Uniting Church. **Uniting People.**

Uniting Fund SA

December 31

2019

Financial Report

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.

Statement of Profit or Loss and Other Comprehensive Income

For the year to 31 December 2019

	Note	2019 $	2018 $
This statement should be read in conjunction with the accompanying notes			
Revenue	2	12,436,073	13,376,662
Expenses	3	(477,290)	(494,306)
Finance costs	4	(9,408,221)	(8,893,657)
Net movement of financial assets measured at fair value	11	8,629,578	(2,628,127)
OPERATING PROFIT / (LOSS) FOR THE YEAR		**11,180,140**	**1,360,572**
Realised profit / (loss) on sale of assets	6	(284,172)	(53,965)
Settlement of legal claims	7	614,412	-
PROFIT / (LOSS) FOR THE YEAR		**11,510,380**	**1,306,607**
OTHER COMPREHENSIVE INCOME			
Items which may be subsequently reclassified to profit or loss			
Net gain / (loss) on revaluation of financial assets	6	742,462	235,406
Transfer to income on sale of financial assets	6	254,615	13,215
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**12,507,457**	**1,555,228**

Statement of Financial Position

As at 31 December 2019

	Note	2019	2018
This statement should be read in conjunction with the accompanying notes		$	$
Assets			
Cash & cash equivalents	8	27,880,558	19,986,010
Trade & other receivables	9	1,650,975	2,491,493
Financial assets measured at amortised cost	10	3,936,273	11,624,385
Financial assets measured at fair value through profit or loss	11	220,809,800	197,388,250
Financial assets measured at fair value through other comprehensive income	12	34,291,141	41,513,138
Total Assets		**288,568,747**	**273,003,276**
Liabilities			
Financial liabilities measured at amortised cost	13	230,992,887	227,846,606
Trade & other payables	14	113,536	113,772
Employee benefits	15	146,476	183,374
Other liabilities	16	18,162	19,295
Total Liabilities		**231,271,061**	**228,163,047**
Net Assets		**57,297,686**	**44,840,229**
Equity			
Accumulated funds		56,214,794	44,754,414
Asset revaluation reserve	17	1,082,892	85,815
Total Equity		**57,297,686**	**44,840,229**

Statement of Changes in Equity

For the year to 31 December 2019

This statement should be read in conjunction with the accompanying notes

	Accumulated Funds	Asset Revaluation Reserve	Total
Balance at 1 January 2018	44,002,432	(162,806)	43,839,626
Profit for the year	1,306,607	-	1,306,607
Other comprehensive income	-	248,621	248,621
Distribution to the Uniting Church SA	(554,625)	-	(554,625)
Balance at 31 December 2018	**44,754,414**	**85,815**	**44,840,229**
Balance at 1 January 2019	44,754,414	85,815	44,840,229
Profit for the year	11,510,380	-	11,510,380
Other comprehensive income	-	997,077	997,077
Distribution to the Uniting Church SA - Disaster Fund	(50,000)	-	(50,000)
Balance at 31 December 2019	**56,214,794**	**1,082,892**	**57,297,686**

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Statement of Cash Flows

For the year to 31 December 2019

	Note	2019 $	2018 $
This statement should be read in conjunction with the accompanying notes			
Cash Flows from Operating Activities			
Receipts		276,263	251,175
Interest received		7,471,794	8,376,794
Distributions received		3,287,601	2,697,544
Payments		(529,720)	(484,406)
Finance costs		(891,519)	(568,294)
Proceeds from legal claims		614,412	-
Net cash flows provided by / (used in) operating activities	18	**10,228,831**	**10,272,813**
Cash Flows from Investing Activities			
Sale of investments		55,463,093	51,531,044
Purchase of investments		(52,374,654)	(32,148,467)
Net cash flows provided by / (used in) investing activities		**3,088,439**	**19,382,577**
Cash Flows from Financing Activities			
Investments by investors		32,417,426	52,036,959
Withdrawals by investors		(31,790,148)	(267,016,611)
Investments by UCSAIF[1] into secured debenture		23,000,000	204,545,704
Redemptions by UCSAIF from secured debenture		(29,000,000)	(26,500,000)
Distribution to the Uniting Church SA		(50,000)	(1,195,395)
Net cash flows provided by / (used in) financing activities		**(5,422,722)**	**(38,129,343)**
Net increase / (decrease) in cash held		7,894,548	(8,473,953)
Cash at beginning of year		19,986,010	28,459,963
Cash at End of Year	8	**27,880,558**	**19,986,010**

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

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 2019, 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 8 May 2020.

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.

Nearly 98% of retail and wholesale clients who were previously investors within the UCAPT structure were migrated to UCSAIF on 31 March 2018. This initial transfer amount was $202.05 million. No retail or wholesale clients remain within Uniting Fund SA.

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)
Kevin Benger (Non-executive, Chairperson Audit Committee)
Wayne Matters (Non-executive, Chairperson Risk Committee)
Allison Ashby (Non-executive)
Karen Eley (Non-executive)
Tom Adams (Non-executive) (Retired 21 December 2019)
Peter Battersby (Executive) – Remunerated by Uniting Church SA

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.

(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;
- 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.

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.

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 approach
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.

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.

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.

(l) Adoption of new Accounting Standards and Interpretations

The Fund has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

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

AASB 15 Revenue from Contracts with Customers

The company has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases

The company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

AASB 1058 Income of Not-for-Profit Entities
The company has adopted AASB 1058 from 1 January 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption
AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 January 2019 or on the recognition and measurement applied for the 2019 financial year.

(m) Accounting Standards for application in future reporting periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 December 2019. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

	2019	**2018**
2. Revenue		
Dividends and distributions	4,904,610	4,949,352
Interest received	7,277,632	8,187,321
Management fees received	253,757	239,697
Other income	74	292
	12,436,073	**13,376,662**
3. Expenses		
Administration	163,393	171,754
Personnel costs [1]	301,897	310,552
Investment manager's retainer	12,000	12,000
	477,290	**494,306**

[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

	2019	2018
Interest paid to UCSAIF via secured debenture	8,399,954	6,487,987
Interest paid to investors	1,000,282	2,396,839
Interest paid on bank facilities	7,985	8,831
	9,408,221	**8,893,657**

5. Auditor's remuneration

Fee paid in relation to audit	5,550	5,500
Audit fees paid in relation to other investment entities managed by the Uniting Church Investment Committee	2,920	2,860
	8,470	**8,360**

** 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 2019 *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	124,285	-	153,842	254,615	(284,172)
Direct equity instrument	588,620	-	588,620	-	-
	712,905	**-**	**742,462**	**254,615**	**(284,172)**

The following have been recognised in the 2018 *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	(268,009)	-	(227,259)	13,215	(53,965)
Direct equity instrument	462,665	-	462,665	-	-
	194,656	**-**	**235,406**	**13,215**	**(53,965)**

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 2008 and 2009. The value of these investment products were written-off in previous financial reporting periods.

During 2019 the Fund received settlement proceeds totalling $614,412 (2018: nil) resulting from these legal claims, as shown in the Statement of Profit or Loss and Other Comprehensive Income.

It is anticipated that the Fund will be the recipient of further proceeds in the future. It is currently unclear as to the final value and timing of these payments.

	2019	2018

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:

	2019	2018
Cash at bank	384,437	139,027
Cash management accounts	27,496,121	19,846,983
	27,880,558	**19,986,010**

9. Trade and other receivables

	2019	2018
Sundry debtors	29,449	51,882
Prepayments	30,049	13,586
Accrued interest, distributions & franking credits	1,591,477	2,426,025
	1,650,975	**2,491,493**

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.

2019	**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	1,650,975	-	-	-	1,650,975
Loss allowing provision	-	-	-	-	-
	1,650,975	**-**	**-**	**-**	**1,650,975**

2018	**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	2,491,493	-	-	-	2,491,493
Loss allowing provision	-	-	-	-	-
	2,491,493	**-**	**-**	**-**	**2,491,493**

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

10. Financial assets held at amortised cost

Financial assets measured at amortised cost consist of fixed term deposits held with approved 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.

	2019	**2018**
Fixed term deposits	500,000	7,500,000
Loans and advances - secured	3,433,540	4,106,318
Loans and advances - unsecured	2,733	18,067
	3,936,273	**11,624,385**

Impairment of financial assets measured at amortised cost

Class of Asset	**Gross Carrying Amount**	**Loss Allowing Provision**	**Loss Adjusted Carrying Amount**
Fixed term deposits	500,000	-	500,000
Loans & advances - secured	3,433,540	-	3,433,540
Loans & advances - unsecured	2,733	-	2,733
	3,936,273	**-**	**3,936,273**

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 or 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 publically 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 31/12/18**	**Purchases**	**Sales**	**Net change in value for the year**	**Market Value 31/12/19**
UC Invest Share Fund	28,711,842	2,257,396	(8,300,000)	5,213,263	27,882,501
UC Invest Direct Property Fund	39,165,388	-	-	676,890	39,842,278
International Equities *(ASX listed)*	8,140,140	-	-	2,525,870	10,666,010
Magellan Infrastructure Fund	-	5,492,804	-	67,297	5,560,101
4D Global Infrastructure Fund	-	5,500,000	-	49,880	5,549,880
Australian Hybrids *(ASX listed)*	10,004,143	1,784,554	(1,239,700)	348,175	10,897,172
Unlisted Corporate Securities	111,366,737	30,597,088	(21,300,170)	(251,797)	120,411,858
	197,388,250	**45,631,842**	**(30,839,870)**	**8,629,578**	**220,809,800**

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

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 back 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 31/12/18	Purchases	Sales	Change in value for the year	Market Value 31/12/19
Mortgage backed securities	34,550,473	2,000,000	(9,934,903)	124,286	26,739,856
Direct equity (restricted asset)	6,962,665	-	-	588,620	7,551,285
	41,513,138	**2,000,000**	**(9,934,903)**	**712,906**	**34,291,141**

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 Allowing Provision	Loss Adjusted Carrying Amount
Mortgage backed securities	26,739,856	-	26,739,856
Direct equity (restricted asset)	7,551,285	-	7,551,285
	34,291,141	**-**	**34,291,141**

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

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.

	2019	2018
Unsecured debentures	44,059,242	43,312,915
Secured debenture issued to UCSAIF	186,933,645	184,533,691
	230,992,887	**227,846,606**

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

14. Trade and other payables

	2019	2018
Sundry creditors	15,088	14,157
Accrued interest payable to associated entities	98,448	99,615
	113,536	**113,772**

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

15. Employee benefits

Annual leave	40,016	41,889
Long service leave	106,460	141,485
	146,476	**183,374**
Current	126,086	179,171
Non-Current	20,390	4,203
	146,476	**183,374**

16. Other liabilities

Investor redemptions payable	18,162	19,295
	18,162	**19,295**

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

17. Asset revaluation reserve

Financial Assets	**Asset revaluation reserve 31/12/2018 +**	**Inc / (Dec) in market value during year +**	**Reversal of prior year revaluation on sale =**	**Asset revaluation reserve 31/12/2019**
Mortgage backed securities	(376,850)	153,842	254,615	31,607
Direct equity (restricted asset)	462,665	588,620	-	1,051,285
	85,815	**742,462**	**254,615**	**1,082,892**

Financial Assets	**Asset revaluation reserve 31/12/2017 +**	**Inc / (Dec) in market value during year +**	**Reversal of prior year revaluation on sale =**	**Asset revaluation reserve 31/12/2018**
Mortgage backed securities	(162,806)	(227,259)	13,215	(376,850)
Direct equity (restricted asset)	-	462,665	-	462,665
	(162,806)	**235,406**	**13,215**	**85,815**

18. Cash flow information

Reconciliation of profit to net cash flows from operating activities:

	2019	2018
Profit / (Loss) for the year	**11,510,380**	**1,306,607**
Non-cash items in profit		
Net movement in financial assets measured at fair value	(8,629,578)	2,628,127
Realised (profit) / loss on sale of assets	284,172	53,965
Non-cash investor movements	8,517,869	8,992,344
Investment income reinvested	(2,257,396)	(1,729,592)
Changes in assets and liabilities		
(Increase) / Decrease in operating receivables	840,518	(321,391)
Increase / (Decrease) in operating payables	(37,134)	(657,247)
Cash flow from operating activities	**10,228,831**	**10,272,813**

Changes in liabilities arising from Financing Activities

	Balance 1/1/2019	Net cash flows	Reinvested interest	Non-cash adjustments	Balance 31/12/2019
Financial Liabilities	227,846,606	(5,372,722)	8,517,869	1,134	230,992,887

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:

	2019	2018
Cash and cash equivalents *(Refer to Note 8)*	27,880,558	19,986,010
Cash at end of year	**27,880,558**	**19,986,010**

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 Uniting 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.

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.

With UCSAIF commencing operations in April 2018, the transactional activity relating to the debenture was significant higher than would be expected in future periods. During 2018 UCSAIF invested a total of $204.5 million in the debenture and redeemed $26.5 million. Uniting Fund SA also paid UCSAIF $6.49 million in interest payments which is disclosed in Note 4.

Since the end of 2019 investment markets have been volatile. The Fund invests in many investments including equities, securities, property, cash and loans. Several of these investment markets have decreased in market value substantially, which has had a negative effect on the value of investments held by the Fund. 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.

The UCIC ensures a sound risk management culture is maintained and embedded in the values and behaviours of the entity. The material financial risks faced by the Fund include market risk, credit risk, interest rate risk, liquidity risk and revenue risk.

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 2019 was 17.1% of total assets (*31 December 2018: 17.2%*).

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 (1.2% at 31 December 2019). 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 2019 for unlisted corporate securities and residential mortgage backed securities held by the Fund.

Credit Rating	Face Value	Market Value	Cost Base
AAA	7,258,488	7,090,239	7,081,923
AA	7,103,975	7,234,556	7,171,004
AA-	3,069,006	3,131,399	3,099,075
A+	5,214,880	5,537,520	5,720,489
A	5,165,574	5,188,298	5,237,627
A-	10,700,000	10,823,735	10,737,372
BBB+	52,920,000	53,880,986	53,419,917
BBB (APRA Regulated)	29,397,000	29,770,037	30,042,706
BBB- (APRA Regulated)	11,470,000	11,667,254	11,841,515
BB+ (APRA Regulated)	9,000,000	9,056,835	9,192,828
NR (APRA Regulated)	3,750,000	3,770,855	3,780,321
	145,048,923	**147,151,714**	**147,324,777**

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.

2019 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	27,880,558						27,880,558
Fixed term deposits		500,000					500,000
Corporate securities & RMBS		6,491,314	43,706,404	83,732,313	13,221,683		147,151,714
UC Invest Share Fund						27,882,501	27,882,501
UC Invest Direct Property Fund						39,842,278	39,842,278
International equities						10,666,010	10,666,010
Australian hybrids						10,897,172	10,897,172
Magellan Infrastructure Fund						5,560,101	5,560,101
4D Global Infrastructure Fund						5,549,880	5,549,880
Loans and advances		103,140	315,719	3,017,414		-	3,436,273
Direct equity (restricted asset)						7,551,285	7,551,285
Total financial assets	**27,880,558**	**7,094,454**	**44,022,123**	**86,749,727**	**13,221,683**	**107,949,227**	**286,917,772**

2019 Financial Liabilities	At Call	< 3 mths	3 to 12 mths	1 to 5 yrs	> 5 yrs	No Specified Maturity	Total Carrying Amount
Financial liabilities	30,756,101	5,557,206	7,088,051	657,884		-	44,059,242
Secured debenture						186,933,645	186,933,645
Total financial liabilities	**30,756,101**	**5,557,206**	**7,088,051**	**657,884**	**-**	**186,933,645**	**230,992,887**

2018 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	19,986,010						19,986,010
Fixed term deposits		7,500,000					7,500,000
Corporate securities & RMBS		9,345,357	16,791,234	111,449,714	8,330,905		145,917,210
UC Invest Share Fund						28,711,842	28,711,842
UC Invest Direct Property Fund						39,165,388	39,165,388
International equities						8,140,140	8,140,140
Australian hybrids						10,004,143	10,004,143
Loans and advances		186,399	536,355	3,401,631			4,124,385
Direct equity (restricted asset)						6,962,665	6,962,665
Total financial assets	**19,986,010**	**17,031,756**	**17,327,589**	**114,851,345**	**8,330,905**	**92,984,178**	**270,511,783**

2018 Financial Liabilities	At Call	< 3 mths	3 to 12 mths	1 to 5 yrs	> 5 yrs	No Specified Maturity	Total Carrying Amount
Financial liabilities	29,660,733	3,581,575	7,853,260	2,217,347			43,312,915
Secured debenture						184,533,691	184,533,691
Total financial liabilities	**29,660,733**	**3,581,575**	**7,853,260**	**2,217,347**	**-**	**184,533,691**	**227,846,606**

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.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Year Ended 31 December 2019				Year Ended 31 December 2018			
	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	27,881			27,881	19,986			19,986
Financial assets								
Term deposits	500			500	7,500			7,500
Share Fund		27,883		27,883		28,712		28,712
Direct Property Fund		39,842		39,842		39,165		39,165
International equities	10,666			10,666	8,140			8,140
Australian hybrids	10,897			10,897	10,004			10,004
Magellan Infrastructure Fund		5,560		5,560				
4D Global Infrastructure Fund		5,550		5,550				
Corporate securities		120,412		120,412		111,367		111,367
RMB securities		26,740		26,740		34,550		34,550
Loans	3,436			3,436	4,124			4,124
Direct equity asset			7,551	7,551			6,963	6,963
TOTAL	**53,380**	**225,987**	**7,551**	**286,918**	**49,754**	**213,794**	**6,963**	**270,511**

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	44,059			44,059	43,313			43,313
Secured debenture	186,934			186,934	184,534			184,534
TOTAL	**230,993**	**-**	**-**	**230,993**	**227,847**	**-**	**-**	**227,847**

- Quoted market price represents the fair value as quoted on active markets at 31 December 2019 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.

- Internal investors and the secured debenture are valued on the amount invested. Any interest accrued but not paid to the investor is included in *Trade and Other Payables*.

Sensitivity Analysis

i. **Market risk**
The UCIC has performed a sensitivity analysis relating to its exposure to market risk as at 31 December 2019. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

	2019	2018
Change in profit		
Decrease in the market value of unlisted and direct property investments by 10%	(3,984,228)	(3,916,539)
Increase in the market value of unlisted and direct property investments by 10%	3,984,228	3,916,539
Change in equity		
Decrease in the market value of unlisted and direct property investments by 10%	(3,984,228)	(3,916,539)
Increase in the market value of unlisted and direct property investments by 10%	3,984,228	3,916,539
Change in profit		
Decrease in the market value of interest rate instruments by 10%	(12,041,186)	(11,136,674)
Increase in the market value of interest rate instruments by 10%	12,041,186	11,136,674
Change in equity		
Decrease in the market value of interest rate instruments by 10%	(14,715,171)	(14,591,721)
Increase in the market value of interest rate instruments by 10%	14,715,171	14,591,721
Decrease in the market value of listed and unlisted securities by 25%	(15,138,916)	(11,714,031)
Increase in the market value of listed and unlisted securities by 25%	15,138,916	11,714,031
Change in equity		
Decrease in the market value of listed and unlisted securities by 25%	(15,138,916)	(11,714,031)
Increase in the market value of listed and unlisted securities by 25%	15,138,916	11,714,031

ii. **Revenue risk**
The UCIC has performed a sensitivity analysis relating to its exposure to revenue risk as at 31 December 2019. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

	2019	2018
Change in profit		
Decrease in income from interest related investments by 20%	(1,455,526)	(1,637,464)
Increase in income from interest related investments by 20%	1,455,526	1,637,464
Change in equity		
Decrease in income from interest related investments by 20%	(1,455,526)	(1,637,464)
Increase in income from interest related investments by 20%	1,455,526	1,637,464
Change in profit		
Decrease in income from property related investments by 20%	(439,900)	(432,035)
Increase in income from property related investments by 20%	439,900	432,035
Change in equity		
Decrease in income from property related investments by 20%	(439,900)	(432,035)
Increase in income from property related investments by 20%	439,900	432,035
Change in profit		
Decrease in income from listed and unlisted securities by 20%	(541,022)	(557,836)
Increase in income from listed and unlisted securities by 20%	541,022	557,836
Change in equity		
Decrease in income from listed and unlisted securities by 20%	(541,022)	(557,836)
Increase in income from listed and unlisted securities by 20%	541,022	557,836

iii. Interest rate risk

The UCIC has performed a sensitivity analysis relating to its exposure to interest rate risk as at 31 December 2019. 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	2019	2018
Decrease in average interest rate payable to investors by 1%	2,309,929	2,278,466
Increase in average interest rate payable to investors by 1%	(2,309,929)	(2,278,466)
Change in equity		
Decrease in average interest rate payable to investors by 1%	2,309,929	2,278,466
Increase in average interest rate payable to investors by 1%	(2,309,929)	(2,278,466)

Change in profit		
Decrease in average interest rate receivable from interest related investments by 1%	(1,789,685)	(1,775,276)
Increase in average interest rate receivable from interest related investments by 1%	1,789,685	1,775,276
Change in equity		
Decrease in average interest rate receivable from interest related investments by 1%	(1,789,685)	(1,775,276)
Increase in average interest rate receivable from interest related investments by 1%	1,789,685	1,775,276

22. Events subsequent to reporting date

Subsequent to balance date, listed equities markets have been very volatile. The large decreases in the market values so far in 2020 have had a negative impact on this entity.

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

	Weighted Average Effective Interest Rate		Floating Interest		Within 1 Year		Within 2 Years		Within 3 Years		Over 3 Years		Non-Interest Bearing		Total	
	2019 %	2018 %	2019 $ 000's	2018 $ 000's	2019 $ 000's	2018 $ 000's	2019 $ 000's	2018 $ 000's	2019 $ 000's	2018 $ 000's	2019 $ 000's	2018 $ 000's	2019 $ 000's	2018 $ 000's	2019 $ 000's	2018 $ 000's
Financial Assets																
Cash & Cash Equivalents	1.85	1.80	27,881	19,986											27,881	19,986
Trade & Other Receivables	N/A	N/A											1,651	2,491	1,651	2,491
Financial Assets																
Fixed Term Deposits	0.87	2.73			504	7,705									504	7,705
Loans & Receivables	3.5	3.93			830	850	826	845	579	841	1,592	1,928			3,827	4,464
Corporate Notes & RMBS	3.94	5.13			54,534	32,679	43,665	58,825	15,121	47,823	48,158	37,824			161,478	177,151
Magellan Infrastructure Fund	N/A												5,560		5,560	-
4D Global Infrastructure Fund	N/A												5,550		5,550	-
Share Investments	N/A	N/A											27,883	38,716	27,883	38,716
Unlisted Property	N/A	N/A											39,842	39,165	39,842	39,165
International Equities	N/A	N/A											10,666	8,140	10,666	8,140
Australian Hybrids	N/A	N/A											10,897	10,004	10,897	10,004
Total Financial Assets			**27,881**	**19,986**	**55,868**	**41,234**	**44,491**	**59,670**	**15,700**	**48,664**	**49,750**	**39,752**	**102,049**	**98,516**	**295,739**	**307,822**
Financial Liabilities																
Investor's Funds	2.03	2.39	31,287	30,296	12,988	11,835	17	1,998	5	298	-	3			44,297	44,430
Secured Debenture	4.49	4.52			8,400	8,341	8,400	8,341	8,400	8,341	195,334	192,875			220,534	217,898
Trade & Other Payables	N/A	N/A											278	316	278	316
Total Financial Liabilities			**31,287**	**30,296**	**21,388**	**20,176**	**8,417**	**10,339**	**8,405**	**8,639**	**195,334**	**192,878**	**278**	**316**	**265,109**	**262,644**

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.

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

a) the financial statements and notes set out on pages 1 to 28 of the Uniting Fund SA 2019 Financial Report:

   i. comply with Australian Accounting Standards and other mandatory professional reporting requirements to the extent described in Note 1; and

   ii. give a true and fair view of the Fund's financial position as at 31 December 2019 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 is able to pay its debts as and when they become due and payable; and

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

Michael McClaren
Chairperson
Uniting Church Investment Committee

Kevin Benger
Chairperson Audit Committee
Uniting Church Investment Committee

Adelaide
8 May 2020