

UC Invest
Share
Fund

December 31

2015

The UC Invest Share Fund is an activity of The Uniting Church in Australia Property Trust (S.A.) ABN 25 068 897 781, the legal entity of the Uniting Church SA.

Financial
Report

Income Statement

For the year to 31 December 2015

	Note	2015 \$	2014 \$
Revenue	2	4,245,092	3,942,964
Expenses	3	(188,625)	(168,801)
OPERATING PROFIT / (LOSS) FOR THE YEAR		4,056,467	3,774,163
Realised profit / (loss) on sale of financial assets	4	886,254	583,967
PROFIT / (LOSS) FOR THE YEAR		4,942,721	4,358,130
Gains / (Losses) on revaluation of financial assets	4	(1,823,520)	(539,619)
PROFIT ATTRIBUTABLE TO UNIT HOLDERS		3,119,201	3,818,511

Balance Sheet

As at 31 December 2015

	Note	2015 \$	2014 \$
Assets			
Current Assets			
Cash & Cash Equivalents	6	2,002,248	4,113,081
Trade & Other Receivables	7	830,582	877,425
Total Current Assets		2,832,830	4,990,506
Non-Current Assets			
Financial Assets	4,8	65,485,068	64,093,158
Total Non-Current Assets		65,485,068	64,093,158
Total Assets		68,317,898	69,083,664
Liabilities			
Current Liabilities			
Trade & Other Payables	9	(1,393,612)	(1,377,689)
Total Current Liabilities		(1,393,612)	(1,377,689)
Non-Current Liabilities			
Total Non-Current Liabilities		-	-
Total Liabilities		(1,393,612)	(1,377,689)
Net Assets		66,924,286	67,705,975
Equity			
Unit Holders Control		66,924,286	67,705,975
Total Equity		66,924,286	67,705,975

Statement of Changes in Equity

For the year to 31 December 2015

	Unit Holders Control	Total
Balance at 1 January 2014	50,999,988	50,999,988
Unit Holder Purchases for Year	20,799,657	20,799,657
Unit Holder Redemptions for Year	(4,133,623)	(4,133,623)
Distributions Allocated to Unit Holders	(3,758,988)	(3,758,988)
Unit Holder Transaction Fees	(19,570)	(19,570)
Profit Attributable to Unit Holders	3,818,511	3,818,511
Balance at 31 December 2014	67,705,975	67,705,975
Balance at 1 January 2015	67,705,975	67,705,975
Unit Holder Purchases for Year	7,199,291	7,199,291
Unit Holder Redemptions for Year	(7,033,761)	(7,033,761)
Distributions Allocated to Unit Holders	(4,056,439)	(4,056,439)
Unit Holder Transaction Fees	(9,981)	(9,981)
Profit Attributable to Unit Holders	3,119,201	3,119,201
Balance at 31 December 2015	66,924,286	66,924,286

Statement of Cash Flows

For the year to 31 December 2015

	Note	2015 \$	2014 \$
Cash Flows from Operating Activities			
Receipts		4,294,311	3,663,193
Payments		(191,155)	(167,260)
Net cash flows provided by / (used in) operating activities	10	4,103,156	3,495,933
Cash Flows from Investing Activities			
Sale of investments	4	28,504,936	12,942,196
Purchase of investments	4	(30,834,112)	(26,960,036)
Net cash flows provided by / (used in) investing activities		(2,329,176)	(14,017,840)
Cash Flows from Financing Activities			
Distributions to Unit Holders		(2,055,282)	(1,909,902)
Purchases by Unit Holders		5,208,997	19,660,653
Redemptions by Unit Holders		(7,038,528)	(4,139,264)
Proceeds from borrowings		6,476,000	-
Loan repayments		(6,476,000)	-
Net cash flows provided by / (used in) financing activities		(3,884,813)	13,611,487
Net increase / (decrease) in cash held		(2,110,833)	3,089,580
Cash at beginning of year		4,113,081	1,023,501
Cash at End of Year	6	2,002,248	4,113,081

1. Statement of significant accounting policies

The financial report of the UC Invest Share Fund (*"the Fund"*) for the year ended 31 December 2015 was authorised for issue in accordance with a resolution by the members of the Uniting Church Investment Committee (UCIC) on 18 March 2016.

Operations and principal activities

This financial report covers the UC Invest Share Fund as an individual entity. The Fund is an activity of The Uniting Church in Australia Property Trust (S.A.), which was established by an Act of the South Australian Parliament in 1977. All assets of the Fund are held in the name of The Uniting Church in Australia Property Trust (S.A.).

The UC Invest Share Fund is a unitised managed fund which invests in equities quoted on the Australian Stock Exchange. It is only available to Uniting Church and Churches of Christ SA congregations and organisations. The Fund does not accept investments from individual members of the public.

All recognised income is distributed to unit holders on a quarterly basis with the exception of any franking credits which are distributed once the annual franking credit return is received from the Australian Taxation Office.

Unit holders are exposed to the market risk of the Fund, which results in their investments fluctuating in line with the underlying performance of the Fund.

The Uniting Church Investment Committee is responsible for the financial management of the Fund.

Uniting Church Investment Committee Members

Michael McClaren (Non-executive, Chairperson)

Kevin Benger (Non-executive, Chairperson Audit Committee)

Allison Ashby (Non-executive)

Tom Adams (Non-executive)

Wayne Matters (Non-executive)

Peter Battersby (Executive) – Remunerated by the Uniting Church SA

UC Invest manages the administration and investment strategy of the Fund and receives a monthly management fee based on the market value of funds under management.

Summary of significant accounting policies

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the UCIC. The committee has determined that the Fund is not a reporting entity.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historic costs, modified, where applicable, by the measurement at fair value of financial assets. The amounts presented in the financial statements have been rounded to the nearest dollar.

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 balance sheet 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.

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 interest-bearing loans and borrowings in current liabilities on the balance sheet.

(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.

ii. Dividends and distributions from equities

Dividend and distribution income is received in the form of dividends, distributions and franking credits from companies within the underlying investment portfolio. Revenue is recognised when the entity's right to receive the payment is established.

iii. Application and redemption fees

Application and redemption fee income is received when unit holders enter or exit the Fund either fully or partially. Revenue is recognised when the entity makes the corresponding transaction on behalf of the unit holder.

(c) Financial instruments

i. Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Fund becomes a party to the contractual provisions of the instruments. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs, where the instrument is not classified at fair value through profit and loss.

Transaction costs related to instruments classified at fair value through profit and loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

ii. Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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 either discharged, cancelled or expire. The difference between the carrying value of the financial liability 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.

iii. Classification and subsequent measurement

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 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.

(d) Trade and other payables

Trade and other payables are recognised when the entity becomes obliged to make future payments.

(e) 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 balance sheet.

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.

(f) Impairment

At each reporting date the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of financial instruments a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(g) Comparative figures

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

(h) Income tax

The entity is exempt from income tax due to its status as a religious organisation.

	2015	2014
2. Revenue		
Dividends and distributions from equities	4,208,727	3,886,637
Interest received	26,384	36,757
Application and redemption fees received	9,981	19,570
	4,245,092	3,942,964
3. Expenses		
Management fees - related party	158,879	154,227
Interest paid	5,961	427
Brokerage	23,785	14,147
	188,625	168,801
4. Revaluation of investments		
Market value of listed equities held at year end	65,485,068	64,093,158
Less: Market value of listed equities held at start of year	(64,093,158)	(50,015,795)
Less: Equities purchased during the year ¹	(31,485,299)	(27,374,827)
Add: Equities sold during the year ²	29,156,123	13,341,812
Less: Realised profit on sale of investments	(886,254)	(583,967)
Gain / (Loss) on revaluation of investments	(1,823,520)	(539,619)

¹ In 2015 this item includes non-cash acquisitions totalling \$651,187 resulting from capital restructures and demerger activity.

² In 2015 this item includes non-cash sale proceeds totalling \$651,187 resulting from capital restructures and demerger activity.

Decisions by unit holders to invest or redeem funds in the UC Invest Share Fund may influence the need to buy or sell equities, depending on the monetary value of the transaction.

Unit Holders who invested in the Fund for the 2015 year had a total investment return of **4.00%**, which outperformed the ASX200 Accumulation Index benchmark return of **2.56%**.

Refer to Appendix 1 for a listing of individual company capital movements for the year.

5. Auditor's remuneration

Fee in relation to audit (paid by UC Invest)	1,269	1,250
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6. Cash and cash equivalents

Cash at the end of the year as shown in the *Statement of Cash Flows* is reconciled to the related items in the balance sheet as follows:

Cash at bank	11	1,001
UC Invest 11am account	2,002,237	4,112,080
	2,002,248	4,113,081

The UC Invest 11am account is an at-call account which earns interest at floating rates based on the official Reserve Bank cash rate.

	2015	2014
7. Trade and other receivables		
Accrued dividends and distributions	128,618	110,919
Accrued franking credits	701,964	766,506
	<u>830,582</u>	<u>877,425</u>

8. Financial assets

Financial assets	65,485,068	64,093,158
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Financial assets consist of listed equities, are held for trading and therefore classified as fair value through profit or loss. The value of the equities held has been determined following the fund revaluing their listed equities to their fair value at year end.

Part of the financial assets disclosed as non-current will be realised in the next 12 months, however to measure and disclose this is not practicable.

9. Trade and other payables

Unit holder distributions payable	678,336	611,052
Unit holder franking credits payable	701,887	753,094
Trade and other payables	13,389	13,543
	<u>1,393,612</u>	<u>1,377,689</u>

10. Cash flow information

Reconciliation of cash flow from operations with profit

Profit / (Loss) for the year before the revaluation of financial assets	4,942,721	4,358,130
Non-cash items in profit		
Realised profit on sale of financial assets	(886,254)	(583,967)
In-Specie distribution from demerger	-	(15,175)
Changes in assets and liabilities		
(Increase) / Decrease in operating receivables	46,843	(266,261)
Increase / (Decrease) in operating payables	(154)	3,206
Cash flow from operating activities	4,103,156	3,495,933

Operating receivables and operating payables are receivables and payables which have been decreased by unit holder related balances. These unit holder balances include capital contributions payable and distributions payable.

11. Contingent liabilities and contingent assets

Uniting Church Investment Committee members are not aware of any contingencies requiring disclosure in the financial statements.

12. Segment reporting

The Fund operates predominantly in one business and geographical segment being the investment in equities listed on the Australian Stock Exchange.

13. Events subsequent to reporting date

There have been no substantial events subsequent to balance date.

14. Related party transactions

The UC Invest Share Fund is administered by the Uniting Church Investment Committee on behalf of The Uniting Church in Australia Property Trust (S.A.).

UC Invest receives management fees each month calculated at 0.02% of the fair value of net assets held by the UC Invest Share Fund.

15. Financial risk management

Financial Risk Management Policies

The entity manages its exposure to key financial risks by the application of policies approved by the Uniting Church Investment Committee (UCIC).

The Fund's exposure to interest rate risk is relatively minor with less than 3% of total assets at balance date exposed to interest rate sensitive investments, predominantly a UC Invest cash account which is used to cover the liquidity requirements of unit holders.

The UCIC has stipulated in its approved policies that the majority of financial assets are to be invested in equities listed on the Australian Stock Exchange.

Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are liquidity risk, market risk and revenue risk.

i. Liquidity risk

Due to the liquid nature of the entity's financial assets, the exposure to liquidity risk is limited to the amount of time it takes to receive cash from the sale of equity investments.

Unit holders have the ability to request the redemption of funds on a weekly basis. To prevent the forced selling of investments to cover unit holder redemption requests, the Fund holds a liquidity reserve in a UC Invest cash account.

ii. Market risk

The financial assets held by the Fund are prone to price fluctuations and volatility. The value of investments change as economic, market and company specific conditions vary.

The fund manager does not attempt to significantly mitigate market risk. The current selection policy utilises an index approach to stock selection with 82% of the portfolio held in the ASX50 index at balance date. The remainder of the portfolio is selected from companies within the ASX100 according to specific investment criteria and a stable history of earnings performance.

Given the significant weighting of the portfolio towards index construction, there is a strong correlation between the general market return and that of the underlying investment portfolio.

iii. Revenue risk

Revenue received (*dividends, distributions and franking credits*) from equity investments may fluctuate due to changes in market or company specific conditions.

Income distributions to unit holders are the aggregate of dividends, distributions and franking credits which are approved by individual companies. The amount of distributions can be varied by companies at any stage depending on a range of factors including

economic conditions, cash flow, lending covenants, investor appetite for risk or peer distributions.

The fund manager does not distribute capital in quarterly distributions to unit holders, or operate a scheme which evens out distributions over time. All income distributions paid to unit holders are therefore market driven.

Sensitivity Analysis

i. Market risk

The entity has performed a sensitivity analysis relating to its exposure to price risk at balance date. This analysis demonstrates the effect on the current year results and equity which could result from a change in market value. The Fund's performance is correlated with the ASX200 index and is expected to perform similarly.

	2015	2014
Change in profit		
Decrease in ASX200 index by 25%	(16,371,267)	(16,023,290)
Increase in ASX200 index by 25%	16,371,267	16,023,290
Change in equity		
Decrease in ASX200 index by 25%	(16,371,267)	(16,023,290)
Increase in ASX200 index by 25%	16,371,267	16,023,290

ii. Revenue risk

The entity has performed a sensitivity analysis relating to its exposure to revenue risk at balance date. This analysis demonstrates the effect on the current year results and equity which could result from a change in revenue received.

	2015	2014
Change in profit		
Decrease in dividends and distributions to the UC Invest Share Fund by 20%	(841,745)	(777,327)
Increase in dividends and distributions to the UC Invest Share Fund by 20%	841,745	777,327
Change in equity		
Decrease in dividends and distributions to the UC Invest Share Fund by 20%	(841,745)	(777,327)
Increase in dividends and distributions to the UC Invest Share Fund by 20%	841,745	777,327

Derivative Financial Instruments

The entity does not use derivative financial instruments

16. Economic dependency

The Fund does not have any economic dependency on other entities of the Uniting Church SA.

17. Entity details

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

Level 2, 212 Pirie Street
 Adelaide SA 5000

Appendix 1 – Revaluation of investments

Company	Opening Balance	Total Purchases	Total Sales	Profit / (Loss) on Sale	Revaluation of Investments	Closing Balance
ABC Adelaide Brighton Limited	668,761	51,653	(317,847)	42,827	143,364	588,758
AGL AGL Energy Limited	518,461	98,680	(95,683)	6,452	162,746	690,656
AIO Asciano Limited	939,777	147,221	(912,967)	178,101	131,575	483,707
AMC Amcor Limited	816,389	715,348	(104,917)	6,655	2,643	1,436,118
AMP AMP Limited	806,168	233,715	(118,915)	20,062	37,401	978,431
ANN Ansell Limited	780,115	752,109	(899,778)	7,363	(76,457)	563,352
ANZ ANZ Banking Group Limited	5,058,571	1,441,913	(781,441)	56,911	(708,558)	5,067,396
APA APA Group	305,837	232,847	(59,564)	9,226	60,482	548,828
AST AusNet Services	-	1,250,950	(1,287,493)	36,543	-	-
ASX ASX Limited	349,324	105,999	(49,177)	6,454	53,781	466,381
AZJ Aurizon Holdings Limited	488,315	1,357,283	(798,237)	82,495	(158,705)	971,151
BEN Bendigo and Adelaide Bank	695,750	187,154	(254,402)	(1,271)	(27,759)	599,472
BHP BHP Billiton Limited	4,695,705	373,091	(4,878,366)	(190,430)	-	-
BXB Brambles Limited	822,188	225,054	(106,325)	6,585	78,919	1,026,421
CBA Commonw ealth Bank of Australia	7,637,325	2,312,582	(1,157,317)	50,977	26,578	8,870,145
CBAR CBA Retail Entitlement Offer	-	-	(8,238)	8,238	-	-
CGF Challenger Limited	572,217	96,426	(256,788)	27,056	141,344	580,255
CPU Computershare Limited	295,142	83,606	(40,544)	4,365	(6,832)	335,737
CSL CSL Limited	2,068,098	492,753	(264,279)	17,149	463,936	2,777,657
CSR CSR Limited	-	624,743	(508,145)	(116,598)	-	-
CTX Caltex Limited	-	518,399	-	-	59,165	577,564
DXS Dexus Property Group	310,019	108,976	(36,192)	3,694	22,111	408,608
FLT Flight Centre Travel Group Ltd	465,520	228,437	(317,246)	60,965	91,704	529,380
FMG Fortescue Metals Group Ltd	686,770	293,017	(850,536)	(129,251)	-	-
GMG Goodman Group	435,934	132,263	(58,658)	5,048	40,553	555,140
GPT GPT Group	362,146	130,322	(57,048)	3,749	39,400	478,569
HVN Harvey Norman Holdings Ltd	-	1,188,013	(689,546)	126,410	(49,416)	575,461
IAG Insurance Australia Group Ltd	729,119	208,417	(82,826)	(5,248)	(82,399)	767,063
IFL IOOF Holdings Limited	639,750	85,872	(224,271)	15,351	34,563	551,265
ILU Iluka Resources Limited	122,302	11,497	(182,923)	49,124	-	-
IPL Incitec Pivot Limited	255,206	85,471	(33,284)	6,504	62,611	376,508
JBH JB Hi-Fi Limited	637,221	58,907	(279,657)	41,124	100,716	558,311
LLC Lend Lease Group	1,235,920	205,682	(838,664)	(114,693)	(59,119)	429,126
MGR Mirvac Group	319,304	94,531	(44,087)	4,875	35,675	410,298
MIN Mineral Resources Limited	483,983	-	(528,462)	44,479	-	-
MND Monadelphous Group Limited	395,422	270,717	(790,576)	124,437	-	-
MPL Medibank Private Limited	-	362,351	-	-	(26,377)	335,974
MQG Macquarie Group Limited	1,616,965	374,972	(544,960)	104,462	536,517	2,087,956
MTS Metcash Limited	451,714	406,143	(700,002)	(157,855)	-	-
MYR Myer Holdings Limited	310,909	-	(312,683)	1,774	-	-
NAB National Australia Bank Ltd	4,611,029	1,695,158	(882,571)	45,751	(477,458)	4,991,909
NCM New crest Mining Limited	414,136	120,092	(57,987)	7,659	77,869	561,769
NVN Novion Property Group	257,612	13,708	(328,998)	6,860	50,818	-
NVT Navitas Limited	-	1,239,163	(703,510)	(13,550)	53,022	575,125
ORG Origin Energy Limited	640,251	1,903,065	(778,990)	50,472	(893,222)	921,576
ORGR Origin Retail Entitlement Offe	-	-	(86,252)	86,252	-	-
ORI Orica Limited	342,730	93,274	(44,216)	2,378	(70,324)	323,842
OSH Oil Search Limited	459,766	124,653	(68,704)	(1,155)	(69,894)	444,666
PPT Perpetual Limited	-	694,906	(24,416)	(6,739)	(96,254)	567,497
QBE QBE Insurance Group Limited	749,971	243,863	(111,340)	19,412	73,177	975,083

Appendix 1 – Revaluation of investments (continued)

Company	Opening Balance	Total Purchases	Total Sales	Profit / (Loss) on Sale	Revaluation of Investments	Closing Balance
RHC Ramsay Health Care Limited	361,614	110,577	(50,907)	6,600	69,165	497,049
RIO Rio Tinto Limited	1,259,122	101,336	(1,219,524)	(140,934)	-	-
S32 South32 Limited	-	573,809	(459,635)	(114,174)	-	-
SCG Scentre Group	894,898	299,107	(125,107)	12,776	184,167	1,265,841
SEK Seek Limited	-	333,318	(5,503)	(140)	(27,396)	300,279
SGH Slater & Gordon Limited	-	899,001	-	-	(745,220)	153,781
SGP Stockland Group	473,273	135,425	(62,950)	4,720	(4,053)	546,415
SHL Sonic Healthcare Limited	359,899	109,107	(39,705)	2,115	(24,409)	407,007
STO Santos Limited	776,127	1,512,014	(561,938)	(51,745)	(643,109)	1,031,349
SUN Suncorp Group Limited	901,217	233,530	(103,643)	(5,114)	(139,722)	886,268
SYD Sydney Airport	514,902	152,733	(59,222)	6,085	184,027	798,525
TCL Transurban Group	810,621	197,780	(108,371)	8,833	177,064	1,085,927
TLS Telstra Corporation Limited	3,700,881	1,531,225	(508,211)	22,001	(314,288)	4,431,608
TOL Toll Holdings Limited	897,648	18,932	(1,329,615)	413,035	-	-
VCX Vicinity Centres	-	564,426	-	-	(45,354)	519,072
WBC Westpac Banking Corporation	5,779,755	1,799,934	(886,566)	83,019	133,593	6,909,735
WFD Westfield Corporation Limited	859,047	239,370	(111,785)	7,717	37,201	1,031,550
WOR WorleyParsons Limited	113,612	4,522	(118,037)	(97)	-	-
WPL Woodside Petroleum Limited	1,938,700	994,157	(846,376)	(9,892)	(443,082)	1,633,507
	64,093,158	31,485,299	(29,156,123)	886,254	(1,823,520)	65,485,068

In the opinion of the members of the Uniting Church Investment Committee:

- a) the financial statements and notes set out on pages 1 to 13 of UC Invest Share Fund – Financial Report:
 - i. complies with accounting standards and other mandatory professional reporting requirements to the extent described in Note 1; and
 - ii. gives a true and fair view of the Fund's financial position as at 31 December 2015 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the year ended on that date; and

- b) there are reasonable grounds to believe that the Fund will be 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 Uniting Church Investment Committee.



Michael McClaren
Chairperson
Uniting Church Investment Committee



Kevin Bengler
Chairperson Audit Committee
Uniting Church Investment Committee

Adelaide
18 March 2016



**INDEPENDENT AUDITOR'S REPORT
TO THE UNIT HOLDERS OF UC INVEST SHARE FUND**

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of UC Invest Share Fund, which comprises the balance sheet as at 31 December 2015, the income statement, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory notes and the declaration of the committee.

The Uniting Church Investment Committee's Responsibility for the Financial Report

The Uniting Church Investment Committee is responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the policies set by the Uniting Church Investment Committee and is appropriate to meet the needs of unit holders. The committee's responsibility also includes such internal control as the committee determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.



**INDEPENDENT AUDITOR'S REPORT
TO THE UNIT HOLDERS OF UC INVEST SHARE FUND (CONT)**

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of UC Invest Share Fund as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with the basis of preparation described in Note 1 of the financial report.

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 UC Invest Share Fund to meet the financial reporting requirements of policies set by the Uniting Church Investment Committee. As a result, the financial report may not be suitable for another purpose.

Edwards Marshall

Edwards Marshall
Chartered Accountants

BDMorkunas

Brett Morkunas
Partner

Adelaide
South Australia

18 March 2016