

UC Invest Share Fund

December 31

2013

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 2013

	Note	2013 \$	2012 \$
Revenue	2	2,801,862	2,480,171
Revaluation of Investments (Realised & Unrealised)	3	6,507,677	5,140,035
Expenses	4	(131,497)	(117,528)
PROFIT / (LOSS) FOR THE YEAR		9,178,042	7,502,678
PROFIT ATTRIBUTABLE TO UNIT HOLDERS		9,178,042	7,502,678

Balance Sheet

As at 31 December 2013

	Note	2013 \$	2012 \$
Assets			
Current Assets			
Cash & Cash Equivalents	6	735,032	457,382
Trade & Other Receivables	7	611,164	439,685
Financial Assets	3,8	50,015,795	29,434,977
Total Current Assets		51,361,991	30,332,044
Non-Current Assets			
		-	-
Total Non-Current Assets		-	-
Total Assets		51,361,991	30,332,044
Liabilities			
Current Liabilities			
		-	-
Total Current Liabilities		-	-
Non-Current Liabilities			
		-	-
Total Non-Current Liabilities		-	-
Total Liabilities		-	-
Net Assets		51,361,991	30,332,044
Equity			
Unit Holders Control		51,361,991	30,332,044
Total Equity		51,361,991	30,332,044

Statement of Changes in Equity

For the year to 31 December 2013

	Unit Holders Control	Total
Balance at 1 January 2012	55,420,070	55,420,070
Deposits for Year	1,489,431	1,489,431
Withdrawals for Year	(31,701,912)	(31,701,912)
Distributions to Unit Holders	(2,362,608)	(2,362,608)
Unit Holder Transaction Fees	(15,615)	(15,615)
Profit Attributable to Unit Holders	7,502,678	7,502,678
Balance at 31 December 2012	30,332,044	30,332,044
Balance at 1 January 2013	30,332,044	30,332,044
Deposits for Year	14,942,735	14,942,735
Withdrawals for Year	(405,928)	(405,928)
Distributions to Unit Holders	(2,670,330)	(2,670,330)
Unit Holder Transaction Fees	(14,572)	(14,572)
Profit Attributable to Unit Holders	9,178,042	9,178,042
Balance at 31 December 2013	51,361,991	51,361,991

Statement of Cash Flows

For the year to 31 December 2013

	Note	2013 \$	2012 \$
Cash Flows from Operating Activities			
Receipts		2,632,780	2,736,779
Payments		(133,895)	(117,528)
Net cash flows provided by / (used in) operating activities	9	2,498,885	2,619,251
Cash Flows from Investing Activities			
Sale of investments	3	8,590,588	47,356,364
Purchase of investments	3	(22,663,729)	(17,302,997)
Net cash flows provided by / (used in) investing activities		(14,073,141)	30,053,367
Cash Flows from Financing Activities			
Distributions to Unit Holders		(850,487)	(875,303)
Deposits by Unit Holders		13,122,892	2,126
Withdrawals by Unit Holders		(420,499)	(31,717,528)
Net cash flows provided by / (used in) financing activities		11,851,906	(32,590,705)
Net increase / (decrease) in cash held		277,650	81,913
Cash at beginning of year		457,382	375,469
Cash at End of Year	6	735,032	457,382

1. Statement of significant accounting policies

The financial report of the UC Invest Share Fund (*"the Fund"*) for the year ended 31 December 2013 was adopted by the Uniting Church Investment Committee (UCIC) on 21 March 2014.

Operations and principal activities

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

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

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

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

Uniting Church Investment Committee Members

Michael McClaren (Non-executive Chairperson)

Allison Ashby (Non-executive)

Kevin Bengier (Non-executive)

Tom Adams (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.

Basis of preparation

The UCIC has determined that the Fund is not a reporting entity and therefore this financial report is a special purpose report intended for internal use.

The financial report has been prepared on a going concern basis in accordance with the following Australian Accounting Standards and other mandatory professional reporting requirements:

AASB 1031: Materiality

AASB 110: Events After the Reporting Period

No other Australian Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Reporting basis and conventions

The financial report has been prepared on a historical cost basis, except for available-for-sale investments which have been measured at fair value.

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, cash in hand and short term deposits with an original maturity of three months or less. 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.

b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or are not classified in any of the other categories. They comprise of investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. After initial recognition available for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until it is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

(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 available-for-sale 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 financial year.

(h) Income tax

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

	2013	2012
2. Revenue		
Dividends and distributions from equities	2,769,542	2,444,613
Interest received	17,748	19,943
Application and redemption fees received	14,572	15,615
	2,801,862	2,480,171

3. Revaluation of investments

Market value of listed equities held at year end	50,015,795	29,434,977
Less: Market value of listed equities held at start of year	(29,434,977)	(54,348,309)
Less: Equities purchased during the year	(22,663,729)	(17,302,997)
Add: Equities sold during the year	8,590,588	47,356,364
Capital movement for the year	6,507,677	5,140,035

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.

The amount appearing as capital movement for the year includes an amount which represents the profit / (loss) on the trading of equities to enable the Fund to process withdrawal and deposit requests; as well as capital fluctuations in the value of equities held or transacted during the year for investment purposes.

Unit Holders who invested in the Fund for the 2013 year had a total investment return of 23.95%, which compares favourably to the ASX200 Accumulation Index (industry standard Australian share benchmark) return of 20.20%.

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

	2013	2012
4. Expenses		
Management fees - related party	107,078	88,383
Interest paid	426	7,119
Brokerage	23,993	22,026
	131,497	117,528

5. Auditor's remuneration

Fee in relation to audit (<i>paid by UC Invest</i>)	1,726	1,677
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6. Cash and cash equivalents

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

Cash at bank	(318,330)	(86,086)
UC Invest 11am account	1,053,362	543,468
	735,032	457,382

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

7. Trade and other receivables

GST receivable	-	(30)
Accrued dividends and distributions	77,329	30,913
Accrued franking credits	533,835	408,802
	611,164	439,685

8. Financial assets

Available-for-sale	50,015,795	29,434,977
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Available-for-sale financial assets consist of listed equities. The value of the equities held has been determined following the fund revaluing their listed equities to their fair value at year end.

9. Cash flow information

Reconciliation of cash flow from operations with profit

Profit / (Loss) for the year	9,178,042	7,502,678
Non-cash items in profit		
Revaluation of investments	(6,507,677)	(5,140,035)
Changes in assets and liabilities		
(Increase) / Decrease in receivables	(171,480)	256,608
Cash flow from operating activities	2,498,885	2,619,251

10. Contingent liabilities and contingent assets

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

11. Segment reporting

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

12. Events subsequent to reporting date

There have been no substantial events subsequent to the balance date.

13. 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 assets held by the UC Invest Share Fund.

14. 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 1.5% 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. The current selection policy utilises an index approach to stock selection with 80% of the portfolio held in the ASX50 index at balance date. The remainder of the portfolio is selected from companies within the ASX100 according to specific investment criteria and a stable history of earnings performance.

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

iii. Revenue risk

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

Income distributions to unit holders are the aggregate of dividends, distributions and franking credits which are approved by individual companies. The amount of distributions can be varied by companies at any stage depending on a range of factors including economic conditions, cash flow, lending covenants, investor appetite for risk or peer distributions.

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

Sensitivity Analysis

i. Market risk

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

Change in profit	2013	2012
Decrease in ASX200 index by 25%	(12,503,949)	(7,358,744)
Increase in ASX200 index by 25%	12,503,949	7,358,744
Change in equity		
Decrease in ASX200 index by 25%	(12,503,949)	(7,358,744)
Increase in ASX200 index by 25%	12,503,949	7,358,744

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	2013	2012
Decrease in dividends and distributions to the UC Invest Share Fund by 20%	(553,908)	(488,923)
Increase in dividends and distributions to the UC Invest Share Fund by 20%	553,908	488,923
Change in equity		
Decrease in dividends and distributions to the UC Invest Share Fund by 20%	(553,908)	(488,923)
Increase in dividends and distributions to the UC Invest Share Fund by 20%	553,908	488,923

Derivative Financial Instruments

The entity does not use derivative financial instruments

15. Economic dependency

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

16. 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	Purchases	Sales	Closing Balance	Capital Movement
AGK AGL Energy	\$ 204,369	\$ 117,619	\$ -	\$ 316,397	\$ (5,592)
AMC Amcor Ltd	\$ 253,640	\$ 821,349	\$ 327,828	\$ 940,786	\$ 193,625
AMP AMP Limited	\$ 364,155	\$ 663,802	\$ -	\$ 938,815	\$ (89,143)
ANN Ansell	\$ -	\$ 457,358	\$ 462,213	\$ 95,702	\$ 100,557
ANZ ANZ Bank	\$ 1,937,117	\$ 1,191,716	\$ -	\$ 3,881,588	\$ 752,756
APA APA Group	\$ -	\$ 201,346	\$ -	\$ 190,314	\$ (11,032)
AIO Asciano Group	\$ 117,987	\$ 474,534	\$ 503,559	\$ 213,195	\$ 124,234
ASX ASX Limited	\$ 141,881	\$ 549,136	\$ 485,323	\$ 270,296	\$ 64,602
AZJ Aurizon Holdings	\$ 156,111	\$ 381,355	\$ 256,684	\$ 362,564	\$ 81,782
BEN Bendigo & Adel Bank	\$ 255,000	\$ 163,408	\$ 45,882	\$ 488,718	\$ 116,192
BHP BHP Billiton	\$ 3,101,152	\$ 1,467,130	\$ -	\$ 4,693,475	\$ 125,193
BXB Brambles Industries	\$ 303,689	\$ 168,600	\$ -	\$ 546,877	\$ 74,588
CFX CFS Retail Property	\$ 117,032	\$ 55,587	\$ -	\$ 173,507	\$ 888
CGF Challenger Financial	\$ -	\$ 397,342	\$ 160,637	\$ 469,545	\$ 232,839
CBA Commonwealth Bank	\$ 3,113,353	\$ 1,514,258	\$ 251,210	\$ 5,308,216	\$ 931,816
CPU Computershare	\$ 118,830	\$ 62,645	\$ -	\$ 220,112	\$ 38,637
CSL CSL	\$ 718,379	\$ 323,227	\$ -	\$ 1,288,173	\$ 246,567
DXS Dexs Property	\$ 127,439	\$ 61,572	\$ -	\$ 185,199	\$ (3,812)
FMG Fortescue Metals	\$ 196,644	\$ 95,124	\$ -	\$ 376,118	\$ 84,349
GMG Goodman Group	\$ 167,099	\$ 87,973	\$ -	\$ 271,743	\$ 16,671
GPT GPT Group	\$ 152,415	\$ 77,301	\$ -	\$ 210,144	\$ (19,571)
HVN Harvey Norman	\$ -	\$ 417,288	\$ 161,897	\$ 461,644	\$ 206,254
ILU Iluka Resources	\$ 97,984	\$ 51,749	\$ -	\$ 137,122	\$ (12,612)
IPL Incitec Pivot	\$ 136,316	\$ 58,520	\$ -	\$ 165,801	\$ (29,035)
IAG Insurance Australia	\$ 241,474	\$ 152,210	\$ -	\$ 464,110	\$ 70,426
LEI Leighton Holdings	\$ 75,883	\$ 15,081	\$ 79,580	\$ -	\$ (11,385)
LLC Lend Lease Corp	\$ 125,206	\$ 510,258	\$ 64,061	\$ 690,869	\$ 119,467
MQG Macquarie Group	\$ 322,214	\$ 169,781	\$ -	\$ 680,858	\$ 188,864
MTS Metcash	\$ -	\$ 514,282	\$ -	\$ 470,357	\$ (43,926)
MGR Mirvac Group	\$ 132,099	\$ 81,391	\$ -	\$ 233,401	\$ 19,911
MND Monadelphous Group	\$ -	\$ 616,195	\$ 69,654	\$ 502,219	\$ (44,322)
MYR Myer Holdings	\$ -	\$ 398,828	\$ 10,293	\$ 464,882	\$ 76,347
NAB National Aust Bank	\$ 1,554,950	\$ 1,242,849	\$ 54,266	\$ 3,629,739	\$ 886,206
NCM New crest Mining	\$ 440,894	\$ 482,073	\$ 205,757	\$ 226,161	\$ (491,049)
NNC New s Corporation	\$ -	\$ -	\$ 42,753	\$ -	\$ 42,753
OSH Oil Search	\$ 470,750	\$ 100,999	\$ 270,506	\$ 340,312	\$ 39,069
ORI Orica	\$ 237,187	\$ 655,413	\$ 89,160	\$ 810,906	\$ 7,465
ORG Origin Energy	\$ 1,083,693	\$ 329,292	\$ 966,780	\$ 592,586	\$ 146,382
ORA Orora Ltd	\$ -	\$ -	\$ -	\$ 103,442	\$ 103,442
QAN Qantas Airw ays	\$ 87,414	\$ 38,624	\$ -	\$ 94,643	\$ (31,395)
QBE QBE Insurance	\$ 335,491	\$ 235,829	\$ -	\$ 540,970	\$ (30,350)
REC Recall Holdings	\$ -	\$ -	\$ -	\$ 48,533	\$ 48,533
RIO Rio Tinto	\$ 749,214	\$ 335,551	\$ -	\$ 1,143,651	\$ 58,887
STO Santos	\$ 719,469	\$ 894,991	\$ 737,560	\$ 1,019,389	\$ 142,490
SVW Seven Group	\$ 338,000	\$ -	\$ 348,462	\$ -	\$ 10,462
SHL Sonic Healthcare	\$ 134,406	\$ 468,940	\$ 21,796	\$ 711,066	\$ 129,516
SPN SP Ausnet	\$ -	\$ 463,263	\$ -	\$ 501,413	\$ 38,149
SGP Stockland	\$ 194,778	\$ 114,338	\$ -	\$ 316,171	\$ 7,055
SUN Suncorp Group	\$ 340,817	\$ 189,127	\$ -	\$ 648,856	\$ 118,912
SYD Sydney Airport	\$ 126,652	\$ 95,587	\$ -	\$ 242,102	\$ 19,863
TLS Telstra	\$ 2,290,321	\$ 907,662	\$ 633,119	\$ 3,001,625	\$ 436,761

Appendix 1 – Revaluation of investments (continued)

Company		Opening Balance	Purchases	Sales	Closing Balance	Capital Movement
TOL	Toll Holdings	\$ 80,279	\$ 435,392	\$ -	\$ 603,557	\$ 87,886
TCL	Transurban	\$ 220,750	\$ 135,655	\$ -	\$ 390,133	\$ 33,728
FOX	Twenty-first Century Fox	\$ 186,078	\$ 70,137	\$ -	\$ 389,023	\$ 132,808
UGL	United Group	\$ -	\$ 432,753	\$ 331,079	\$ -	\$ (101,674)
WES	Wesfarmers	\$ 1,922,280	\$ 542,660	\$ 823,542	\$ 1,939,169	\$ 297,771
WDC	Westfield Group	\$ 574,580	\$ 249,876	\$ -	\$ 773,570	\$ (50,886)
WRT	Westfield Retail	\$ 221,001	\$ 132,292	\$ -	\$ 344,553	\$ (8,740)
WBC	Westpac Banking	\$ 2,872,889	\$ 1,257,218	\$ 528,713	\$ 4,336,200	\$ 734,806
WPL	Woodside Petroleum	\$ 1,216,902	\$ 469,059	\$ 423,076	\$ 1,415,377	\$ 152,492
WOR	WorleyParsons	\$ 358,716	\$ 66,184	\$ 235,195	\$ 139,905	\$ (49,800)
		\$ 29,434,977	\$ 22,663,729	\$ 8,590,588	\$ 50,015,795	\$ 6,507,677

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

- a) the financial statements and notes set out on pages 1 to 14 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 2013 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the financial 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 Bengert
Member
Uniting Church Investment Committee

Adelaide
21 March 2014

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

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of UC Invest Share Fund, which comprises the balance sheet as at 31 December 2013, the income statement, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration of the committee.

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

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the fund's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Uniting Church Investment Committee, as well as evaluating the overall presentation of the financial report.

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

Independence

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



Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of UC Invest Share Fund as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation described in note 1 to the financial report.

Basis of Accounting

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

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'I J Painter'.

I J Painter
Director

Adelaide, 21 March 2014