

# UC Invest Share Fund

December 31

# 2016

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

## Financial Report

# Income Statement

For the year to 31 December 2016

	Note	2016 \$	2015 \$
Revenue	2	5,455,991	4,245,092
Expenses	3	(173,529)	(188,625)
<b>OPERATING PROFIT / (LOSS) FOR THE YEAR</b>		<b>5,282,462</b>	<b>4,056,467</b>
Realised profit / (loss) on sale of financial assets	4	(553,494)	886,254
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>4,728,968</b>	<b>4,942,721</b>
Gains / (Losses) on revaluation of financial assets	4	1,973,866	(1,823,520)
<b>PROFIT ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>6,702,834</b>	<b>3,119,201</b>

# Balance Sheet

As at 31 December 2016

	Note	2016 \$	2015 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6	6,086,868	2,002,248
Trade & Other Receivables	7	1,249,381	830,582
<b>Total Current Assets</b>		<b>7,336,249</b>	<b>2,832,830</b>
<b>Non-Current Assets</b>			
Financial Assets	4,8	66,855,058	65,485,068
<b>Total Non-Current Assets</b>		<b>66,855,058</b>	<b>65,485,068</b>
<b>Total Assets</b>		<b>74,191,307</b>	<b>68,317,898</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	9	(2,496,526)	(1,393,612)
<b>Total Current Liabilities</b>		<b>(2,496,526)</b>	<b>(1,393,612)</b>
<b>Non-Current Liabilities</b>			
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>(2,496,526)</b>	<b>(1,393,612)</b>
<b>Net Assets</b>		<b>71,694,781</b>	<b>66,924,286</b>
<b>Equity</b>			
Unit Holders Control		71,694,781	66,924,286
<b>Total Equity</b>		<b>71,694,781</b>	<b>66,924,286</b>

## Statement of Changes in Equity

For the year to 31 December 2016

	Unit Holders Control	Total
Balance at 1 January 2015	67,705,975	67,705,975
Unit Holder Purchases for Year	7,199,291	7,199,291
Unit Holder Redemptions for Year	(7,033,761)	(7,033,761)
Distributions Allocated to Unit Holders	(4,056,439)	(4,056,439)
Unit Holder Gross Transaction Fees	(9,981)	(9,981)
Profit Attributable to Unit Holders	3,119,201	3,119,201
<b>Balance at 31 December 2015</b>	<b>66,924,286</b>	<b>66,924,286</b>
Balance at 1 January 2016	66,924,286	66,924,286
Unit Holder Purchases for Year	4,883,836	4,883,836
Unit Holder Redemptions for Year	(1,529,445)	(1,529,445)
Distributions Allocated to Unit Holders	(5,282,490)	(5,282,490)
Unit Holder Gross Transaction Fees	(4,240)	(4,240)
Profit Attributable to Unit Holders	6,702,834	6,702,834
<b>Balance at 31 December 2016</b>	<b>71,694,781</b>	<b>71,694,781</b>

# Statement of Cash Flows

For the year to 31 December 2016

	Note	2016 \$	2015 \$
<b>Cash Flows from Operating Activities</b>			
Interest received		30,580	26,379
Dividends received		3,992,091	3,135,333
Franking credits received		1,010,379	1,120,237
Receipts		5,235	12,362
Payments		(173,671)	(191,155)
<b>Net cash flows provided by / (used in) operating activities</b>	10	<b>4,864,614</b>	<b>4,103,156</b>
<b>Cash Flows from Investing Activities</b>			
Sale of investments	4	11,439,143	28,504,936
Purchase of investments	4	(11,388,761)	(30,834,112)
<b>Net cash flows provided by / (used in) investing activities</b>		<b>50,382</b>	<b>(2,329,176)</b>
<b>Cash Flows from Financing Activities</b>			
Distributions to Unit Holders		(1,944,255)	(2,055,282)
Purchases by Unit Holders		2,644,921	5,208,997
Redemptions by Unit Holders		(1,531,042)	(7,038,528)
Proceeds from borrowings		435,600	6,476,000
Loan repayments		(435,600)	(6,476,000)
<b>Net cash flows provided by / (used in) financing activities</b>		<b>(830,376)</b>	<b>(3,884,813)</b>
Net increase / (decrease) in cash held		4,084,620	(2,110,833)
Cash at beginning of year		2,002,248	4,113,081
<b>Cash at End of Year</b>	6	<b>6,086,868</b>	<b>2,002,248</b>

## 1. Statement of significant accounting policies

The financial report of the UC Invest Share Fund (*"the Fund"*) for the year ended 31 December 2016 was authorised for issue in accordance with a resolution by the members of the Uniting Church Investment Committee (UCIC) on 17 March 2017.

### Operations and principal activities

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

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

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

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

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

### Uniting Church Investment Committee Members

Michael McClaren (Non-executive, Chairperson)

Kevin Benger (Non-executive, Chairperson Audit Committee)

Allison Ashby (Non-executive)

Tom Adams (Non-executive)

Wayne Matters (Non-executive)

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

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

### Summary of significant accounting policies

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

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

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

#### (a) Cash and cash equivalents

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

For the purposes of the *Statement of Cash Flows*, cash and cash equivalents consist of cash and cash equivalents as defined above and are net of outstanding bank overdrafts.

Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the balance sheet.

## (b) Revenue

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

### i. Interest

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

### ii. Dividends and distributions from equities

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

### iii. Application and redemption fees

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

## (c) Financial instruments

### i. Recognition and initial measurement

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

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

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

### ii. Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

### iii. Classification and subsequent measurement

#### a) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading purposes or short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

#### (d) Trade and other payables

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

#### (e) Goods and services tax

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

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

#### (f) Impairment

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

#### (g) Comparative figures

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

#### (h) Income tax

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



	2016	2015
<b>2. Revenue</b>		
Dividends and distributions from equities	5,421,264	4,208,727
Interest received	30,581	26,384
Application and redemption fees received	4,146	9,981
	<b>5,455,991</b>	<b>4,245,092</b>
<b>3. Expenses</b>		
Management fees - related party	161,857	158,879
Interest paid	738	5,961
Brokerage	10,934	23,785
	<b>173,529</b>	<b>188,625</b>
<b>4. Revaluation of investments</b>		
Market value of listed equities held at year end	66,855,058	65,485,068
<b>Less:</b> Market value of listed equities held at start of year	(65,485,068)	(64,093,158)
<b>Less:</b> Equities purchased during the year <sup>1</sup>	(11,548,966)	(31,485,299)
<b>Add:</b> Equities sold during the year <sup>2</sup>	11,599,348	29,156,123
Realised (profit) / loss on sale of investments	553,494	(886,254)
<b>Gain / (Loss) on revaluation of investments</b>	<b>1,973,866</b>	<b>(1,823,520)</b>

<sup>1</sup> In 2016 this item includes non-cash acquisitions totalling \$160,205 resulting from capital restructures and demerger activity.

<sup>2</sup> In 2016 this item includes non-cash sale proceeds totalling \$160,205 resulting from capital restructures and demerger activity.

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

Unit Holders who invested in the Fund for the 2016 year had a total investment return of **9.82%**, which underperformed the ASX200 Accumulation Index benchmark return of **11.80%**. The benchmark return includes some companies which have been excluded by the Fund on ethical grounds.

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

## 5. Auditor's remuneration

Fee in relation to audit (paid by UC Invest)	1,300	1,269
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## 6. Cash and cash equivalents

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

Cash at bank	13	11
UC Invest 11am account	6,086,855	2,002,237
	<b>6,086,868</b>	<b>2,002,248</b>

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

	2016	2015
<b>7. Trade and other receivables</b>		
Accrued dividends and distributions	147,226	128,618
Accrued franking credits	1,102,150	701,964
Other receivables	5	-
	<b>1,249,381</b>	<b>830,582</b>

## 8. Financial assets

Financial assets	<b>66,855,058</b>	<b>65,485,068</b>
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Financial assets consist of listed equities, are held for trading and therefore classified as fair value through profit or loss. The value of the equities held has been determined following the fund revaluing their listed equities to their fair value at year end.

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

## 9. Trade and other payables

Unit holder distributions payable	1,380,036	678,336
Unit holder franking credits payable	1,102,150	701,887
Trade and other payables	14,340	13,389
	<b>2,496,526</b>	<b>1,393,612</b>

## 10. Cash flow information

Reconciliation of cash flow from operations with profit

<b>Profit / (Loss) for the year before the revaluation of financial assets</b>	<b>4,728,968</b>	<b>4,942,721</b>
<b>Non-cash items in profit</b>		
Realised (profit) / loss on sale of financial assets	553,494	(886,254)
<b>Changes in assets and liabilities</b>		
(Increase) / Decrease in operating receivables	(418,799)	46,843
Increase / (Decrease) in operating payables	951	(154)
<b>Cash flow from operating activities</b>	<b>4,864,614</b>	<b>4,103,156</b>

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

## 11. Contingent liabilities and contingent assets

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

## 12. Segment reporting

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

## 13. Events subsequent to reporting date

There have been no substantial events subsequent to balance date.

## 14. Related party transactions

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

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

## 15. Financial risk management

### Financial Risk Management Policies

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

The Fund's exposure to interest rate risk is relatively minor with less than 8.5% of total assets at balance date exposed to interest rate sensitive investments, predominantly a UC Invest cash account which is used to cover the liquidity requirements of unit holders.

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

### Financial Risk Exposures and Management

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

#### i. Liquidity risk

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

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

#### ii. Market risk

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

The fund manager does not attempt to significantly mitigate market risk and currently utilises an index approach to stock selection. At balance date 76% of the portfolio was held in the ASX50 index, adjusted for ethical investment considerations. The remainder of the portfolio is selected from companies within the ASX100 according to specific investment criteria and a history of stable earnings performance.

Due to the weighting of the portfolio towards index construction, there is a correlation between the general market return and the underlying investment portfolio. This correlation weakened during 2016 with the exclusion of several companies on ethical investment grounds, however it is still considered useful.

#### iii. Revenue risk

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

Income distributions to unit holders are the aggregate of dividends, distributions and franking credits which are approved by individual companies. The amount of distributions

can be varied by companies at any stage depending on a range of factors including economic conditions, cash flow, lending covenants, investor appetite for risk or peer distributions.

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

## Sensitivity Analysis

### i. Market risk

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

Change in profit	2016	2015
Decrease in ASX200 index by 25%	(16,713,765)	(16,371,267)
Increase in ASX200 index by 25%	16,713,765	16,371,267
<b>Change in equity</b>		
Decrease in ASX200 index by 25%	(16,713,765)	(16,371,267)
Increase in ASX200 index by 25%	16,713,765	16,371,267

### ii. Revenue risk

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

Change in profit	2016	2015
Decrease in dividends and distributions to the UC Invest Share Fund by 20%	(1,084,253)	(841,745)
Increase in dividends and distributions to the UC Invest Share Fund by 20%	1,084,253	841,745
<b>Change in equity</b>		
Decrease in dividends and distributions to the UC Invest Share Fund by 20%	(1,084,253)	(841,745)
Increase in dividends and distributions to the UC Invest Share Fund by 20%	1,084,253	841,745

## Derivative Financial Instruments

The entity does not use derivative financial instruments

## 16. Economic dependency

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

## 17. Entity details

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

Level 2, 212 Pirie Street  
Adelaide SA 5000

## Appendix 1 – Revaluation of investments

Company	Opening Balance	Total Purchases	Total Sales	Profit / (Loss) on Sale	Revaluation of Investments	Closing Balance
ABC Adelaide Brighton Limited	588,758	127,177	(146,227)	10,149	62,235	642,092
AGL AGL Energy Limited	690,656	40,892	(740,816)	9,268	-	-
AIO Asciano Limited	483,707	529,283	(955,759)	(57,231)	-	-
AMC Amcor Limited	1,436,118	638,844	(654,653)	99,885	107,712	1,627,906
AMP AMP Limited	978,431	64,568	(19,766)	(877)	(134,928)	887,428
ANN Ansell Limited	563,352	-	(602,970)	39,618	-	-
ANZ ANZ Banking Group Limited	5,067,396	519,146	(793,980)	28,364	477,021	5,297,947
APA APA Group	548,828	37,637	(11,422)	(173)	(6,362)	568,508
ASX ASX Limited	466,381	530,832	(525,300)	23,197	78,094	573,204
AZJ Aurizon Holdings Limited	971,151	109,374	(579,763)	30,971	85,155	616,888
BEN Bendigo and Adelaide Bank	599,472	139,839	(29,395)	(6,468)	73,260	776,708
BKL Blackmores Limited	-	641,221	-	-	(116,669)	524,552
BXB Brambles Limited	1,026,421	80,565	(22,683)	798	80,400	1,165,501
CBA Commonwealth Bank of Australia	8,870,145	700,771	(125,799)	(20,423)	(275,618)	9,149,076
CGF Challenger Limited	580,255	142,677	(85,562)	760	180,018	818,148
CPU Computershare Limited	335,737	18,784	(5,956)	(1,128)	26,575	374,012
CSL CSL Limited	2,777,657	162,859	(75,326)	(919)	(129,504)	2,734,767
CTX Caltex Limited	577,564	33,322	(23,670)	(3,224)	(111,070)	472,922
CYB CYBG PLC	-	160,205	(172,796)	12,591	-	-
DXS Dexux Property Group	408,608	23,580	(5,713)	1,246	122,149	549,870
FLT Flight Centre Travel Group Ltd	529,380	163,070	(33,651)	64	(110,988)	547,875
GMG Goodman Group	555,139	38,401	(12,614)	752	80,549	662,227
GPT GPT Group	478,569	41,736	(10,699)	418	27,416	537,440
HVN Harvey Norman Holdings Ltd	575,461	59,169	(108,507)	5,896	106,919	638,938
IAG Insurance Australia Group Ltd	767,063	51,517	(448,677)	(369,903)	-	-
IFL IOOF Holdings Limited	551,265	134,194	-	-	(4,481)	680,978
IPL Incitec Pivot Limited	376,509	20,338	(5,969)	(1,957)	(33,320)	355,601
JBH JB Hi-Fi Limited	558,311	-	(160,962)	22,468	183,239	603,056
JBHR JB Hi-Fi Ltd Retail Ent Offer	-	-	(10,429)	10,429	-	-
LLC Lend Lease Group	429,126	24,517	(8,555)	(503)	12,495	457,080
MGR Mirvac Group	410,298	23,720	(8,383)	(288)	33,210	458,557
MPL Medibank Private Limited	335,974	706,186	(10,046)	2,937	94,545	1,129,596
MQG Macquarie Group Limited	2,087,956	299,442	(58,375)	(13,198)	164,830	2,480,655
NAB National Australia Bank Ltd	4,991,909	536,296	(242,716)	(9,851)	305,474	5,581,112
NCM New crest Mining Limited	561,769	46,076	(16,106)	4,193	324,268	920,200
NVT Navitas Limited	575,124	657,386	(1,266,891)	34,381	-	-
ORA Orora Limited	-	573,608	(679,336)	105,728	-	-
ORG Origin Energy Limited	921,576	73,645	(585,872)	77,846	196,860	684,055
ORI Orica Limited	323,841	17,633	(6,619)	(196)	49,103	383,762
OSH Oil Search Limited	444,666	25,563	(9,322)	(75)	33,540	494,372
PPT Perpetual Limited	567,497	73,431	(18,308)	(1,798)	29,344	650,166
QAN Qantas Airways Limited	-	481,531	-	-	(76,686)	404,845
QBE QBE Insurance Group Limited	975,083	61,816	(18,055)	(2,499)	(7,146)	1,009,199
RHC Ramsay Health Care Limited	497,049	33,753	(9,633)	(861)	3,895	524,203
SCG Scentre Group	1,265,841	90,743	(28,768)	1,983	140,895	1,470,694
SEK Seek Limited	300,279	16,210	(6,367)	37	(8,348)	301,811
SGH Slater & Gordon Limited	153,781	-	(60,847)	(92,934)	-	-
SGP Stockland Group	546,415	46,175	(12,175)	469	67,351	648,235
SHL Sonic Healthcare Limited	407,007	637,739	(59,319)	6,957	138,114	1,130,498
SPO Spotless Group Holdings	-	339,874	(352,754)	12,880	-	-

## Appendix 1 – Revaluation of investments (continued)

Company		Opening Balance	Total Purchases	Total Sales	Profit / (Loss) on Sale	Revaluation of Investments	Closing Balance
STO	Santos Limited	1,031,349	14,434	(760,371)	59,904	31,290	376,606
SUN	Suncorp Group Limited	886,269	60,602	(18,506)	(212)	107,384	1,035,537
SYD	Sydney Airport	798,525	55,313	(17,953)	1,087	(46,693)	790,279
TCL	Transurban Group	1,085,927	195,729	(17,479)	1,195	(14,826)	1,250,546
TLS	Telstra Corporation Limited	4,431,608	421,932	(326,904)	(504,501)	(349,192)	3,672,943
VCX	Vicinity Centres	519,072	36,803	(12,527)	3,062	35,133	581,543
WBC	Westpac Banking Corporation	6,909,736	614,051	(150,011)	(17,558)	(154,682)	7,201,536
WFD	Westfield Corporation Limited	1,031,550	72,035	(23,086)	1,275	(14,321)	1,067,453
WPL	Woodside Petroleum Limited	1,633,507	102,722	(445,000)	(57,525)	110,227	1,343,931
		<b>65,485,068</b>	<b>11,548,966</b>	<b>(11,599,348)</b>	<b>(553,494)</b>	<b>1,973,866</b>	<b>66,855,058</b>

*Note 1: All investments held by the UC Invest Share Fund are subject to the conditions and requirements of the Uniting Church SA Ethical Investment Policy.*

*Note 2: During 2016 the Fund participated in the buy-back program offered by Insurance Australia Group and Telstra Corporation. The loss on sale reported against these companies results from a significant portion of the buy-back consideration consisting of special dividends and franking credits.*

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

- a) the financial statements and notes set out on pages 1 to 13 of UC Invest Share Fund – Financial Report:
  - i. complies with accounting standards and other mandatory professional reporting requirements to the extent described in Note 1; and
  - ii. gives a true and fair view of the Fund's financial position as at 31 December 2016 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the year ended on that date; and
- b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and

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



**Michael McClaren**  
Chairperson  
Uniting Church Investment Committee



**Kevin Bengier**  
Chairperson Audit Committee  
Uniting Church Investment Committee

Adelaide  
17 March 2017



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

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of UC Invest Share Fund, being a special purpose financial report, which comprises the balance sheet as at 31 December 2016, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration of the Uniting Church Investment Committee ("the Committee").

In our opinion the financial report presents fairly, in all material respects, the financial position of UC Invest Share Fund as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

#### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### *Emphasis of matter regarding basis of accounting*

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist UC Invest Share Fund to meet the financial reporting requirements of policies set by the Committee. As a result, the financial report may not be suitable for another purpose.

#### *Uniting Church Investment Committee's responsibility for the financial report*

The Committee is responsible for the 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 the Committee 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.



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

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



Nexia Edwards Marshall  
Chartered Accountants

Adelaide  
South Australia



Brett Morkunas  
Partner

Dated 17 March 2017