

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2021

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Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2021

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 2021.

Trustees

Trustees who served throughout the year and at the date of this report, except as otherwise indicated

Janet Kenyon Laveau (appointed 21 July 2022)

Francoise Springall

Anna Maria Margarita Gabriel Mertens

Massimo Angius

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

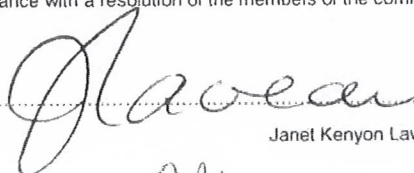
The deficit after providing for income tax for the 2021 financial year amounted to \$7,042,238 (2020 \$500,505 deficit).

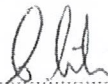
The Entity is registered with the Australian Charities and Not-for-profits Commission and is an incorporated association. If the Entity is wound up, the constitution states that members are not required to contribute anything towards meeting any outstanding obligations of the Entity.

Auditor's Independence Declaration

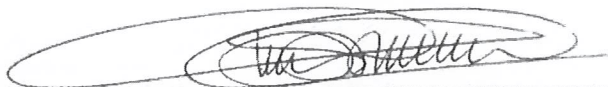
The lead auditor's independence declaration for the year ended 31 December 2021 has been received and can be found on page 2 of the financial report.

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


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Janet Kenyon Laveau


.....

Anna Mertens


.....

Francoise Springall

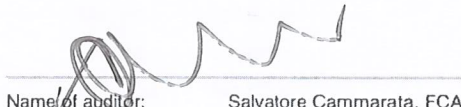
Dated this 9th day of September 2022

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 2021, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021 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: 16 / ~~July~~ / 2022
September

Church of Scientology Religious Education College Inc
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 INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
INCOME		
Parishioner donations for religious services	18,623,645	16,982,386
Sales of religious books and artefacts	878,867	672,449
Refectory proceeds	1,958,158	1,535,203
Contributions from affiliated organisations and individuals	2,191,544	7,333,181
Services to affiliated organisations	79,720	67,040
Other income	61,961	272,434
Interest received	425	11,611
Total Income	<u>23,794,320</u>	<u>26,874,304</u>
EXPENDITURE		
Rent, rates and insurance	1,722,732	1,767,298
Light and heat	1,748,425	1,519,254
Staff allowances	3,071,141	3,041,683
Administration	663,496	876,343
Telephone, telex and postage	1,349,262	1,174,976
Audit and accounting fees	87,024	124,327
Depreciation	4,654,056	5,309,251
Bank charges and interest	5,990,414	5,904,489
Travel and subsistence	746,037	843,537
Repairs and maintenance	798,498	751,923
Profit/(loss) on sale of tangible assets	(916)	(166,603)
Missionary commission expenses	960,520	662,824
Dissemination expenses and materials	1,138,149	362,014
Cost of books and artefacts	842,595	610,708
Refectory costs	1,430,419	941,711
Technical licence fees	405,662	344,914
Instruction materials	104,373	48,141
Staff development and guidance	4,612,366	4,138,533
Legal and professional fees	614,821	541,465
Fines and penalties	-	-
Net currency conversion loss/(gain)	187,870	(914,264)
Grant released	(290,386)	(507,715)
Bad debt provision	-	-
Total Expenses	<u>30,836,558</u>	<u>27,374,809</u>
Net current year surplus/deficit	<u>(7,042,238)</u>	<u>(500,505)</u>
RETAINED SURPLUS AT THE BEGINNING OF THE FINANCIAL YEAR	17,856,600	18,575,411
Exchange rate difference on foreign translation	809,033	(218,306)
RETAINED SURPLUS AT THE END OF THE FINANCIAL YEAR	<u>11,623,395</u>	<u>17,856,600</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 2021

ASSETS AND LIABILITIES STATEMENT AS AT 31 DECEMBER 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash on hand	2	25,117,324	19,903,907
Inventories	3	2,225,981	2,200,369
Accounts receivable and other debtors	4	1,214,171	1,298,529
Prepayments		328,069	152,558
TOTAL CURRENT ASSETS		28,885,545	23,555,363
NON-CURRENT ASSETS			
Financial assets	5	837,978	797,243
Property, plant and equipment	6	122,020,334	120,120,491
TOTAL NON-CURRENT ASSETS		122,858,312	120,917,734
TOTAL ASSETS		151,743,857	144,473,097
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	7	50,929,890	45,090,414
Deferred receipts arising on capital grant		293,454	482,675
Staff provisions		38,976	41,564
TOTAL CURRENT LIABILITIES		51,262,320	45,614,653
NON-CURRENT LIABILITIES			
Deferred receipts arising on capital grant		2,963,051	2,895,849
Loans from related organisations	8	85,895,091	78,105,995
TOTAL NON-CURRENT LIABILITIES		88,858,142	81,001,845
TOTAL LIABILITIES		140,120,462	126,616,497
NET ASSETS		11,623,395	17,856,600
MEMBERS' FUNDS			
Capital reserve		13,226,017	13,226,017
Retained surplus		(1,602,622)	4,630,583
TOTAL MEMBERS' FUNDS		11,623,395	17,856,600

The accompanying notes form part of these financial statements.

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	RETAINED SURPLUS \$	CAPITAL RESERVES \$	TOTAL \$
Balance at 1 January 2020	5,349,394	13,226,017	18,575,411
COMPREHENSIVE INCOME			
Net surplus 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
Balance at 1 January 2021	4,630,583	13,226,017	17,856,600
COMPREHENSIVE INCOME			
Net surplus/deficit for the year	(7,042,238)	-	(7,042,238)
Exchange difference on foreign translation	809,033	-	809,033
Total comprehensive income attributable to members of the entity	(1,602,622)	13,226,017	11,623,395
Balance at 31 December 2021	(1,602,622)	13,226,017	11,623,395

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for the sale of religious books and artefacts		878,867	672,449
Receipts from parishioners and affiliated organisations		22,915,028	26,190,244
Payments to suppliers and staff allowances		(16,934,857)	(16,770,088)
Interest received		425	11,610
Interest paid		(5,990,414)	(5,904,489)
Net cash generated from operating activities	10	869,049	4,199,726
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Payment for property, plant and equipment		(476,583)	(1,337,635)
Net cash used in investing activities		(476,583)	(1,337,635)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans advanced		3,743,232	2,933,674
Net cash used in financing activities		3,743,232	2,933,674
Net increase/(decrease) in cash held		4,135,698	5,795,765
Effect of exchange rate changes on cash		1,077,719	(476,630)
Cash on hand at beginning of the financial year		19,903,907	14,584,772
Cash on hand at end of the financial year	2	25,117,324	19,903,907

The accompanying notes form part of these financial statements.

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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.

NOTE 2: CASH ON HAND

	2021	2020
	\$	\$
Cash at bank – unrestricted	25,117,324	19,903,907
Total cash on hand	<u>25,117,324</u>	<u>19,903,907</u>

NOTE 3: INVENTORIES ON HAND

	2021	2020
	\$	\$
At cost:		
Stock		
At historic cost on a first in, first out basis	2,225,981	2,200,369
	<u>2,225,981</u>	<u>2,200,369</u>

NOTE 4: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	2021	2020
	\$	\$
Corporation tax (UK)	3,435	24,481
Payment on account	-	-
Other debtors	1,210,736	1,274,048
	<u>1,214,171</u>	<u>1,298,529</u>

Church of Scientology Religious Education College Inc
 Financial Report for the Year Ended 31 December 2021
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 5: FINANCIAL ASSETS	2021	2020
	\$	\$
NON-CURRENT		
Investments in unlisted corporations - at cost	837,978	797,243
	<hr/>	<hr/>
NOTE 6: PROPERTY, PLANT AND EQUIPMENT		
	2021	2020
	\$	\$
LAND AND BUILDINGS		
Land – at cost	9,207,669	9,207,669
Building and building improvements – at cost	114,803,768	114,527,787
Less accumulated depreciation	(17,933,427)	(15,683,356)
Total land and building improvements	<hr/> 106,078,010	<hr/> 108,052,100
LEASEHOLD PROPERTY		
Leasehold property and improvements – at cost	8,230,259	8,230,259
Less accumulated depreciation	(1,246,830)	(824,191)
Total leasehold property improvements	<hr/> 6,983,429	<hr/> 7,406,068
PLANT AND EQUIPMENT		
Fixtures and fittings – at cost	25,862,848	25,654,321
Less accumulated depreciation	(17,915,424)	(15,997,173)
Total plant and equipment	<hr/> 7,947,424	<hr/> 9,657,148
MOTOR VEHICLES		
Motor vehicles – at cost	2,278,420	2,317,244
Less accumulated depreciation	(2,278,420)	(2,310,454)
Total motor vehicles	<hr/> -	<hr/> 6,790
Exchange difference on foreign translation	1,011,471	(5,001,615)
Total property, plant and equipment	<hr/> 122,020,334	<hr/> 120,120,491
	<hr/>	<hr/>
NOTE 7: ACCOUNTS PAYABLE AND OTHER PAYABLES		
	2021	2020
	\$	\$
Amounts owed to group undertakings	705,782	675,008
Deferred receipts on capital grant	258,099	241,649
UK VAT payable	154,978	182,695
Accruals and other creditors	7,567,436	3,801,027
Amounts payable to affiliated organisations:		
Church of Scientology International	28,978,187	27,569,489
Church of Scientology Flag Service Organisation	13,265,408	12,620,546
	<hr/> 50,929,890	<hr/> 45,090,414
	<hr/>	<hr/>

Church of Scientology Religious Education College Inc
 Financial Report for the Year Ended 31 December 2021
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 8: LOANS FROM RELATED ORGANISATIONS

	2021	2020
	\$	\$
Loans from related organisations	85,895,091	78,105,995
	<u>85,895,091</u>	<u>78,105,995</u>

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

	2021	2020
	\$	\$
Amounts falling due in more than five years		
Repayable otherwise than by instalments:		
Other loans more than 5 years non-instalments	19,765,089	18,301,796
	<u>19,765,089</u>	<u>18,301,796</u>

NOTE 9: LEASING COMMITMENTS

	2021	2020
	\$	\$
Operating Lease Commitments		
Being for rent of premises		
Payable – minimum lease payments:		
– not later than 12 months	55,741	53,032
– between 12 months and five years	111,483	159,095
– later than five years	-	-
	<u>167,224</u>	<u>241,805</u>

NOTE 10: CASH FLOW INFORMATION

	2021	2020
	\$	\$
Reconciliation of Cash Flows from Operating Activities with Net Current Year Surplus/deficit		
Net current year surplus	(7,042,238)	(500,505)
Non-cash flows:		
Depreciation and amortisation expense	4,654,056	5,309,251
Loss on disposal of property, plant and equipment	(916)	(166,603)
Grant released	(290,386)	(507,715)
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivable and other debtors	306,561	(600,417)
Increase/(decrease) in accounts payable and other payables	3,441,320	505,995
Increase/(decrease) in staff provisions	38,413	(7,045)
(Increase)/decrease in inventories on hand	85,563	19,779
(Increase)/decrease in prepayments	(323,324)	146,986
	<u>869,049</u>	<u>4,199,726</u>

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2021
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 11: ENTITY DETAILS

The registered office of the Entity is:

Church of Scientology Religious Education College Inc
225 Pulteney St
Adelaide, South 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 \$1,693 (2020: \$2,010), purchased books and other literature to a value of \$854,963 (2020: \$561,787), and was charged \$2,445,498 (2020: \$2,255,011) for ecclesiastical management services and courses. Church of Scientology International also paid \$854,963 (2020: \$561,787) in respect of building and leasehold improvements and \$52,367 (2020: \$3,099) in respect of furniture and equipment additions, in addition payments of \$nil (2020: \$nil) were held on account for future building improvements. At the year end, \$105,767,096 (2020: \$94,947,050) was due to Church of Scientology International and its subsidiaries and of this amount \$34,451,964 (2020: \$29,809,335) is included in Note 7 under "Accruals and other creditors" and \$71,315,132 (2020: \$65,137,714) 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 \$50,723,467 (2020: \$45,764,428) 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 \$2,014,275 (2020: \$1,864,474) was charged in the year.

At the year end there was a loan outstanding from Scientology International Reserves Trust of \$11,773,512 (2020: \$10,753,175) 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 \$60,158 (2020: \$97,647) for courses provided to COSRECI. At the year end, \$13,948,606 (2020: \$12,620,546) was due to Church of Scientology Flag Service Organisation and this amount is included in Note 7. The amount had increased (2020: increased) in the period by interest charged of \$550,013 (2020: \$546,694), and was reduced in the period by repayments of \$11,271 (2020: \$26,185) and exchange differences of \$84,298 (2020: \$364,179).

In summary, at the year end, \$131,553,315 (2020: \$117,930,986) was due to, and nil (2020: nil) was due from related organisations.

In addition, COSRECI received donations from other churches amounting to \$534,558 (2020: \$413,663).

At the year end there was a loan outstanding from Church of Scientology Celebrity Centre International of \$2,409,142 (2020: \$2,215,103) and this amount is shown in Note 7 under "Accruals and other creditors". The amount had increased (2020: decreased) in the period by exchange differences of \$64,578 (2020: \$82,701) and interest charged of \$64,578 (2020: \$60,663). 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 \$717,510 (2020: \$682,632) was due from Church of Scientology and Community Centre of Dublin and is included within "Other Debtors" in note 4.

At the year end an amount of \$135,504 (2020: \$141,290) was due from Church of Scientology of Munich and is included within "Other Debtors" in note 4.

At the year end an amount of \$473,125 (2020: \$327,957) was due from NEPI and is included within "Other Debtors" in note 4.

The amount of \$705,782 (2020: \$675,008) 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.

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

During the year contributions towards office costs of \$3,285 (2020: \$4,349) 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 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 \$69.1m (2020: \$65.5m).

NOTE 14: CAPITAL COMMITMENTS

There were no capital commitments at the year end.

NOTE 15: 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 2021

COMMITTEE'S DECLARATION

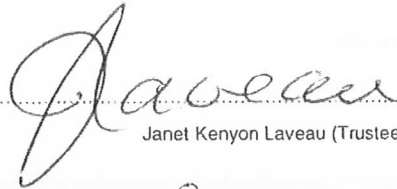
The committee of the registered entity declares that in the committee's opinion:

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:

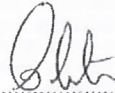
- a. comply with Australian Accounting Standards; and
- b. give a true and fair view of the financial position of the registered entity as at 31 December 2021 and of its performance for the year ended on that date.

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.

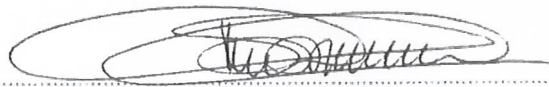
This declaration is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Janet Kenyon Laveau (Trustee)



Anna Mertens (Trustee)



Francoise Springall (Trustee)

Dated this 9th day of September 2022

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2021
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 2021, 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 2021 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:

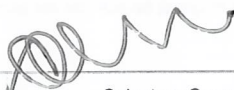
Church of Scientology Religious Education College Inc

Financial Report for the Year Ended 31 December 2021

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: 16 / July / 2022
September

Church of Scientology Religious Education College Inc
Financial Report for the Year Ended 31 December 2021

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

I, Francoise Springall

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: 9 / September / 2022

Signature:



Name Francoise Springall

Position: Trustee