

**Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2020**

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Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2020

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 2020.

Trustees

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

Massimo Angius
Francoise Springall
Anna Maria Margarita Gabriel Mertens

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 deficit after providing for income tax for the 2020 financial year amounted to \$560,505 (2019 \$8,211,366 deficit).

The Entity is registered with the Australian Charities and Not-for-profits Commission and is an incorporated association. If the Entity is wound up, the constitution states that members are not required to contribute anything towards meeting any outstanding obligations of the Entity.

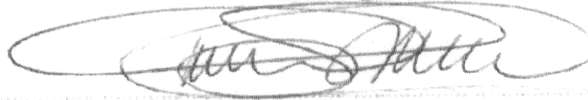
Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2020 has been received and can be found on page 2 of the financial report.

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



Massimo Angius



Francoise Springall

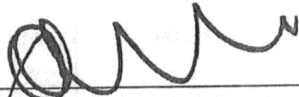
Dated this 30th day of June 2021

**Church of Scientology Religious Education College Inc
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AUDITOR'S INDEPENDENCE DECLARATION

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the trustees of Church of Scientology Religious Education College Inc. As the lead audit partner for the audit of the financial report of Church of Scientology Religious Education College Inc for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2020 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



Name of auditor: Salvatore Cammarata, FCA

Auditor's Registration No: 13521

Name of firm: Prudential Partners
Chartered Accountants

Address: Level 5, 67 Castlereagh Street, Sydney NSW 2000

Date: 30 / June / 2021

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2020
INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	\$	\$
INCOME		
Parishioner donations for religious services	16,982,386	23,450,703
Sales of religious books and artefacts	672,449	176,324
Refectory proceeds	1,535,203	2,490,331
Contributions from affiliated organisations and individuals	7,333,181	1,942,136
Services to affiliated organisations	67,040	1,939,043
Other income	272,434	192,651
Interest received	11,611	5,793
Total Income	<u>26,874,304</u>	<u>30,196,981</u>
EXPENDITURE		
Rent, rates and insurance	1,767,298	1,881,728
Light and heat	1,519,254	1,522,383
Staff allowances	3,041,683	3,703,911
Administration	876,343	820,391
Telephone, telex and postage	1,174,976	1,976,059
Audit and accounting fees	124,327	158,971
Depreciation	5,309,251	5,491,757
Bank charges and interest	5,904,489	5,384,374
Travel and subsistence	843,537	1,860,198
Repairs and maintenance	751,923	1,110,794
Profit/(loss) on sale of tangible assets	(166,603)	(2,278)
Missionary commission expenses	662,824	1,663,191
Dissemination expenses and materials	362,014	2,827,184
Cost of books and artefacts	610,708	1,668,269
Refectory costs	941,711	1,358,872
Technical licence fees	344,914	599,795
Instruction materials	48,141	301,340
Staff development and guidance	4,138,533	5,712,502
Legal and professional fees	541,465	687,757
Fines and penalties	-	1,314
Net currency conversion loss/(gain)	(914,264)	158,581
Grant released	(507,715)	(478,446)
Bad debt provision	-	-
Total Expenses	<u>27,374,809</u>	<u>38,408,647</u>
Net current year surplus/deficit	<u>(500,505)</u>	<u>(8,211,666)</u>
RETAINED SURPLUS AT THE BEGINNING OF THE FINANCIAL YEAR	18,575,411	25,911,289
Exchange rate difference on foreign translation	(218,306)	875,788
RETAINED SURPLUS AT THE END OF THE FINANCIAL YEAR	<u>17,856,600</u>	<u>18,575,411</u>

The accompanying notes form part of these financial statements.

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2020

ASSETS AND LIABILITIES STATEMENT AS AT 31 DECEMBER 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash on hand	2	19,903,907	14,584,772
Inventories	3	2,200,369	2,248,587
Accounts receivable and other debtors	4	1,298,529	737,369
Prepayments		152,558	296,171
TOTAL CURRENT ASSETS		<u>23,555,363</u>	<u>17,866,899</u>
NON-CURRENT ASSETS			
Financial assets	5	797,243	807,809
Property, plant and equipment	6	120,120,491	125,377,929
TOTAL NON-CURRENT ASSETS		<u>120,917,734</u>	<u>126,185,738</u>
TOTAL ASSETS		<u>144,473,097</u>	<u>144,052,637</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	7	45,090,414	45,200,656
Deferred receipts arising on capital grant		482,675	489,072
Staff provisions		41,564	48,902
TOTAL CURRENT LIABILITIES		<u>45,614,653</u>	<u>45,738,630</u>
NON-CURRENT LIABILITIES			
Deferred receipts arising on capital grant		2,895,849	3,423,305
Loans from related organisations	8	78,105,995	76,315,291
TOTAL NON-CURRENT LIABILITIES		<u>81,001,845</u>	<u>79,738,596</u>
TOTAL LIABILITIES		<u>126,616,497</u>	<u>125,477,226</u>
NET ASSETS		<u>17,856,600</u>	<u>18,575,411</u>
MEMBERS' FUNDS			
Capital reserve		13,226,017	13,226,017
Retained surplus		4,630,583	5,349,394
TOTAL MEMBERS' FUNDS		<u>17,856,600</u>	<u>18,575,411</u>

The accompanying notes form part of these financial statements.

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	RETAINED SURPLUS \$	CAPITAL RESERVES \$	TOTAL \$
Balance at 1 January 2019	12,685,272	13,226,017	25,911,289
COMPREHENSIVE INCOME			
Net surplus for the year	(8,211,666)	-	(8,211,666)
Exchange difference on foreign translation	875,788	-	875,788
Total comprehensive income attributable to members of the entity	5,349,394	13,226,017	18,575,411
Balance at 31 December 2019	5,349,394	13,226,017	18,575,411
Balance at 1 January 2020	5,349,394	13,226,017	18,575,411
COMPREHENSIVE INCOME			
Net surplus/deficit for the year	(500,505)	-	(500,505)
Exchange difference on foreign translation	(218,306)	-	(218,306)
Total comprehensive income attributable to members of the entity	4,630,583	13,226,017	17,856,600
Balance at 31 December 2020	4,630,583	13,226,017	17,856,600

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for the sale of religious books and artefacts		672,449	1,942,136
Receipts from parishioners and affiliated organisations		26,190,244	28,249,052
Payments to suppliers and staff allowances		(16,770,088)	(20,295,892)
Interest received		11,610	5,793
Interest paid		(5,904,489)	(5,384,374)
Net cash generated from operating activities	10	<u>4,199,726</u>	<u>4,516,715</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	2,278
Payment for property, plant and equipment		(1,337,635)	(29,897,957)
Net cash used in investing activities		<u>(1,337,635)</u>	<u>(29,895,679)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans advanced		2,933,674	15,889,322
Net cash used in financing activities		<u>2,933,674</u>	<u>15,889,322</u>
Net increase/(decrease) in cash held		5,795,765	(9,489,642)
Effect of exchange rate changes on cash		(476,630)	742,086
Cash on hand at beginning of the financial year		14,584,772	23,332,328
Cash on hand at end of the financial year	2	<u><u>19,903,907</u></u>	<u><u>14,584,772</u></u>

The accompanying notes form part of these financial statements.

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 new 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 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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	5%
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 2020
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

At inception of a contract, the Entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

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 2020
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2019 and 31 December 2020. 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

	2020	2019
	\$	\$
Cash at bank – unrestricted	19,903,907	14,584,772
Total cash on hand	<u>19,903,907</u>	<u>14,584,772</u>

NOTE 3: INVENTORIES ON HAND

	2020	2019
	\$	\$
At cost:		
Stock		
At historic cost on a first in, first out basis	2,200,369	2,248,587
	<u>2,200,369</u>	<u>2,248,587</u>

NOTE 4: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	2020	2019
	\$	\$
Corporation tax (UK)	24,481	4,426
Payment on account	-	84,009
Other debtors	1,274,048	648,934
	<u>1,298,529</u>	<u>737,369</u>

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 5: FINANCIAL ASSETS	2020	2019
	\$	\$
NON-CURRENT		
Investments in unlisted corporations - at cost	797,243	807,809
	<hr/>	<hr/>
NOTE 6: PROPERTY, PLANT AND EQUIPMENT	2020	2019
	\$	\$
LAND AND BUILDINGS		
Land – at cost	9,207,669	9,207,669
Building and building improvements – at cost	114,527,787	113,243,454
Less accumulated depreciation	(15,683,356)	(13,415,396)
Total land and building improvements	<hr/> 108,052,100	<hr/> 109,035,727
LEASEHOLD PROPERTY		
Leasehold property and improvements – at cost	8,230,259	8,230,259
Less accumulated depreciation	(824,191)	(578,717)
Total leasehold property improvements	<hr/> 7,406,068	<hr/> 7,651,542
PLANT AND EQUIPMENT		
Fixtures and fittings – at cost	25,654,321	25,666,990
Less accumulated depreciation	(15,997,173)	(13,838,157)
Total plant and equipment	<hr/> 9,657,148	<hr/> 11,828,833
MOTOR VEHICLES		
Motor vehicles – at cost	2,317,244	2,317,244
Less accumulated depreciation	(2,310,454)	(1,840,257)
Total motor vehicles	<hr/> 6,790	<hr/> 476,987
Exchange difference on foreign translation	(5,001,615)	(3,615,160)
Total property, plant and equipment	<hr/> 120,120,491	<hr/> 125,377,929
	<hr/>	<hr/>
NOTE 7: ACCOUNTS PAYABLE AND OTHER PAYABLES	2020	2019
	\$	\$
Amounts owed to group undertakings	675,008	687,000
Deferred receipts on capital grant	241,649	269,778
UK VAT payable	182,695	480,761
Accruals and other creditors	3,801,027	5,502,547
Amounts payable to affiliated organisations:		
Church of Scientology International	27,569,489	25,730,088
Church of Scientology Flag Service Organisation	12,620,546	12,530,482
	<hr/> 45,090,414	<hr/> 45,200,656
	<hr/>	<hr/>

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2020
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 8: LOANS FROM RELATED ORGANISATIONS

	2020	2019
	\$	\$
Loans from related organisations	78,105,995	76,315,291
	78,105,995	76,315,291
	78,105,995	76,315,291

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

	2020	2019
	\$	\$
Amounts falling due in more than five years		
Repayable otherwise than by instalments:		
Other loans more than 5 years non-instalments	18,301,796	21,386,400
	18,301,796	21,386,400
	18,301,796	21,386,400

NOTE 9: LEASING COMMITMENTS

	2020	2019
	\$	\$
Operating Lease Commitments		
Being for rent of premises		
Payable – minimum lease payments:		
– not later than 12 months	53,032	48,361
– between 12 months and five years	159,095	193,444
– later than five years	-	-
	212,127	241,805
	212,127	241,805

NOTE 10: CASH FLOW INFORMATION

	2020	2019
	\$	\$
Reconciliation of Cash Flows from Operating Activities with Net Current Year Surplus/deficit		
Net current year surplus	(500,505)	(8,211,666)
Non-cash flows:		
Depreciation and amortisation expense	5,309,251	5,491,757
Loss on disposal of property, plant and equipment	(166,603)	(2,278)
Grant released	(507,715)	(478,446)
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivable and other debtors	(600,417)	50,119
Increase/(decrease) in accounts payable and other payables	505,995	7,793,329
Increase/(decrease) in staff provisions	(7,045)	(24,782)
(Increase)/decrease in inventories on hand	19,779	(271,321)
(Increase)/decrease in prepayments	146,986	170,003
	4,199,726	4,516,715
	4,199,726	4,516,715

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2020
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 11: ENTITY DETAILS

The registered office of the Entity is:

Church of Scientology Religious Education College Inc
225 Pulteney St
Adelaide SA500, Australia

The principal place of business is:

Church of Scientology Religious Education College Inc
Saint Hill, East Grinstead
West Sussex, England

NOTE 12: 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 \$2,010 (2019: \$56,618), purchased books and other literature to a value of \$561,787 (2019: \$1,844,580), and was charged \$2,255,011 (2019: \$3,215,859) for ecclesiastical management services and courses. Church of Scientology International also paid \$1,287,582 (2019: \$2,206,219) in respect of building and leasehold improvements and \$3,099 (2019: 88,997) in respect of furniture and equipment additions, in addition payments of \$nil (2019: \$53,545) were held on account for future building improvements. At the year end, \$94,947,050 (2019: \$91,518,560) was due to Church of Scientology International and its subsidiaries and of this amount \$29,809,335 (2019: \$27,965,988) is included in Note 7 under "Accruals and other creditors" and \$65,137,714 (2019: \$63,552,572) 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 \$45,764,428 (2019: \$44,487,123) 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 \$1,864,474 (2019: \$1,850,668) was charged in the year.

At the year end there was a loan outstanding from Scientology International Reserves Trust of \$10,753,175 (2019: \$10,441,786) 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 \$97,647 (2019: \$592,243) for courses provided to COSRECI. At the year end, \$12,620,546 (2019: \$12,530,482) was due to Church of Scientology Flag Service Organisation and this amount is included in Note 7. The amount had increased (2019: increased) in the period by interest charged of \$546,694 (2019: \$515,270), and was reduced in the period by repayments of \$26,185 (2019: \$43,059) and exchange differences of \$364,179 (2019: \$65,812).

In summary, at the year end, \$117,930,986 (2019: \$105,830,618) was due to, and nil (2019: nil) was due from related organisations.

In addition, COSRECI received donations from other churches amounting to \$413,663 (2019: \$920,836).

At the year end there was a loan outstanding from Church of Scientology Celebrity Centre International of \$2,215,103 (2019: \$2,253,167) and this amount is shown in Note 7 under "Accruals and other creditors". The amount had decreased (2019: decreased) in the period by exchange differences of \$82,701 (2019: \$13,627) and interest charged of \$60,663 (2019: \$64,976). 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 \$682,632 (2019: \$112,868) was due from Church of Scientology and Community Centre of Dublin and is included within "Other Debtors" in note 4.

The amount of \$675,008 (2019: \$687,000) 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 \$4,349 (2019: \$4,748) 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.

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2020
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 13: 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 \$65.5m (2019: \$64.3m).

NOTE 14: CAPITAL COMMITMENTS

There were no capital commitments at the year end.

NOTE 15: POST BALANCE SHEET EVENTS

The UK Brexit transition period ended on 31 December 2020. New rules apply from 1 January 2021.

From 1 January 2021, imported or exported goods to and from Europe, will require filing of documents and customs declarations. Although the free movement has stopped, EU, EEA and Swiss citizens can travel to the UK for holidays or short trips without needing a visa for up to 6 months.

The new UK-EU Trade and Cooperation Agreement (TCA) removed the uncertainty of a no-deal Brexit. Having taken the above into account, it is considered unlikely that Brexit will have a significant effect on operations of the organisation.

NOTE 16: 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.

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2020

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 14 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 2020 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 30th day of June 2021

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2020
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 2020, 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 2020 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

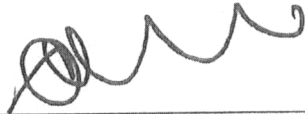
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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 2020
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 5, 67 Castlereagh Street, Sydney NSW 2000

Date: 30 / June / 2021

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2020

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: 30/ June / 2021

Signature:



Name: Massimo Angius

Position: Trustee