2014: increased) in the period by exchange differences of £60,897 (2014: £62,517) and interest charged of £172,530 (2014: £158,789). The balance due was reduced in the period by repayments of £103,754 (2014: £44,583).

In summary, at the year end, £29,040,497 (2014: £15,969,417) was due to and £nil (2014: £nil) was due from other churches.

In addition, COSRECI received donations from other churches amounting to £488,164 (2014: £557,454).

At the year end there was a loan outstanding from Church of Scientology Celebrity Centre International of £1,002,356 (2014: £953,632) and this amount is shown in Note 11 under "Accruals and other creditors". The loan was increased by £nil (2014: £nil) in the period. The amount had increased (2014: increased) in the period by exchange differences of £17,928 (2014: £18,638) and interest charged of £30,796 (2014: £Nil). The loan is to be repaid over a period of ten years, unless the term is extended by agreement.

The amount of £389,657 (2014: £390,170) 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 £1,835 (2014: £2,125) 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 property in 2011 which have been let to COSRECI on 50 year lease at a peppercorn rent.

**Church of Scientology
Religious Education College Inc**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year to 31 December 2015**

15. PROVISIONS FOR LIABILITIES

	£	£
Deferred tax balance at 1 January 2015		-
Movement in the year		-
		<u>-</u>
Deferred tax balance at 31 December 2015		-
The balance at the end of the year comprises:	31/12/2015	31/12/2014 as restated
	£	£
Tax losses	1,918,000	1,461,000
Accelerated capital allowances	(1,918,000)	(1,461,000)
	<u>-</u>	<u>-</u>

16. LEASING AGREEMENTS

The future minimum operating lease payments are as follows:

	2015	2014 as restated
	£	£
Net obligations repayable:		
Within one year	105,859	218,180
Between one and five years	136,996	221,255
Over five years	108,000	129,600
	<u>350,855</u>	<u>569,035</u>

17. CONTINGENT LIABILITY

Of the amount recognised in income during the current and previous years, approximately £16.3m (2014: approximately £13.1m) could be used by parishioners against future services.

18. PRIOR YEAR ADJUSTMENT

The prior year adjustment 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.

Church of Scientology
Religious Education College Inc

RECONCILIATION OF EQUITY
1 January 2015
(DATE OF TRANSITION TO FRS 102)

	UK GAAP	Prior year adjustment	Restated at 1/1/2015	Effect of transition to FRS102	FRS 102
	£	£	£	£	£
FIXED ASSETS					
Tangible assets	27,956,785	288	27,957,073		27,957,073
Investments	451,000	-	451,000		451,000
	<u>28,407,785</u>	<u>288</u>	<u>28,408,073</u>	<u>-</u>	<u>28,408,073</u>
CURRENT ASSETS					
Stocks	1,243,636	-	1,243,636	-	1,243,636
Debtors	2,471	-	2,471	-	2,471
Prepayments and accrued income	182,371	154,455	336,826	-	336,826
Cash at bank and in hand	5,924,896	-	5,924,896	-	5,924,896
	<u>7,353,374</u>	<u>154,455</u>	<u>7,507,829</u>	<u>-</u>	<u>7,507,829</u>
CREDITORS					
Amounts falling due within one year	(9,121,288)	(486,063)	(9,607,351)	-	(9,607,351)
NET CURRENT LIABILITIES	<u>(1,767,914)</u>	<u>(331,608)</u>	<u>(2,099,522)</u>	<u>-</u>	<u>(2,099,522)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	26,639,871	(331,320)	26,308,551	-	26,308,551
CREDITORS					
Amounts falling due after more than one year	(18,717,104)	1,263,087	(17,454,017)	471,235	(16,982,782)
	<u>7,922,767</u>	<u>931,767</u>	<u>8,854,534</u>	<u>471,235</u>	<u>9,325,769</u>
RESERVES					
Accumulated funds	7,922,767	931,767	8,854,534	471,235	7,922,769
	<u>7,922,767</u>	<u>931,767</u>	<u>8,854,534</u>	<u>471,235</u>	<u>7,922,769</u>

The notes form part of these financial statements

Church of Scientology
Religious Education College Inc

RECONCILIATION OF EQUITY - continued
31 December 2015

RECONCILIATION OF DEFICIT
For The Year Ended 31 December 2015

	UK GAAP £	Prior year adjustment £	Restated at 1/1/2015 £	Effect of transition to FRS102 £	FRS 102 £
Turnover	10,805,637	-	10,805,637	-	10,805,637
Administrative expenses	(10,898,710)	931,767	(9,966,943)	-	(9,966,943)
Operating Deficit	(93,073)	931,767	838,694	-	838,694
Interest receivable and similar income	20,064	-	20,064	-	20,064
Interest payable and similar charges	(706,214)	-	(706,214)	(218,924)	(925,138)
Deficit on ordinary activities before taxation	(779,223)	931,767	152,544	(218,924)	(66,380)
Tax on deficit on ordinary activities	-	-	-	-	-
Deficit for the financial year	<u>(779,223)</u>	<u>931,767</u>	<u>152,544</u>	<u>(218,924)</u>	<u>(66,380)</u>

The deficit for the year for 2015 has increased by £218,924 as a result of implementing FRS 102, due to the effective interest rate applied to the loan from Scientology Reserves International Trust.