



Uniting
Fund SA

December 31

2022

Uniting Fund SA 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



Statement of Profit or Loss and Other Comprehensive Income

For the year to 31 December 2022

	Note	2022 \$	2021 \$
<i>This statement should be read in conjunction with the accompanying notes</i>			
Revenue	2	10,859,867	9,631,603
Expenses	3	(483,131)	(453,668)
Finance costs	4	(6,259,126)	(6,410,766)
Net movement of financial assets measured at fair value	11	(7,943,818)	12,863,886
OPERATING PROFIT / (LOSS) FOR THE YEAR		(3,826,208)	15,631,055
Realised profit / (loss) on sale of assets	6	(200,190)	(2,280)
Settlement of legal claims	7	387,782	-
PROFIT / (LOSS) FOR THE YEAR		(3,638,616)	15,628,775
OTHER COMPREHENSIVE INCOME			
Items which may be subsequently reclassified to profit or loss			
Net gain on revaluation of financial assets	6	(194,794)	160,677
Transfer to profit / (loss) on sale of financial assets	6	338,942	(456)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(3,494,468)	15,788,996



Statement of Financial Position

As at 31 December 2022

	Note	2022 \$	2021 \$
<i>This statement should be read in conjunction with the accompanying notes</i>			
Assets			
Cash and cash equivalents	8	6,948,897	9,119,253
Trade and other receivables	9	2,662,190	1,747,244
Financial assets measured at amortised cost	10	8,421,960	12,736,479
Financial assets measured at fair value through profit or loss	11	240,044,483	239,725,089
Financial assets measured at fair value through other comprehensive income	12	19,144,266	26,098,383
Total Assets		277,221,796	289,426,448
Liabilities			
Financial liabilities measured at amortised cost	13	209,168,413	217,235,894
Trade and other payables	14	112,072	71,147
Employee benefits	16	154,772	157,006
Other liabilities	16	6,464	11,786
Total Liabilities		209,441,721	217,475,833
Net Assets		67,780,075	71,950,615
Equity			
Accumulated funds		66,232,771	70,547,458
Asset revaluation reserve	17	1,547,304	1,403,157
Total Equity		67,780,075	71,950,615



Statement of Changes in Equity

For the year to 31 December 2022

This statement should be read in conjunction with the accompanying notes

	Accumulated Funds	Asset Revaluation Reserve	Total
Balance at 1 January 2021	54,918,683	1,242,935	56,161,618
Profit for the year	15,628,775	-	15,628,775
Other comprehensive income	-	160,221	160,221
Distribution to the Uniting Church SA	-	-	-
Balance at 31 December 2021	70,547,458	1,403,156	71,950,614
Balance at 1 January 2022	70,547,458	1,403,156	71,950,614
Loss for the year	(3,638,616)	-	(3,638,616)
Other comprehensive income	-	144,148	144,148
Distribution to the Uniting Church SA	(676,071)	-	(676,071)
Balance at 31 December 2022	66,232,771	1,547,304	67,780,075



Statement of Cash Flows

For the year to 31 December 2022

	Note	2022 \$	2021 \$
<i>This statement should be read in conjunction with the accompanying notes</i>			
Cash Flows from Operating Activities			
Receipts		-	242,628
Interest received		5,414,757	4,339,762
Distributions received		3,047,783	3,625,204
Payments		(637,235)	(439,618)
Finance costs		(1,301,745)	(419,548)
Proceeds from legal claims		387,782	-
Net cash flows provided by / (used in) operating activities	18	6,911,342	7,348,428
Cash Flows from Investing Activities			
Sale of investments		39,490,785	50,187,494
Purchase of investments		(34,886,071)	(39,823,794)
Net cash flows provided by / (used in) investing activities		4,604,714	10,363,700
Cash Flows from Financing Activities			
Investments by investors		26,123,547	22,017,964
Withdrawals by investors		(25,133,888)	(21,258,309)
Investments by UCSAIF ¹ into secured debenture		24,000,000	15,000,000
Redemptions by UCSAIF from secured debenture		(38,000,000)	(51,000,000)
Distribution to the Uniting Church SA		(676,071)	-
Net cash flows provided by / (used in) financing activities		(13,686,412)	(35,240,345)
Net increase / (decrease) in cash held		(2,170,356)	(17,528,217)
Cash at beginning of year		9,119,253	26,647,470
Cash at End of Year	8	6,948,898	9,119,253

¹ Uniting Church SA Investment Fund Limited ABN: 46 620 095 472 AFSL: 501022

Notes to the Financial Statements

For the year ended 31 December 2022



1. Statement of significant accounting policies

General entity information

Uniting Fund SA ("*the Fund*") is an activity of The Uniting Church in Australia Property Trust (S.A.) ABN 25 068 897 781 ("*UCAPT*"). Its registered office is Level 2, 212 Pirie Street, Adelaide SA 5000.

The UCAPT was established by an Act of South Australian Parliament in 1977 and is the legal entity of the Uniting Church in South Australia. All assets of Uniting Fund SA are held in the name of the UCAPT.

The financial report of Uniting Fund SA for the year ended 31 December 2022, which treats the Fund as an individual entity, was authorised for issue in accordance with a resolution by the members of the Uniting Church Investment Committee ("*UCIC*") on 5 May 2023.

Operations and principal activities

Under the business name UC Invest, the Uniting Church in South Australia had been providing investment services to the Uniting Church community since 1977. The Australian Prudential Regulation Authority and the Australian Securities and Investments Commission introduced changes to the regulatory conditions applicable to Religious Charitable Development Funds, 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).

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

The Fund currently provides direct investment services to "internal" Church entities that exist within the structure of The Uniting Church in Australia Property Trust (S.A.).

In addition to providing investment services to internal entities, a commercial facility exists which enables UCSAIF to invest funds raised from its operations in a debenture facility with Uniting Fund SA. This facility is secured by the investment assets of the Fund under a General Security Deed.

Governance Structure

Members of the Uniting Church Investment Committee are responsible for the financial management, governance and operations of Uniting Fund SA under delegated authority from the Uniting Church SA Resources Board.

Uniting Church Investment Committee Members

Michael McClaren (Non-executive, Chairperson)
Wayne Matters (Non-executive, Chairperson Audit Committee)
Allison Ashby (Non-executive)
Karen Eley (Non-executive)
Ryan Dick (Non-executive, Chairperson Risk Committee)
Peter Battersby (Executive) – Remunerated by Uniting Church SA
Sue Page (Executive) – Remunerated by Uniting Church SA

Notes to the Financial Statements

For the year ended 31 December 2022



The Resources Board is accountable for the oversight and management of the property and financial resources of the Uniting Church in South Australia. It acts on behalf of, and is answerable to, the Synod which holds the ultimate responsibility for all activities and functions of the Church in South Australia.

The operations of Uniting Fund SA are reported to the Synod via the Resources Board.

Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations, to enable compliance of the Uniting Church Investment Committee with its by-laws.

Compliance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standard Board (AASB) ensures that the financial statements and notes of the Fund comply with International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board (IASB).

Basis of preparation

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes.

All amounts presented in the financial statements are in Australian dollars and 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 Fund in the preparation of the financial report.

(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.

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.

ii. Dividends and distributions

Dividend and distribution income is received in the form of dividends, distributions and franking credits from direct equity investments and managed funds held by the Fund. Revenue is recognised when the Fund's right to receive the payment is established.

Notes to the Financial Statements

For the year ended 31 December 2022



(c) Financial instruments

i. Initial recognition and measurement

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

Financial instruments (*except for trade receivables*) 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

ii. Classification and subsequent measurement

a) Financial assets

Financial assets are subsequently measured at either:

- Amortised cost
- Fair value through other comprehensive income
- Fair value through profit or loss

This is done on the basis of two primary criteria being the contractual cash flow characteristics of the financial asset and the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- The financial asset is managed solely to collect contractual cash flows; and
- The contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the capital amounts outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- The contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- The business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost or fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Fund initially designates a financial instrument as measured at fair value through profit or loss if:

- It eliminates or significantly reduces a measurement or recognition inconsistency (*often referred to as an "accounting mismatch"*) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

Notes to the Financial Statements

For the year ended 31 December 2022



- It is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so as the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- It is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

b) Financial liabilities

Financial liabilities are subsequently measured at either:

- Amortised cost; or
- Fair value through profit or loss

A financial liability is measured at fair value through profit or loss if the financial liability is:

- A contingent consideration of an acquirer in a business combination to which *AASB 3: Business Combinations* applies;
- Held for trading; or
- Initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- Incurred for the purpose of repurchasing or repaying in the near term;
- Part of a portfolio where there is an actual pattern of short-term profit taking; or
- A derivative financial instrument (*except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship*).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Notes to the Financial Statements

For the year ended 31 December 2022



iii. Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the *Statement of Financial Position*.

a) Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- The right to receive cash flows from the asset has expired or been transferred;
- All risk and rewards of ownership of the asset have been substantially transferred; and
- The Fund no longer controls the asset (*i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party*).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of a direct equity investment which was elected to be classified at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

b) Derecognition of financial liabilities

A liability is derecognised when it is extinguished (*i.e. when the obligation in the contract is discharged, cancelled or expires*). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

iv. Impairment

The Fund recognises a loss allowance for expected credit losses on financial assets that are measured at either amortised cost or fair value through other comprehensive income.

A loss allowance is not recognised for financial assets measured at fair value through profit or loss or equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Fund uses the following approaches to impairment, as applicable under AASB 9:

- The general approach;
- The simplified approach;
- The purchased or originated credit impaired approach; and
- Low credit risk operational simplification.

Notes to the Financial Statements

For the year ended 31 December 2022



a) General approach

Under the general approach, at each reporting period, the Fund assesses whether the financial instruments are credit impaired, and if:

- The credit risk of the financial instrument increased significantly since initial recognition, the Fund measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- There was no significant increase in credit risk since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

b) Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to trade receivables or contract assets that result from transactions that are within the scope of *AASB 15: Revenue from Contracts with Customers* and contain a significant financing component.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (*i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc.*).

c) Purchased or originated credit impaired

For a financial asset that is considered to be credit impaired (*not on acquisition or originations*), the Fund measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- Significant financial difficulty of the issuer or borrower;
- A breach of contract (*e.g. default or past due event*);
- Where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- It is probable the borrower will enter bankruptcy or other financial reorganisation; and
- The disappearance of an active market for the financial asset because of financial difficulties.

d) Low credit risk operational simplification

If a financial asset is determined to have low credit risk at the initial reporting date, the Fund assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Fund applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- There is a low risk of default by the borrower;
- The borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Notes to the Financial Statements

For the year ended 31 December 2022



A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

e) Recognition of expected credit losses in financial statements

At each reporting date, the Fund recognises the movement in the loss allowance as an impairment gain or loss in the *Statement of Profit or Loss and Other Comprehensive Income*.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (*e.g. loan commitments yet to be drawn, financial guarantees*), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(d) Trade and other receivables

Trade and other receivables primarily represents revenue in the form of interest, dividends and distributions which have been recognised during the reporting period but not yet received at the end of the reporting period.

All receivables are expected to be collected within 12 months of the end of the reporting period.

(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 Fund during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the *Statement of Financial Position*.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(g) Use of judgements and estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable when making the judgement about carrying values of assets and liabilities.

Notes to the Financial Statements

For the year ended 31 December 2022



The accounting policies which are most sensitive to the use of judgement, estimates and assumptions are described in the following notes:

- *Note 1 (c) iv) - Impairment*
- *Note 21 vi) - Fair value of financial assets and liabilities*

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(h) Impairment of assets

At the end of each reporting period, the Fund 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 Fund is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997. The Uniting Church in Australia Property Trust (S.A.) is a registered not-for-profit entity with the Australian Charities and Not-for-profits Commission (ACNC).

(k) Provisions

Provisions are recognised when the Fund has a present, 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 using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

	2022	2021
2. Revenue		
Dividends and distributions	4,484,285	4,995,365
Interest received	6,122,833	4,389,821
Management fees received	244,698	246,416
Other income	8,051	1
	10,859,867	9,631,603

Notes to the Financial Statements

For the year ended 31 December 2022



3. Expenses

	2022	2021
Administration	188,116	160,714
Personnel costs ¹	283,015	280,954
Investment manager's retainer	12,000	12,000
	483,131	453,668

¹ The Uniting Church Synod of South Australia provides all administrative support and human resources for the operations of Uniting Fund SA. Uniting Church SA Investment Services personnel are employed by the Synod of South Australia.

4. Finance costs

Interest paid to UCSAIF via secured debenture	5,434,724	5,922,210
Interest paid to investors	800,968	480,829
Interest paid on bank facilities	23,434	7,727
	6,259,126	6,410,766

5. Auditor's remuneration

Fee paid in relation to audit	6,235	5,800
Audit fees paid in relation to other investment entities managed by the Uniting Church Investment	3,250	3,050
	9,485	8,850

* Audit fees are included within administration expenses disclosed in Note 3.

6. Changes in the value of financial assets

The following have been recognised in the 2022 Statement of Comprehensive Income:

Financial assets measured at fair value through other comprehensive income	Total change in value for the year	Impairment losses	Gain / (Loss) on revaluation	Reversal of prior year revaluation on sale	Realised profit / (loss) on sale
Mortgage backed securities	(381,247)	-	(519,999)	338,942	(200,190)
Direct equity instrument	325,205	-	325,205	-	-
	(56,042)	-	(194,794)	338,942	(200,190)

The following have been recognised in the 2021 Statement of Comprehensive Income:

Financial assets measured at fair value through other comprehensive income	Total change in value for the year	Impairment losses	Gain / (Loss) on revaluation	Reversal of prior year revaluation on sale	Realised profit / (loss) on sale
Mortgage backed securities	(53,877)	-	(51,141)	(456)	(2,280)
Direct equity instrument	211,818	-	211,818	-	-
	157,941	-	160,677	(456)	(2,280)

7. Settlement of legal claims

The Fund has been involved in a number of legal actions seeking compensation for losses incurred from the collapse of several investment products held during the global financial crisis in 2008 and 2009. The value of these investment products were written-off in previous financial reports.

During 2022 the Fund was advised of settlement proceeds totalling \$387,782 resulting from these legal claims, as shown in the *Statement of Profit or Loss and Other Comprehensive Income*.

It is highly unlikely that the Fund will be the recipient of any further proceeds in the future.

Notes to the Financial Statements

For the year ended 31 December 2022



8. Cash and cash equivalents

Cash held at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2022	2021
Cash at bank	387,330	5,377,022
Cash management accounts	6,561,567	3,742,231
	6,948,897	9,119,253

9. Trade and other receivables

Sundry debtors	431,001	26,036
Prepayments	37,278	16,545
Accrued interest, distributions & franking credits	2,193,911	1,704,663
	2,662,190	1,747,244

Credit risk associated with trade and other receivables

The Fund has no significant concentration of credit risk, associated with trade and other receivables, with respect to any single counterparty or group of counterparties other than those receivables provided for and mentioned within this note.

The following table details the Fund's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with aging analysis and impairment provided thereon. Amounts are considered as "past due" when the debt has not been settled within the terms agreed between the Fund and the counterparty to the transaction.

The balances of receivables that remain within the initial terms (as defined in the table below) are considered to be of high credit quality.

The Fund has applied the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables.

2022	Current	> 30 days past due	> 60 days past due	> 90 days past due	Total
Expected loss rate	0%	1%	2.5%	7.5%	-
Gross carrying amount	2,662,190	-	-	-	2,662,190
Loss allowing provision	-	-	-	-	-
	2,662,190	-	-	-	2,662,190

2021	Current	> 30 days past due	> 60 days past due	> 90 days past due	Total
Expected loss rate	0%	1%	2.5%	7.5%	-
Gross carrying amount	1,747,244	-	-	-	1,747,244
Loss allowing provision	-	-	-	-	-
	1,747,244	-	-	-	1,747,244

The Fund has not written-off any amounts during the year nor has any amounts receivable which are past due or considered unrecoverable.

Notes to the Financial Statements

For the year ended 31 December 2022



10. Financial assets held at amortised cost

Financial assets measured at amortised cost consist of fixed term deposits held with authorised deposit-taking institutions regulated by APRA, secured loans issued to separately incorporated organisations associated with the Uniting Church and unsecured loans issued to ministers and staff of the Uniting Church SA.

	2022	2021
Fixed term deposits	500,000	4,500,000
Loans and advances - secured	7,921,960	8,236,479
Loans and advances - unsecured	-	-
	8,421,960	12,736,479

Impairment of financial assets measured at amortised cost

Class of Asset	Gross Carrying Amount	Loss Allowance Provision	Loss Adjusted Carrying Amount
Fixed term deposits	500,000	-	500,000
Loans and advances - secured	7,921,960	-	7,921,960
Loans and advances - unsecured	-	-	-
	8,421,960	-	8,421,960

Refer to note 21 for information regarding the liquidity profile of financial assets.

11. Financial assets held at fair value through profit or loss

Financial assets measured at fair value through profit or loss consist of unit holdings in investment vehicles managed by the UCIC, investments in various ASX listed securities and direct holdings in unlisted corporate securities. These securities all fail the 'solely payments of principal and interest (SPPI)' test in accordance with AASB 9 Financial Instruments and are therefore required to be measured at fair value through profit or loss.

Fair value of ASX listed securities and unit holdings in managed funds has been determined using publicly available price information or following the managed funds revaluing their assets to fair value at year end.

Unlisted corporate securities have been revalued using evaluated price information from an independent third party.

Financial Assets	Market Value 31/12/21	Purchases	Sales	Net change in value for the year	Market Value 31/12/22
NT Treasury Bond	-	2,000,000	-	-	2,000,000
UC Invest Share Fund	32,590,910	1,655,326	(2,000,000)	(2,196,190)	30,050,046
UC Invest Direct Property Fund	38,659,264	-	(2,500,000)	1,673,763	37,833,027
International Equities (ASX listed)	17,406,180	-	(1,042,000)	(3,138,260)	13,225,920
Magellan Infrastructure Fund	5,493,794	-	(359,095)	(478,847)	4,655,852
4D Global Infrastructure Fund	6,741,063	-	-	(453,500)	6,287,563
Australian Hybrids (ASX listed)	12,289,866	2,963,299	(2,820,300)	(101,319)	12,331,546
Unlisted Corporate Securities	126,544,012	26,422,476	(16,056,495)	(3,249,464)	133,660,529
	239,725,089	33,041,101	(24,777,890)	(7,943,817)	240,044,483

Refer to note 21 for information regarding the liquidity profile of financial assets.

Notes to the Financial Statements

For the year ended 31 December 2022



12. Financial assets held at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income consist of unlisted residential mortgage backed securities and a direct equity instrument of Uniting Church SA Investment Fund Limited (UCSAIF) classified as a restricted asset.

In accordance with AASB 9 Financial Instruments, residential mortgage backed securities held by the Fund pass the 'solely payments of principal and interest (SPPI)' test and exist within a business model where the investment objective is achieved by both collecting contractual cash flows and selling financial assets.

Residential mortgage backed securities have been revalued using evaluated price information from an independent third party.

The direct equity instrument was established following the capitalisation of UCSAIF during 2018. This restricted asset is not available for trading and fails the SPPI test based on it being an equity instrument.

An irrevocable election has been made for changes in the fair value of this instrument to be recorded in other comprehensive income. Fair value for this restricted asset is determined by the movement in the net tangible assets (NTA) of Uniting Church SA Investment Fund Ltd.

Financial Assets	Market Value 31/12/21	Purchases	Sales	Net change in value for the year	Market Value 31/12/22
Mortgage backed securities	17,896,324	-	(6,898,075)	(381,247)	10,617,002
Direct equity (restricted asset)	8,202,059	-	-	325,205	8,527,264
	26,098,383	-	(6,898,075)	(56,042)	19,144,266

Refer to Note 6 for information about the change in value for the year.

Impairment of financial assets measured at fair value through other comprehensive income

Class of Asset	Gross Carrying Amount	Loss Allowance Provision	Loss Adjusted Carrying Amount
Mortgage backed securities	10,617,002	-	10,617,002
Direct equity (restricted asset)	8,527,264	-	8,527,264
	19,144,266	-	19,144,266

Refer to Note 20 for information about the change in value for the year.

13. Financial liabilities measured at amortised cost

Financial liabilities consist of unsecured debentures issued to associated entities and a secured debenture issued to Uniting Church SA Investment Fund Ltd.

Associated entities are clients who exist within the legal structure of The Uniting Church in Australia Property Trust (S.A.). These clients hold funds which are either at-call or in fixed term investments.

The debenture issued to UCSAIF is secured via a Security Deed which places a charge over the financial assets of Uniting Fund SA.

Notes to the Financial Statements

For the year ended 31 December 2022



	2022	2021
Unsecured debentures	53,597,628	53,099,833
Secured debenture issued to UCSAIF	155,570,785	164,136,061
	209,168,413	217,235,894

Refer to note 21 for information regarding the liquidity profile of financial liabilities.

14. Trade and other payables

Sundry creditors	39,171	18,090
Accrued interest payable to associated entities	72,901	53,057
	112,072	71,147

The value reported at trade and other payables is expected to be paid within 12 months.

15. Employee benefits

Annual leave	25,693	32,233
Long service leave	129,079	124,773
	154,772	157,006
Current	144,205	152,432
Non-current	10,567	4,574
	154,772	157,006

16. Other liabilities

Investor redemption payable	6,464	11,786
	6,464	11,786

The value reported at other liabilities is expected to be paid within 12 months.

17. Asset revaluation reserve

Financial Assets	Asset revaluation reserve + 31/12/2021	Inc/(dec) in market value during the year +	Reversal of prior year revaluation on sale =	Asset revaluation reserve 31/12/2022
Mortgage backed securities	(298,904)	(519,998)	338,942	(479,960)
Direct equity (restricted asset)	1,702,060	325,206	-	2,027,266
	1,403,156	(194,794)	338,942	1,547,304

Financial Assets	Asset revaluation reserve + 31/12/2020	Inc/(dec) in market value during the year +	Reversal of prior year revaluation on sale =	Asset revaluation reserve 31/12/2021
Mortgage backed securities	(247,307)	(51,141)	(456)	(298,904)
Direct equity (restricted asset)	1,490,242	211,818	-	1,702,060
	1,242,935	160,677	(456)	1,403,156

Notes to the Financial Statements

For the year ended 31 December 2022



2022

2021

18. Cash flow information

Reconciliation of profit to net cash flows from operating activities:

Profit / (Loss) for the year	(3,638,616)	15,628,775
Non-cash items in profit		
Net movement in financial assets measured at fair value	7,943,818	(12,863,886)
Realised (profit) / loss on sale of assets	200,190	2,280
Non-cash investor movements	4,937,538	5,993,636
Investment income reinvested	(1,655,326)	(903,384)
Changes in assets and liabilities		
(Increase) / Decrease in operating receivables	(914,954)	(505,132)
Increase / (Decrease) in operating payables	38,692	(3,860)
Cash flow from operating activities	6,911,342	7,348,428

Changes in liabilities arising from Financing Activities

	Balance 1/1/2022	Net cash flows	Reinvested Interest	Non-cash adjustments	Balance 31/12/22
Financial Liabilities	217,235,894	(13,010,341)	4,937,538	5,322	209,168,413

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in financial institutions and money market instruments which are readily convertible to cash within one working day, net of outstanding overdrafts.

Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents (<i>Refer to Note 8</i>)	6,948,897	9,119,253
Cash at end of year	6,948,897	9,119,253

19. Contingent liabilities and contingent assets

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

In 2016 the Fund was named as a Noteholder defendant in a legal action lodged by Lehman Brothers Special Financing in the United States Bankruptcy Court. This action relates to investment proceeds received by UC Invest at the time Lehman Brothers Holdings commenced Chapter 11 bankruptcy proceedings in the United States.

It still remains unclear as to whether this action will proceed further or whether the Fund has any current obligations as a result of these proceedings.

Notes to the Financial Statements

For the year ended 31 December 2022



20. Related party transactions

The Uniting Church Investment Committee administers the UC Invest Share Fund, UC Invest Direct Property Fund, Uniting Church Loan Fund and Uniting Foundation on behalf of The Uniting Church in Australia Property Trust (S.A.). Uniting Fund SA receives fees for managing these investment vehicles as detailed in note 2.

The South Australian Synod of the Uniting Church provides personnel services to the Fund at the cost detailed in note 3.

Following the transfer of all retail and wholesale investors to Uniting Church SA Investment Fund Limited ABN: 46 620 095 472 | AFSL: 501022 ("UCSAIF") on 31 March 2018, a debenture agreement was established between Uniting Fund SA and UCSAIF.

This facility allows UCSAIF to invest up to \$250 million in a debenture with Uniting Fund SA which is secured by the financial assets of the Fund under a General Security Deed. As at 31 December 2022 this debenture facility had a principal outstanding of \$155.6 million (31 December 2021: \$164.1 million).

Since the end of 2020 investment markets have been volatile. The Fund invests in many investments including equities, securities, property, cash and loans. The Fund still has a substantial level of equity, and is in a strong position to be able to repay the debenture whenever required.

There are no provisions or expenses recognised during the year for bad or doubtful debt relating to outstanding balances due from any related parties.

21. Risk management

Financial Risk Management Objectives

The Fund is exposed to a range of risks as part of its daily operations. These risks are managed using an enterprise wide approach in line with sound business practice, Australian risk management standards and the UCIC's approved risk appetite, providing the committee with a comprehensive view of its risk profile.

As part of the risk management framework, a risk management strategy is maintained which includes policies and procedures which detail the approach to the management of risk exposures. The risk management strategy includes systems for identification, analysis, evaluation, treatment, monitoring and reporting of risk, is subject to regular review and is responsive to the changing regulatory and operating environments.

i. Market risk

Market risk is the risk of exposure to changes in the market price of financial assets held by the Fund. The UCIC has an approved asset allocation policy which sets out the investment parameters and guidelines applicable to the Fund. The policy aims to mitigate the risks inherent in investment markets by diversifying the Fund's investing activities across multiple asset classes, segments, managers, models and investments.

The diversified investment mix of the Fund includes some investments that are traded in active markets and regularly fluctuate in value. Total exposure to the Australian share market as at 31 December 2022 was 21.7% of total assets (31 December 2021: 28.3%).

Notes to the Financial Statements

For the year ended 31 December 2022



The Fund holds fixed and floating rate corporate notes, structured investments and real and unlisted property fund investments. These investments continue to be subject to the risk of market value movements.

The UCIC is satisfied that adequate capital exists, in accordance with reserving policies adopted by the Fund, to cover reasonably expected future price fluctuations on its investments.

ii. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The UCIC has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Fund lends money to separately incorporated organisations associated with the Uniting Church, Ministers of the Word and Uniting Church SA employees. Loans to Ministers of the Word and employees are mainly for the purchase of motor vehicles and are immaterial to the asset base of the Fund.

Loans to associated organisations constitute a minor proportion of the Fund's total assets (2.8% at 31 December 2022). These loans are approved on a case by case basis, subject to a credit assessment of the particular organisation which includes analysis of operating cash flows and the ability to repay intended debts. Due to the size and nature of the loans requested, appropriate security is taken over tangible assets. Loans are monitored on a regular basis.

The Fund also invests in a range of unlisted securities issued by a wide variety of organisations. The UCIC have adopted an investment policy which approves the placement of funds in entities that are either Authorised Deposit-Taking Institutions (ADIs) as regulated by the Australian Prudential Regulation Authority (APRA), or independently rated by Standard & Poors (or equivalent) rating agency with an initial credit rating of BBB+ or higher.

The Fund may continue holding unlisted securities which have been subsequently re-rated below BBB+ if the Committee believes that retaining them will produce the best financial outcome in lieu of selling them.

Some smaller ADIs may have an official credit rating lower than BBB+. These securities are approved investments irrespective of their official credit rating.

The table below highlights the exposure to ratings segments as at 31 December 2022 for unlisted corporate securities and residential mortgage backed securities held by the Fund.

Credit Rating	Face Value	Market Value	Cost Base
AAA	4,387,784	4,389,452	4,499,212
AA+	1,551,749	1,553,482	1,570,742
AA	2,047,912	2,046,448	2,048,003
AA-	-	-	-
A+	1,078,448	1,083,145	1,103,841
A	1,160,000	1,135,765	1,161,650
BBB+	92,897,000	92,848,551	93,664,488
BBB (APRA Regulated)	13,903,666	13,724,701	14,237,672
BBB- (APRA Regulated)	11,350,000	11,162,210	11,480,508
BB+ (APRA Regulated)	-	-	-
BB (APRA Regulated)	1,400,000	1,379,406	1,400,000
NR (APRA Regulated)	15,100,000	14,954,372	14,994,101
	144,876,559	144,277,532	146,160,217

Notes to the Financial Statements

For the year ended 31 December 2022



iii. Interest rate risk

The Fund borrows money from investors and promises to repay the principal amount plus interest on agreed terms. The Fund uses these funds to invest in a diversified portfolio of investment assets. Due to the nature of the portfolio not all income received can be attributed to market interest rates or directly linked with interest rates offered to investors. This may potentially create a material difference between interest payable and income receivable.

Due to this risk, revenue and interest expense forecasting is used and analysed regularly to ensure the Fund has the ongoing capacity to pay all interest promised for future periods.

See Appendix 1 for cash flow interest rate sensitivity analysis.

iv. Liquidity risk

Liquidity risk arises from the possibility that the Fund may encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities.

The Fund's approach to managing liquidity risk is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

Policies, systems and structures are in place to measure, monitor and manage liquidity risk. Investor data is reviewed regularly to predict cash flow requirements of investor obligations.

The Fund uses a range of products to ensure it has adequate liquid resources to ensure payment of these obligations. These include at-call and short term deposits held with Authorised Deposit-Taking Institutions (ADIs) and access to a standby credit facility with a major Australian bank.

These products combined with regular reporting and monitoring of assets and liabilities manages the risks involved.

The following tables summarise the maturity profile of the Fund's financial assets and liabilities.

2022 Financial Assets	At Call	< 3 mths	3 to 12 mths	1 to 5 yrs	> 5 yrs	No Specified Maturity	Total Carrying Amount
Cash and cash equivalents	6,948,897						6,948,897
Fixed term deposits		500,000					500,000
NT Treasury Bond				2,000,000			2,000,000
Corporate securities & RMBS		1,997,840	14,333,411	109,554,938	18,391,342		144,277,531
UC Invest Share Fund						30,050,046	30,050,046
UC Invest Direct Property Fund						37,833,027	37,833,027
International equities						13,225,920	13,225,920
Australian hybrids						12,331,546	12,331,546
Magellan Infrastructure Fund						4,655,852	4,655,852
4D Global Infrastructure Fund						6,287,563	6,287,563
Loans and advances		53,468	231,648	7,636,844			7,921,960
Direct equity (restricted asset)						8,527,264	8,527,264
Total financial assets	6,948,897	2,551,308	14,565,058	119,191,783	18,391,342	112,911,218	274,559,606

2022 Financial Liabilities	At Call	< 3 mths	3 to 12 mths	1 to 5 yrs	> 5 yrs	No Specified Maturity	Total Carrying Amount
Financial liabilities	39,645,266	4,467,257	8,580,430	904,675		-	53,597,628
Secured debenture						155,570,785	155,570,785
Total financial liabilities	39,645,266	4,467,257	8,580,430	904,675	-	155,570,785	209,168,413

Notes to the Financial Statements

For the year ended 31 December 2022



2021 Financial Assets	At Call	< 3 mths	3 to 12 mths	1 to 5 yrs	> 5 yrs	No Specified Maturity	Total Carrying Amount
Cash and cash equivalents	9,119,253						9,119,253
Fixed term deposits		4,500,000					4,500,000
Corporate securities & RMBS		-	12,804,113	115,259,299	16,376,924		144,440,336
UC Invest Share Fund						32,590,910	32,590,910
UC Invest Direct Property Fund						38,659,264	38,659,264
International equities						17,406,180	17,406,180
Australian hybrids						12,289,866	12,289,866
Magellan Infrastructure Fund						5,493,794	5,493,794
4D Global Infrastructure Fund						6,741,063	6,741,063
Loans and advances		56,883	241,197	7,938,399			8,236,479
Direct equity (restricted asset)						8,202,059	8,202,059
Total financial assets	9,119,253	4,556,883	13,045,310	123,197,698	16,376,924	121,383,136	287,679,204

2021 Financial Liabilities	At Call	< 3 mths	3 to 12 mths	1 to 5 yrs	> 5 yrs	No Specified Maturity	Total Carrying Amount
Financial liabilities	39,336,219	4,294,094	7,947,988	1,521,532		-	53,099,833
Secured debenture						164,136,061	164,136,061
Total financial liabilities	39,336,219	4,294,094	7,947,988	1,521,532	-	164,136,061	217,235,894

v. Revenue risk

Revenue received may fluctuate due to changes in market or economic conditions. Revenue is received from a diversified pool of investments in order to minimise the risk of extreme income fluctuations.

The UCIC monitors revenue received and makes asset allocation decisions after reviewing both capital growth and future revenue expectations of individual asset classes.

vi. Fair value

The Fund uses various methods in estimating the fair value of a financial instrument. The methods can be categorised into three types:

Level 1: The fair value is calculated using quoted prices in active markets.

Level 2: The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Notes to the Financial Statements

For the year ended 31 December 2022



The fair value of the financial instruments (including financial assets and liabilities measured at amortised cost) as well as the methods used to estimate the fair value are summarised in the table below.

	Year Ended 31 December 2022				Year Ended 31 December 2021			
	Quoted Market Price	Valuation Technique: Market Observable Inputs	Valuation Technique: Non Market Observable Inputs	Total	Quoted Market Price	Valuation Technique: Market Observable Inputs	Valuation Technique: Non Market Observable Inputs	Total
Financial Assets	LEVEL 1 \$ 000's	LEVEL 2 \$ 000's	LEVEL 3 \$ 000's		LEVEL 1 \$ 000's	LEVEL 2 \$ 000's	LEVEL 3 \$ 000's	
Bank Accounts	6,949			6,949	9,119			9,119
Financial assets								
Term deposits	500			500	4,500			4,500
NT Treasury Bond	2,000			2,000				-
Share Fund		30,050		30,050		32,591		32,591
Direct Property Fund		37,833		37,833		38,660		38,660
International equities	13,225			13,225	17,406			17,406
Australian hybrids	12,332			12,332	12,290			12,290
Magellan Infrastructure Fund		4,656		4,656		5,494		5,494
4D Global Infrastructure Fund		6,288		6,288		6,741		6,741
Corporate securities		133,661		133,661		126,544		126,544
RMB securities		10,617		10,617		17,896		17,896
Loans			7,922	7,922			8,237	8,237
Direct equity asset			8,527	8,527			8,202	8,202
TOTAL	35,006	223,105	16,449	274,560	43,315	227,926	16,439	287,680
Financial Liabilities	LEVEL 1 \$ 000's	LEVEL 2 \$ 000's	LEVEL 3 \$ 000's		LEVEL 1 \$ 000's	LEVEL 2 \$ 000's	LEVEL 3 \$ 000's	
Internal investors	53,598			53,598	53,100			53,100
Secured debenture	155,571			155,571	164,136			164,136
TOTAL	209,169	-	-	209,169	217,236	-	-	217,236

- Quoted market price represents the fair value as quoted on active markets at 31 December 2022 without any deduction for transaction costs.
- For financial instruments not quoted in active markets, the Fund uses valuation techniques such as comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.
- The fair value of property and corporate notes has been determined using a range of valuation techniques.
- Loans made to individuals and organisations have been valued on the amount outstanding as at balance date.
- Term deposits are valued on the face value of the investment.
- Any interest accrued but not paid to the investor is included in Trade and Other Payables.

Notes to the Financial Statements

For the year ended 31 December 2022



Sensitivity Analysis

i. Market risk

The UCIC has performed a sensitivity analysis relating to its exposure to market risk as at 31 December 2022. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Change in profit	2022	2021
Decrease in the market value of unlisted and direct property investments by 10%	(3,783,303)	(3,865,926)
Increase in the market value of unlisted and direct property investments by 10%	3,783,303	3,865,926
Change in equity		
Decrease in the market value of unlisted and direct property investments by 10%	(3,783,303)	(3,865,926)
Increase in the market value of unlisted and direct property investments by 10%	3,783,303	3,865,926
Change in profit		
Decrease in the market value of interest rate instruments by 10%	(13,366,053)	(12,654,401)
Increase in the market value of interest rate instruments by 10%	13,366,053	12,654,401
Change in equity		
Decrease in the market value of interest rate instruments by 10%	(14,427,753)	(14,444,034)
Increase in the market value of interest rate instruments by 10%	14,427,753	14,444,034
Change in profit		
Decrease in the market value of listed and unlisted securities by 25%	(16,637,732)	(18,630,453)
Increase in the market value of listed and unlisted securities by 25%	16,637,732	18,630,453
Change in equity		
Decrease in the market value of listed and unlisted securities by 25%	(16,637,732)	(18,630,453)
Increase in the market value of listed and unlisted securities by 25%	16,637,732	18,630,453

ii. Revenue risk

The UCIC has performed a sensitivity analysis relating to its exposure to revenue risk as at 31 December 2022. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Notes to the Financial Statements

For the year ended 31 December 2022



	2022	2021
Change in profit		
Decrease in income from interest related investments by 20%	(1,224,567)	(1,052,823)
Increase in income from interest related investments by 20%	1,224,567	1,052,823
Change in equity		
Decrease in income from interest related investments by 20%	(1,224,567)	(1,052,823)
Increase in income from interest related investments by 20%	1,224,567	1,052,823
Change in profit		
Decrease in income from property related investments by 20%	(285,235)	(437,218)
Increase in income from property related investments by 20%	285,235	437,218
Change in equity		
Decrease in income from property related investments by 20%	(285,235)	(437,218)
Increase in income from property related investments by 20%	285,235	437,218
Change in profit		
Decrease in income from listed and unlisted securities by 20%	(611,622)	(557,983)
Increase in income from listed and unlisted securities by 20%	611,622	557,983
Change in equity		
Decrease in income from listed and unlisted securities by 20%	(611,622)	(557,983)
Increase in income from listed and unlisted securities by 20%	611,622	557,983

iii. Interest rate risk

The UCIC has performed a sensitivity analysis relating to its exposure to interest rate risk as at 31 December 2022. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Notes to the Financial Statements

For the year ended 31 December 2022



	2022	2021
Change in profit		
Decrease in average interest rate payable to investors by 1%	2,091,684	2,464,926
Increase in average interest rate payable to investors by 1%	(2,091,684)	(2,464,926)
Change in equity		
Decrease in average interest rate payable to investors by 1%	2,091,684	2,464,926
Increase in average interest rate payable to investors by 1%	(2,091,684)	(2,464,926)
Change in profit		
Decrease in average interest rate receivable from interest related investments by 1%	(1,807,784)	(1,919,826)
Increase in average interest rate receivable from interest related investments by 1%	1,807,784	1,919,826
Change in equity		
Decrease in average interest rate receivable from interest related investments by 1%	(1,807,784)	(1,919,826)
Increase in average interest rate receivable from interest related investments by 1%	1,807,784	1,919,826

22. Events subsequent to reporting date

The UCIC is not aware of any other matters or circumstances not dealt with in the financial statements (refer to 19. Related Party Transactions) that has significantly or may significantly affect the operations of the Company.

23. Economic dependency

Uniting Fund SA is an activity of The Uniting Church in Australia Property Trust (S.A.), which is the legal entity of the Uniting Church in South Australia.

All assets owned by the Fund are held in the name of The Uniting Church in Australia Property Trust (S.A.).



Appendix 1: Cash flow interest rate sensitivity analysis

Financial Assets	Weighted Average Effective Interest Rate		Floating Interest		Within 1 Year		Within 2 Years		Within 3 Years		Over 3 Years		Non-Interest Bearing		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	%	%	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Cash & Cash Equivalents	2.28	0.08	6,949	9,119											6,949	9,119
Trade & Other Receivables	N/A	N/A											2,662	1,747	-	-
Financial Assets																
Fixed Term Deposits	2.84	0.63		514	4,529										514	4,529
NT Treasury Bond	1.90	0.00									2,038				2,038	-
Loans & Receivables	5.08	2.12		769	555	767	554	1,028	849		8,396	7,585			10,961	9,544
Corporate Notes & RMBS	5.83	2.35		24,641	16,183	26,011	23,435	52,761	21,167		77,989	81,806			181,402	142,591
Magellan Infrastructure Fund	N/A	N/A											4,656	5,494	4,656	5,494
4D Global Infrastructure Fund	N/A	N/A											6,288	6,741	6,288	6,741
Share Investments	N/A	N/A											30,050	32,591	30,050	32,591
Unlisted Property	N/A	N/A											37,833	38,659	37,833	38,659
International Equities	N/A	N/A											13,226	17,406	13,226	17,406
Australian Hybrids	N/A	N/A											12,332	12,290	12,332	12,290
Total Financial Assets			6,949	9,119	25,924	21,267	26,778	23,989	53,789	22,016	88,423	89,391	107,047	114,928	308,911	280,711
Financial Liabilities																
Investor's Funds	2.80	0.86														
Secured Debenture	3.49	3.61	40,800	39,584	13,361	12,418	24	28	5	2	-	-			54,190	52,032
Trade & Other Payables	N/A	N/A			5,435	5,922	5,435	5,922	5,435	5,922	161,006	170,058	273	240	177,311	187,824
Total Financial Liabilities			40,800	39,584	18,796	18,340	5,459	5,950	5,440	5,924	161,006	170,058	273	240	231,774	240,096

Note: The amounts presented above represent principal and interest cash flows and may differ when compared to the carrying amount reported on the Statement of Financial Position.

Declaration of the Committee

31 December 2022



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

- a) the financial statements and notes set out on pages 1 to 26 of the Uniting Fund SA 2022 Financial Report:
 - i. comply with Australian Accounting Standards and other mandatory professional reporting requirements; and
 - ii. give a true and fair view of the Fund's financial position as at 31 December 2022 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
- b) there are reasonable grounds to believe that the Fund is able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the members of Uniting Church Investment Committee.

Michael McClaren
Chairperson
Uniting Church Investment Committee

Wayne Matters
Chairperson, Audit Committee
Uniting Church Investment Committee

Adelaide
5 May 2023

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNITING FUND SA****Opinion**

We have audited the financial report of Uniting Fund SA ("the entity"), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other 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 Committee.

In our opinion, the accompanying financial report presents fairly, in all material respects, the entity's financial position as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

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 & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (*including Independence Standards*) (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.

Other information

The Committee are responsible for the other information. The other information comprises the information in the entity's annual report for the period ended 31 December 2022, 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.

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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNITING FUND SA (CONT)****Committee's responsibility for the financial report**

The Committee is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as the Committee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee is 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 management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

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.
- 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 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.

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

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

- 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 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.



Nexia Edwards Marshall
Chartered Accountants



Matthew O'Connor
Partner

Adelaide
South Australia

5 May 2023

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

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2022 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
Chartered Accountants



Matthew O'Connor
Partner

Adelaide
South Australia

5 May 2023