Uniting Fund SA

December 31

2020

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 2020

This statement should be read in conjunction with the accompanying notes

	Note	2020 $	2019 $
Revenue	2	10,595,097	12,436,073
Expenses	3	(463,036)	(477,290)
Finance costs	4	(8,066,411)	(9,408,221)
Net movement of financial assets measured at fair value	11	(3,361,776)	8,629,578
OPERATING PROFIT / (LOSS) FOR THE YEAR		**(1,296,126)**	**11,180,140**
Realised profit / (loss) on sale of assets	6	21,898	(284,172)
Settlement of legal claims	7	-	614,412
PROFIT / (LOSS) FOR THE YEAR		**(1,274,228)**	**11,510,380**
OTHER COMPREHENSIVE INCOME			
Items which may be subsequently reclassified to profit or loss			
Net gain on revaluation of financial assets	6	166,755	742,462
Transfer to profit / (loss) on sale of financial assets	6	(6,712)	254,615
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(1,114,185)**	**12,507,457**

Statement of Financial Position

As at 31 December 2020

This statement should be read in conjunction with the accompanying notes

	Note	2020 $	2019 $
Assets			
Cash and cash equivalents	8	26,647,470	27,880,558
Trade and other receivables	9	1,242,110	1,650,975
Financial assets measured at amortised cost	10	8,960,263	3,936,273
Financial assets measured at fair value through profit or loss	11	238,073,366	220,809,800
Financial assets measured at fair value through other comprehensive income	12	27,964,811	34,291,141
Total Assets		**302,888,020**	**288,568,747**
Liabilities			
Financial liabilities measured at amortised cost	13	246,492,554	230,992,887
Trade and other payables	14	79,022	113,536
Employee benefits	15	152,991	146,476
Other liabilities	16	1,835	18,162
Total Liabilities		**246,726,402**	**231,271,061**
Net Assets		**56,161,618**	**57,297,686**
Equity			
Accumulated funds		54,918,683	56,214,794
Asset revaluation reserve	17	1,242,935	1,082,892
Total Equity		**56,161,618**	**57,297,686**

Statement of Changes in Equity

For the year to 31 December 2020

This statement should be read in conjunction with the accompanying notes

	Accumulated Funds	Asset Revaluation Reserve	Total
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**
Balance at 1 January 2020	56,214,794	1,082,892	57,297,686
Loss for the year	(1,274,228)	-	(1,274,228)
Other comprehensive income	-	160,043	160,043
Distribution to the Uniting Church SA - Disaster Fund	(21,883)	-	(21,883)
Balance at 31 December 2020	**54,918,683**	**1,242,935**	**56,161,618**

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Statement of Cash Flows

For the year to 31 December 2020

	Note	2020 $	2019 $
This statement should be read in conjunction with the accompanying notes			
Cash Flows from Operating Activities			
Receipts		362,181	276,263
Interest received		5,377,366	7,471,794
Distributions received		4,138,603	3,287,601
Payments		(450,049)	(529,720)
Finance costs		(727,546)	(891,519)
Proceeds from legal claims		-	614,412
Net cash flows provided by / (used in) operating activities	18	**8,700,555**	**10,228,831**
Cash Flows from Investing Activities			
Sale of investments		50,331,866	55,463,093
Purchase of investments		(68,345,126)	(52,374,654)
Net cash flows provided by / (used in) investing activities		**(18,013,260)**	**3,088,439**
Cash Flows from Financing Activities			
Investments by investors		29,628,805	32,417,426
Withdrawals by investors		(21,527,305)	(31,790,148)
Investments by UCSAIF[1] into secured debenture		21,000,000	23,000,000
Redemptions by UCSAIF from secured debenture		(21,000,000)	(29,000,000)
Distribution to the Uniting Church SA		(21,883)	(50,000)
Net cash flows provided by / (used in) financing activities		**8,079,617**	**(5,422,722)**
Net increase / (decrease) in cash held		(1,233,088)	7,894,548
Cash at beginning of year		27,880,558	19,986,010
Cash at End of Year	8	**26,647,470**	**27,880,558**

[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 2020, 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 23 April 2021.

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) – Retired 13 February 2021
Wayne Matters (Non-executive, Chairperson Audit Committee)
Allison Ashby (Non-executive)
Karen Eley (Non-executive)
Ryan Dick (Non-executive, Chairperson Risk Committee) – Appointed 30 July 2020
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.

a) 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.

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.

2. Revenue

	2020	**2019**
Dividends and distributions	4,976,005	4,904,610
Interest received	5,264,114	7,277,632
Management fees received	225,861	253,757
Government grant: Job keeper	128,882	-
Other income	235	74
	10,595,097	**12,436,073**

3. Expenses

	2020	2019
Administration	143,731	163,393
Personnel costs[1]	297,305	301,897
Investment manager's retainer	22,000	12,000
	463,036	**477,290**

[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

	2020	2019
Interest paid to UCSAIF via secured debenture	7,280,205	8,399,954
Interest paid to investors	778,234	1,000,282
Interest paid on bank facilities	7,972	7,985
	8,066,411	**9,408,221**

5. Auditor's remuneration

	2020	2019
Fee paid in relation to audit	5,660	5,550
Audit fees paid in relation to other investment entities managed by the Uniting Church Investment	2,990	2,920
	8,650	**8,470**

** 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 2020 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	(257,015)	-	(272,201)	(6,712)	21,898
Direct equity instrument	438,956	-	438,956	-	-
	181,941	**-**	**166,755**	**(6,712)**	**21,898**

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)**

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 2020 the Fund received settlement proceeds totalling $0 (2019: $614,412) resulting from these legal claims, as shown in the Statement of Profit or Loss and Other Comprehensive Income.

The Fund may be the recipient of further small levels of proceeds in the future. It is currently unclear as to the final value and timing of these payments.

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:

	2020	**2019**
Cash at bank	142,654	384,437
Cash management accounts	26,504,816	27,496,121
	26,647,470	**27,880,558**

9. Trade and other receivables

Sundry debtors	22,246	29,449
Prepayments	32,037	30,049
Accrued interest, distributions & franking credits	1,187,827	1,591,477
	1,242,110	**1,650,975**

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.

2020	**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	1,242,110	-	-	-	1,242,110
Loss allowing provision	-	-	-	-	-
	1,242,110	**-**	**-**	**-**	**1,242,110**

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**

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.

	2020	2019
Fixed term deposits	500,000	500,000
Loans and advances - secured	8,460,263	3,433,540
Loans and advances - unsecured	-	2,733
	8,960,263	**3,936,273**

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 and advances - secured	8,460,263	-	8,460,263
Loans and advances - unsecured	-	-	-
	8,960,263	**-**	**8,960,263**

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 31/12/19	Purchases	Sales	Net change in value for the year	Market Value 31/12/20
UC Invest Share Fund	27,882,501	1,127,800	-	(1,245,766)	27,764,535
UC Invest Direct Property Fund	39,842,278	-	-	(1,541,522)	38,300,756
International Equities *(ASX listed)*	10,666,010	2,973,788	-	1,256,382	14,896,180
Magellan Infrastructure Fund	5,560,101	-	-	(828,100)	4,732,001
4D Global Infrastructure Fund	5,549,880	-	-	(493,814)	5,056,066
Australian Hybrids *(ASX listed)*	10,897,172	2,991,248	(2,282,202)	104,790	11,711,008
Unlisted Corporate Securities	120,411,858	56,134,708	(40,320,000)	(613,746)	135,612,820
	220,809,800	**63,227,544**	**(42,602,202)**	**(3,361,776)**	**238,073,366**

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 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 31/12/19**	**Purchases**	**Sales**	**Net change in value for the year**	**Market Value 31/12/20**
Mortgage backed securities	26,739,856	500,000	(7,008,271)	(257,015)	19,974,570
Direct equity (restricted asset)	7,551,285	-	-	438,956	7,990,241
	34,291,141	**500,000**	**(7,008,271)**	**181,941**	**27,964,811**

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	19,974,570	-	19,974,570
Direct equity (restricted asset)	7,990,241	-	7,990,241
	27,964,811	**-**	**27,964,811**

Refer to Note 21 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.

	2020	2019
Unsecured debentures	52,278,704	44,059,242
Secured debenture issued to UCSAIF	194,213,850	186,933,645
	246,492,554	**230,992,887**

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

14. Trade and other payables

Sundry creditors	23,547	15,088
Accrued interest payable to associated entities	55,475	98,448
	79,022	**113,536**

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

15. Employee benefits

Annual leave	34,781	40,016
Long service leave	118,210	106,460
	152,991	**146,476**
Current	148,417	126,086
Non-current	4,574	20,390
	152,991	**146,476**

16. Other liabilities

Investor redemption payable	1,835	18,162
	1,835	**18,162**

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

17. Asset revaluation reserve

Financial Assets	**Asset revaluation reserve 31/12/2019**	+	**Inc/(dec) in market value during the year**	+	**Reversal of prior year revaluation on sale**	=	**Asset revaluation reserve 31/12/2020**
Mortgage backed securities	31,607		(272,202)		(6,712)		(247,307)
Direct equity (restricted asset)	1,051,285		438,957		-		1,490,242
	1,082,892		**166,755**		**(6,712)**		**1,242,935**

Financial Assets	**Asset revaluation reserve 31/12/2018**	+	**Inc/(dec) in market value during the 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**

18. Cash flow information

Reconciliation of profit to net cash flows from operating activities:

	2020	2019
Profit / (Loss) for the year	**(1,274,228)**	**11,510,380**
Non-cash items in profit		
Net movement in financial assets measured at fair value	3,361,776	(8,629,578)
Realised (profit) / loss on sale of assets	(21,898)	284,172
Non-cash investor movements	7,381,839	8,517,869
Investment income reinvested	(1,127,800)	(2,257,396)
Changes in assets and liabilities		
(Increase) / Decrease in operating receivables	408,864	840,518
Increase / (Decrease) in operating payables	(27,998)	(37,134)
Cash flow from operating activities	**8,700,555**	**10,228,831**

Changes in liabilities arising from Financing Activities

	Balance 1/1/2020	Net cash flows	Reinvested interest	Non-cash adjustments	Balance 31/12/20
Financial Liabilities	230,992,887	8,101,500	7,381,839	16,328	246,492,554

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:

	2020	2019
Cash and cash equivalents *(Refer to Note 8)*	26,647,470	27,880,558
Cash at end of year	**26,647,470**	**27,880,558**

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. As at 31 December 2020 this debenture facility had a principal outstanding of $194.2 million (31 December 2019: $186.9 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 2020 was 17.9% of total assets (31 December 2019: 17.1%).

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 2020). 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 2020 for unlisted corporate securities and residential mortgage backed securities held by the Fund.

Credit Rating	**Face Value**	**Market Value**	**Cost Base**
AAA	7,556,609	7,656,719	7,498,288
AA+	2,827,298	2,863,752	2,799,699
AA	3,014,867	3,042,081	2,973,054
AA-	336,659	339,978	340,288
A+	4,747,313	4,990,665	5,235,250
A	557,807	563,230	553,651
BBB+	94,347,000	95,505,577	95,134,730
BBB (APRA Regulated)	13,740,950	13,803,704	14,324,701
BBB- (APRA Regulated)	11,070,000	11,267,648	11,239,633
BB+ (APRA Regulated)	9,000,000	9,047,475	9,192,828
BB (APRA Regulated)	3,400,000	3,246,652	3,410,556
NR (APRA Regulated)	3,250,000	3,259,908	3,270,700
	153,848,503	**155,587,389**	**155,973,378**

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.

2020 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	26,647,470						26,647,470
Fixed term deposits		500,000					500,000
Corporate securities & RMBS		3,510,713	37,296,835	99,820,383	14,959,458		155,587,389
UC Invest Share Fund						27,764,535	27,764,535
UC Invest Direct Property Fund						38,300,756	38,300,756
International equities						14,896,180	14,896,180
Australian hybrids						11,711,008	11,711,008
Magellan Infrastructure Fund						4,732,001	4,732,001
4D Global Infrastructure Fund						5,056,066	5,056,066
Loans and advances		119,870	361,858	7,978,536			8,460,264
Direct equity (restricted asset)						7,990,241	7,990,241
Total financial assets	**26,647,470**	**4,130,583**	**37,658,693**	**107,798,919**	**14,959,458**	**110,450,787**	**301,645,910**

2020 Financial Liabilities	At Call	< 3 mths	3 to 12 mths	1 to 5 yrs	> 5 yrs	No Specified Maturity	Total Carrying Amount
Financial liabilities	40,327,143	3,531,527	7,196,947	1,223,087		-	52,278,704
Secured debenture						194,213,850	194,213,850
Total financial liabilities	**40,327,143**	**3,531,527**	**7,196,947**	**1,223,087**	**-**	**194,213,850**	**246,492,554**

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**

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 (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 2020				Year Ended 31 December 2019			
	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	26,647			26,647	27,881			27,881
Financial assets								
Term deposits	500			500	500			500
Share Fund		27,765		27,765		27,883		27,883
Direct Property Fund		38,301		38,301		39,842		39,842
International equities	14,896			14,896	10,666			10,666
Australian hybrids	11,711			11,711	10,897			10,897
Magellan Infrastructure Fund		4,732		4,732		5,560		5,560
4D Global Infrastructure Fund		5,056		5,056		5,550		5,550
Corporate securities		135,613		135,613		120,412		120,412
RMB securities		19,975		19,975		26,740		26,740
Loans			8,460	8,460			3,436	3,436
Direct equity asset			7,990	7,990			7,551	7,551
TOTAL	**53,754**	**231,442**	**16,451**	**301,646**	**49,944**	**225,987**	**10,987**	**286,918**
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	52,279			52,279	44,059			44,059
Secured debenture	194,214			194,214	186,934			186,934
TOTAL	**246,493**	**-**	**-**	**246,493**	**230,993**	**-**	**-**	**230,993**

- Quoted market price represents the fair value as quoted on active markets at 31 December 2020 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.

Sensitivity Analysis

i. Market risk

The UCIC has performed a sensitivity analysis relating to its exposure to market risk as at 31 December 2020. 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	2020	2019
Decrease in the market value of unlisted and direct property investments by 10%	(3,830,076)	(3,984,228)
Increase in the market value of unlisted and direct property investments by 10%	3,830,076	3,984,228
Change in equity		
Decrease in the market value of unlisted and direct property investments by 10%	(3,830,076)	(3,984,228)
Increase in the market value of unlisted and direct property investments by 10%	3,830,076	3,984,228
Change in profit		
Decrease in the market value of interest rate instruments by 10%	(13,561,282)	(12,041,186)
Increase in the market value of interest rate instruments by 10%	13,561,282	12,041,186
Change in equity		
Decrease in the market value of interest rate instruments by 10%	(15,558,739)	(14,715,171)
Increase in the market value of interest rate instruments by 10%	15,558,739	14,715,171
Change in profit		
Decrease in the market value of listed and unlisted securities by 25%	(16,039,947)	(15,138,916)
Increase in the market value of listed and unlisted securities by 25%	16,039,947	15,138,916
Change in equity		
Decrease in the market value of listed and unlisted securities by 25%	(16,039,947)	(15,138,916)
Increase in the market value of listed and unlisted securities by 25%	16,039,947	15,138,916

ii. Revenue risk

The UCIC has performed a sensitivity analysis relating to its exposure to revenue risk as at 31 December 2020. 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	2020	2019
Decrease in income from interest related investments by 20%	(1,052,823)	(1,455,526)
Increase in income from interest related investments by 20%	1,052,823	1,455,526
Change in equity		
Decrease in income from interest related investments by 20%	(1,052,823)	(1,455,526)
Increase in income from interest related investments by 20%	1,052,823	1,455,526
Change in profit		
Decrease in income from property related investments by 20%	(437,218)	(439,900)
Increase in income from property related investments by 20%	437,218	439,900
Change in equity		
Decrease in income from property related investments by 20%	(437,218)	(439,900)
Increase in income from property related investments by 20%	437,218	439,900
Change in profit		
Decrease in income from listed and unlisted securities by 20%	(557,983)	(541,022)
Increase in income from listed and unlisted securities by 20%	557,983	541,022
Change in equity		
Decrease in income from listed and unlisted securities by 20%	(557,983)	(541,022)
Increase in income from listed and unlisted securities by 20%	557,983	541,022

iii. Interest rate risk

The UCIC has performed a sensitivity analysis relating to its exposure to interest rate risk as at 31 December 2020. 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	2020	2019
Decrease in average interest rate payable to investors by 1%	2,464,926	2,309,929
Increase in average interest rate payable to investors by 1%	(2,464,926)	(2,309,929)
Change in equity		
Decrease in average interest rate payable to investors by 1%	2,464,926	2,309,929
Increase in average interest rate payable to investors by 1%	(2,464,926)	(2,309,929)
Change in profit		
Decrease in average interest rate receivable from interest related investments by 1%	(1,919,826)	(1,789,685)
Increase in average interest rate receivable from interest related investments by 1%	1,919,826	1,789,685
Change in equity		
Decrease in average interest rate receivable from interest related investments by 1%	(1,919,826)	(1,789,685)
Increase in average interest rate receivable from interest related investments by 1%	1,919,826	1,789,685

22. Coronavirus Pandemic (COVID-19)

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had on the Fund based on known information. This consideration extends to the nature of the services provided, customers and investment markets in which the Fund operates.

The impact of the Coronavirus (COVID-19) pandemic on the Fund includes decreased revenue due to the general decrease in interest rates and other investment income. To address and mitigate the negative effects on the Fund, a range of measures were implemented to reduce risk. These included in particular reducing interest rates offered to investors, accessing government grants (Job Keeper), and general management of costs.

Other than as addressed in above, there does not currently appear to be either any other significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Fund unfavourably as at the reporting date as a result of the Coronavirus (COVID-19) pandemic.

As the pandemic is ongoing it is not practical to estimate the potential future impacts on the Fund.

23. Events subsequent to reporting date

Other than as addressed above the UCIC is not aware of any other matters or circumstances not dealt with in the financial statements (refer to 20. Related Party Transactions) that has significantly or may significantly affect the operations of the Company.

24. 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	
Financial Assets	**2020** %	**2019** %	**2020** $ 000's	**2019** $ 000's	**2020** $ 000's	**2019** $ 000's	**2020** $ 000's	**2019** $ 000's	**2020** $ 000's	**2019** $ 000's	**2020** $ 000's	**2019** $ 000's	**2020** $ 000's	**2019** $ 000's	**2020** $ 000's	**2019** $ 000's
Cash & Cash Equivalents	0.55	1.85	26,647	27,881											26,647	27,881
															-	-
Trade & Other Receivables	N/A	N/A											1,242	1,651	1,242	1,651
															-	-
Financial Assets															-	-
Fixed Term Deposits	0.05	0.87			500	504									500	504
Loans & Receivables	2.46	3.50			553	830	552	826	849	579	8,041	1,592			9,995	3,827
Corporate Notes & RMBS	2.81	3.94			43,995	54,534	16,092	43,665	23,230	15,121	88,336	48,158			171,653	161,478
Magellan Infrastructure Fund	N/A	N/A											4,732	5,560	4,732	5,560
4D Global Infrastructure Fund	N/A	N/A											5,056	5,550	5,056	5,550
Share Investments	N/A	N/A											27,765	27,883	27,765	27,883
Unlisted Property	N/A	N/A											38,301	39,842	38,301	39,842
International Equities	N/A	N/A											14,896	10,666	14,896	10,666
Australian Hybrids	N/A	N/A											11,711	10,897	11,711	10,897
Total Financial Assets			**26,647**	**27,881**	**45,048**	**55,868**	**16,644**	**44,491**	**24,079**	**15,700**	**96,377**	**49,750**	**103,703**	**102,049**	**312,498**	**295,739**
Financial Liabilities																
Investor's Funds	0.63	2.03	40,424	31,287	10,932	12,988	25	17	6	5	-	-			51,387	44,297
Secured Debenture	3.75	4.49			7,280	8,400	7,280	8,400	7,280	8,400	201,494	195,334			223,335	220,534
Trade & Other Payables	N/A	N/A											234	278	234	278
Total Financial Liabilities			**40,424**	**31,287**	**18,212**	**21,388**	**7,305**	**8,417**	**7,286**	**8,405**	**201,494**	**195,334**	**234**	**278**	**274,955**	**265,109**

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 2020

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

a) the financial statements and notes set out on pages 1 to 26 of the Uniting Fund SA 2020 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 2020 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 directors of Uniting Church Investment Committee.

M. McClaren.	
Michael McClaren	**Wayne Matters**
Chairperson	Chairperson, Audit Committee
Uniting Church Investment Committee	Uniting Church Investment Committee

Adelaide
23 April 2021

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 2020, 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 2020 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 2020, 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.

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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.

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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

Nexia Edwards Marshall
Chartered Accountants

B D Morkunas

Brett Morkunas
Partner

Adelaide
South Australia

23 April 2021

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