

FINANCIAL REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2017



Uniting Church SA Investment Fund Ltd

ABN: 46 620 095 472 | AFSL: 501022

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Chairperson's Message

2017 heralded significant changes for the Uniting Church in South Australia, when the Synod's investment operations were altered to ensure that investment services could continue to be offered to the Uniting Church community.

Under the trading name UC Invest, the Uniting Church in South Australia had been providing investment services, such as *at-call* and *fixed term investments*, to the Uniting Church community since 1977. Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC) introduced changes to the regulatory conditions applicable to Religious Charitable Development Funds (RCDFs), which prompted the Church to alter the legal structure of its investment operations during 2017.

A new company limited by Guarantee, called Uniting Church SA Investment Fund Limited (UCSAIF), was incorporated on 28 June 2017. This company was established as the vehicle to offer investment services to retail and wholesale clients under an Australian Financial Services Licence (AFSL).

An application for an Australian Financial Services Licence was immediately lodged with ASIC, which was granted on 28 January 2018.

On 31 March 2018, the business name 'UC Invest' was transferred to UCSAIF and all wholesale and retail clients who agreed in writing to transfer their investments, were migrated to UCSAIF and now operate under the conditions of the AFSL.

The attached financial accounts show the company's operations in 2017. As the company had not obtained its AFSL, which it required to offer investment services to the Uniting Church community prior to the balance date, these accounts show no operations for the period.

While the company had no financial operations during this time, the Directors met monthly from July 2017 to establish policies, approve regulatory documentation and prepare contractual arrangements to ensure the Company would be ready to commence operations as soon as regulatory approvals were received.

Special recognition is due to the Investment Services team, Directors and Resources Board members for the many hours of work required to achieve incorporation and licensing.

Our focus for 2018 is to deliver an investment service to retail and wholesale clients within the Uniting Church community, which offers competitive interest rates, whilst providing grants to the Uniting Church to enable its valuable work to continue.

I am confident that we can deliver on our strategy, increase our customer base by concentrating on our customer needs, and to consistently make substantial grants to the Church.



Michael McClaren
Chairperson

Directors' Report

This report is provided on behalf of the Directors of Uniting Church SA Investment Fund Limited for the period ended 31 December 2017.

The annual financial statements of UCSAIF for the period ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors on 18 May 2018.

Details of Directors / Office Holders

The names and details of each Director in office at any time during the year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

MICHAEL MCCLAREN **Non-Executive Director**

Chairperson
Appointed a Director from 28 June 2017

Qualifications and memberships

Bachelor of Arts (Accounting)
Masters of Business Administration
Diploma of Financial Planning
Fellow of Chartered Accountants Australia and New Zealand
Member of CPA Australia
Chartered Tax Advisor
Fellow of the Australian Institute of Company Directors
Registered Tax Practitioner & Registered Company Auditor
Chartered Accountant Business Valuation Specialist

KEVIN BENDER **Non-Executive Director**

Deputy Chairperson
Chairperson Audit Committee
Appointed a Director from 28 June 2017

Qualifications and memberships

Bachelor of Arts (Accounting)
Masters of Business Administration

TOM ADAMS **Non-Executive Director**

Appointed a Director from 28 June 2017

Qualifications and memberships

Diploma of Finance
Diploma of Superannuation Administration

ALLISON ASHBY **Non-Executive Director**

Appointed a Director from 28 June 2017

Qualifications and memberships

Bachelor of Arts (Hons)
Fellow of the Australian Institute of Company Directors

WAYNE MATTERS **Non-Executive Director**

Chairperson Risk Committee
Appointed a Director from 28 June 2017

Qualifications and memberships

Bachelor of Arts (Accounting)
Graduate Certificate in Business Administration
Fellow of Chartered Accountants Australia and New Zealand
Fellow of the Australia Institute of Company Directors
Fellow of the Australasian Mutuals Institute

PETER BATTERSBY **Executive Director / Company Secretary**

Appointed a Director from 28 June 2017

Qualifications and memberships

Bachelor of Arts (Accounting)
Diploma of Business (HR / IR)
Graduate Certificate in Counselling
Member of CPA Australia
Graduate of the Australian Institute of Company Directors
Member of the Australian Human Resources Institute

ANDREW FECHNER **Company Secretary**

Assistant Manager, Investment Services
Responsible Manager, Uniting Church SA Investment Fund Limited

Meetings of Directors

During the year, six meetings of directors (including committees of directors) were held. Attendances by each Director are set out below:

	Directors' Meetings		Audit Committee		Risk Committee	
	Held	Attended	Held	Attended	Held	Attended
Michael McClaren	6	6	0	0	0	0
Kevin Bengler	6	6	0	0	0	0
Wayne Matters	6	6	0	0	0	0
Allison Ashby	6	6	0	0	0	0
Tom Adams	6	4	0	0	0	0
Peter Battersby	6	5	0	0	0	0

Principal Activities

The Company was incorporated on 28 June 2017 to be the vehicle to offer investment services to retail and wholesale clients on behalf of the Uniting Church in South Australia.

The principal activities of the Company during the period ended 31 December 2017 were to establish an appropriate governance framework and seek an Australian Financial Services Licence (AFSL), which was required before retail and wholesale clients of The Uniting Church in Australia Property Trust (S.A.) could be transferred to the Company.

The Company's short term objectives were to successfully migrate existing retail and wholesale investors from The Uniting Church in Australia Property Trust (S.A.) to the Company once an AFSL was granted.

On completion of the initial transfer of investors, the Company expects to continue providing financial services to the Uniting Church community and, subject to capital adequacy needs, provide grants to the benefit of the Uniting Church SA. In 2018 the Company expects to contribute \$1.6 million to the Uniting Church SA Mission & Service Fund.

Financial Performance Disclosures

As the Company had not been granted an Australian Financial Services Licence (AFSL) prior to balance date, the accounts for the Company reflect no financial operations for the period ended 31 December 2017.

Therefore the operating surplus / (deficit) from ordinary operations to 31 December 2017 was \$0.

Indemnification of Officers and Auditors

During the financial year a premium was paid on behalf of the Company by The Uniting Church in Australia Property Trust (S.A.), insuring the directors and officers of the Company against a liability incurred in their capacity as a director or officer to the extent permitted by the *Corporations Act 2001*.

The contract of insurance does not permit disclosure of the nature and extent of the liability covered or the amount of the premium paid.

No indemnity has been given or insurance premiums paid for or on behalf of the auditor.

Subsequent Events

On 28 January 2018 the Australian Securities and Investments Commission (ASIC) granted an Australian Financial Services Licence (AFSL) to Uniting Church SA Investment Fund Limited enabling the company to begin accepting investments from retail and wholesale clients.

To enable the Company to operate within regulatory guidelines, The Uniting Church in Australia Property Trust (S.A.) provided a sum of \$6.5 million to the Company in March 2018.

On 31 March 2018 the trading name 'UC Invest' was transferred from The Uniting Church in Australia Property Trust (S.A.) to the Company.

On the same date all retail and wholesale clients who had previously provided written authorisation were transferred out of The Uniting Church in Australia Property Trust (S.A.) (ABN: 25 068 897 781) to UC Invest operated by Uniting Church SA Investment Fund Ltd (ABN: 46 620 095 472 | AFSL: 501022).

A total of \$202 million, representing 98% of all retail and wholesale investors, approved the transfer of their investments to the Company.

Entity

The Company is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the Company is wound up the constitution states that each member is required to contribute a maximum of \$2.00 towards any outstanding obligations of the entity.

At balance date the total amount that members of the Company are liable to contribute if the Company was wound up was \$14.00.

Auditor Independence Declaration

A copy of the Auditor's Independence Declarations as required under s.307C of the Corporations Act 2001 and s.60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is included at page 5 of this report and forms part of the Director's Report.

Signed on behalf of the Directors



Peter Battersby
Director / Company Secretary

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SUBDIVISION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT
2012 TO THE MEMBERS OF UNITING CHURCH SA INVESTMENT FUND LIMITED**

I declare that, to the best of my knowledge and belief, during the period ended 31 December 2017 there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

B Morkunas

Brett Morkunas
Partner

Adelaide
South Australia

18 May 2018

Statement of Comprehensive Income

For the period ended 31 December 2017

	Note	2017 \$
<hr/>		
Revenue		-
Expenses		-
OPERATING PROFIT / (LOSS) FOR THE YEAR		<hr/> -

The accompanying notes form part of these financial statements

Statement of Financial Position

As at 31 December 2017

	Note	2017 \$
<hr/>		
Assets		
Total Assets		<hr/> -
Liabilities		
Total Liabilities		<hr/> -
Net Assets		-
Equity		
Total Equity		<hr/> -

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the period ended 31 December 2017

	Accumulated Funds	Total
Balance at 28 June 2017	-	-
Profit for the year	-	-
Balance at 31 December 2017	-	-

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the period ended 31 December 2017

	Note	2017 \$
<hr/>		
Cash Flows from Operating Activities		
Net cash flows provided by / (used in) operating activities	<hr/>	-
Cash Flows from Investing Activities		
Net cash flows provided by / (used in) investing activities	<hr/>	-
Cash Flows from Financing Activities		
Net cash flows provided by / (used in) financing activities	<hr/>	-
Net increase / (decrease) in cash held		-
Cash at beginning of year		-
Cash at End of Year		-

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the period ended 31 December 2017

1. Statement of significant accounting policies

The financial report of Uniting Church SA Investment Fund Ltd ACN: 620 095 472 (*“the Fund”*) for the period ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 18 May 2018.

Operations and principal activities

Uniting Church SA Investment Fund Limited is a public company, limited by guarantee and registered under the *Corporations Act 2001*. This financial report covers the Fund as an individual entity.

The Fund was incorporated on 28 June 2017 and registered as a not-for-profit with the *Australian Charities and Not-for-profits Commission (ACNC)* on 6 July 2017. Accordingly this financial report covers the period 28 June 2017 to 31 December 2017.

The Fund exists for the charitable purpose of advancing religion by supporting the mission of the Uniting Church in Australia.

Directors of Uniting Church SA Investment Fund Ltd

Michael McClaren (Non-executive, Chairperson)

Kevin Bengier (Non-executive, Chairperson Audit Committee)

Allison Ashby (Non-executive)

Tom Adams (Non-executive)

Wayne Matters (Non-executive)

Peter Battersby (Non-executive, Company Secretary)

Basis of preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Australian Charities and Not-for-profits Commission Act 2012 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

Summary of significant accounting policies

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Cash and cash equivalents

Cash and cash equivalents in the *Statement of Financial Position* comprise cash at bank and cash in hand. These deposits are convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

For the period ended 31 December 2017

For the purposes of the *Statement of Cash Flows*, cash and cash equivalents consist of cash and cash equivalents as defined above and are net of outstanding bank overdrafts. Bank overdrafts are included within financial liabilities on the *Statement of Financial Position*.

(b) Revenue

Revenue is recognised and measured at fair value of the consideration received or receivable to the extent it is probable that economic benefits will flow to the Fund and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

i. Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(c) Financial instruments

i. Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (*ie trade date accounting is adopted*).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

ii. Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (*ie unforced*) transaction between independent, knowledgeable and willing market participants at the measurement date. Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

a) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading purposes or short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk

Notes to the Financial Statements

For the period ended 31 December 2017

management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

c) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

d) Available-for-sale investment securities

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

e) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

iii. Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired

Notes to the Financial Statements

For the period ended 31 December 2017

financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

iv. Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(d) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from donors and any outstanding grant receipts. 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.

(e) Trade 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 company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 90 days of recognition of the liability.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the *Statement of Financial Position*.

Cash flows are included in the *Statement of Cash Flows* on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Use of judgements and estimates

The directors evaluate estimates and judgements 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 company.

Key estimates

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers.

Notes to the Financial Statements

For the period ended 31 December 2017

(h) Impairment of assets

At the end of each reporting period, the entity 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, the recoverable amount of the asset, being the higher of the asset's fair amount less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(i) Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

(j) Income tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

(k) New accounting standards and interpretations

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated Amending Standards

(applicable to annual reporting periods beginning on or after 1 January 2018)

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Notes to the Financial Statements

For the period ended 31 December 2017

2. Events subsequent to reporting date

During 2016 the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA) released changes to the regulatory conditions under which Religious Charitable Development Funds (RCDFs) operate. A transition period, which started on 1 January 2017 was provided with the new conditions for RCDFs coming into effect from 31 December 2017.

In response to those changes it was agreed that a new company would be formed and it would apply to hold an Australian Financial Services Licence (AFSL). Uniting Church SA Investment Fund Ltd (UCSAIF) was incorporated on 28 June 2017 and an application for an AFSL was submitted in July 2017. An AFSL was granted to the company on 28 January 2018.

On 31 March 2018 the trading name UC Invest was transferred from The Uniting Church in Australia Property Trust (S.A.) to Uniting Church SA Investment Fund Ltd.

To enable UCSAIF to operate within regulatory guidelines, The Uniting Church in Australia Property Trust (S.A.) provided a sum of \$6.5 million to UCSAIF in March 2018.

On 31 March 2018 investments of retail and wholesale clients who had provided written authorisation were transferred out of The Uniting Church in Australia Property Trust (S.A.) (ABN: 25 068 897 781) to UC Invest operated by Uniting Church SA Investment Fund Ltd (ABN: 46 620 095 472 | AFSL: 501022). A total of \$202 million of retail and wholesale investors were transferred on this date.

The Directors of Uniting Church SA Investment Fund Ltd and the Members of The Uniting Church in Australia Property Trust (S.A.) have agreed to a commercial arrangement whereby UCSAIF will lend up to \$250 million on agreed terms to Uniting Fund SA, an activity of The Uniting Church in Australia Property Trust (S.A.). This facility will be secured by the total investment assets held at any point in time by Uniting Fund SA.

Under this agreement as at 31 March 2018, UCSAIF provided The Uniting Church in Australia Property Trust (S.A.) with a loan of \$202 million from this \$250 million commercial facility.

There have been no other substantial events subsequent to balance date.

3. Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$2 towards meeting any outstanding obligations of the Fund.

As at 31 December 2017 the number of members providing a guarantee was seven.

4. Entity details

The registered office and principal place of business of the entity is:

Level 2, 212 Pirie Street
Adelaide SA 5000

Declaration of the Directors

31 December 2017

In the opinion of the directors of Uniting Church SA Investment Fund Limited:

- a) the financial statements and notes set out on pages 6 to 15 of the 2017 Financial Report are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - i. comply with Australian Accounting Standards and other mandatory professional reporting requirements to the extent described in Note 1; and
 - ii. give a true and fair view of the Fund's financial position as at 31 December 2017 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the period ended on that date; and
- b) there are reasonable grounds to believe that the Fund is able to pay its debts as and when they become due and payable; and

This declaration is made in accordance with a resolution of the directors of Uniting Church SA Investment Fund Ltd.



Michael McClaren
Chairperson
Uniting Church SA Investment Fund Ltd



Kevin Bengier
Chairperson, Audit Committee
Uniting Church SA Investment Fund Ltd

Adelaide
18 May 2018

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNITING CHURCH SA INVESTMENT FUND LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Uniting Church SA Investment Fund Limited, being a special purpose financial report, which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration of the Directors.

In our opinion, the accompanying financial report of Uniting Church SA Investment Fund Limited ("the entity"), is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*; including:

- (i) giving a true and fair view of the entity's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 to the financial statements and Division 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 entity in accordance with 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 regarding basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the entity to meet the requirements of *the Australian Charities and Not-for-profits Commission Regulation 2013* and the constitution. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the entity's annual report for the period ended 31 December 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNITING CHURCH SA INVESTMENT FUND LIMITED (CONT)*****Other information (cont)***

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards to the extent described in Note 1 and is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the 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 directors are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 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 entity's internal control.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNITING CHURCH SA INVESTMENT FUND LIMITED (CONT)**

Auditor's responsibility for the audit of the financial report (cont)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 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 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.

We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

BDMorkunas

Brett Morkunas
Partner

Adelaide
South Australia

18 May 2018