

UC Invest Share Fund

December 31

2014

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 2014

	Note	2014 \$	2013 \$
Revenue	2	3,942,964	2,801,862
Expenses	3	(168,801)	(131,497)
OPERATING PROFIT / (LOSS) FOR THE YEAR		3,774,163	2,670,365
Realised profit / (loss) on sale of financial assets	4	583,967	483,538
PROFIT / (LOSS) FOR THE YEAR		4,358,130	3,153,903
Gains / (Losses) on revaluation of financial assets	4	(539,619)	6,024,139
PROFIT ATTRIBUTABLE TO UNIT HOLDERS		3,818,511	9,178,042

Balance Sheet

As at 31 December 2014

	Note	2014 \$	2013 \$
Assets			
Current Assets			
Cash & Cash Equivalents	6	4,113,081	1,023,501
Trade & Other Receivables	7	877,425	611,164
Total Current Assets		4,990,506	1,634,665
Non-Current Assets			
Financial Assets	4,8	64,093,158	50,015,795
Total Non-Current Assets		64,093,158	50,015,795
Total Assets		69,083,664	51,650,460
Liabilities			
Current Liabilities			
Trade & Other Payables	9	(1,377,689)	(650,472)
Total Current Liabilities		(1,377,689)	(650,472)
Non-Current Liabilities			
Total Non-Current Liabilities		-	-
Total Liabilities		(1,377,689)	(650,472)
Net Assets		67,705,975	50,999,988
Equity			
Unit Holders Control		67,705,975	50,999,988
Total Equity		67,705,975	50,999,988

Statement of Changes in Equity

For the year to 31 December 2014

	Unit Holders Control	Total
Balance at 1 January 2013	30,332,044	30,332,044
Unit Holder Purchases for Year	14,580,732	14,580,732
Unit Holder Redemptions 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	50,999,988	50,999,988
Balance at 1 January 2014	50,999,988	50,999,988
Unit Holder Purchases for Year	20,799,657	20,799,657
Unit Holder Redemptions for Year	(4,133,623)	(4,133,623)
Distributions to Unit Holders	(3,758,988)	(3,758,988)
Unit Holder Transaction Fees	(19,570)	(19,570)
Profit Attributable to Unit Holders	3,818,511	3,818,511
Balance at 31 December 2014	67,705,975	67,705,975

Statement of Cash Flows

For the year to 31 December 2014

	Note	2014 \$	2013 \$
Cash Flows from Operating Activities			
Receipts		3,663,193	2,632,780
Payments		(167,260)	(123,558)
Net cash flows provided by / (used in) operating activities	10	3,495,933	2,509,222
Cash Flows from Investing Activities			
Sale of investments	4	12,942,196	8,590,588
Purchase of investments	4	(26,960,036)	(22,663,729)
Net cash flows provided by / (used in) investing activities		(14,017,840)	(14,073,141)
Cash Flows from Financing Activities			
Distributions to Unit Holders		(1,909,902)	(572,355)
Purchases by Unit Holders		19,660,653	13,122,892
Redemptions by Unit Holders		(4,139,264)	(420,499)
Net cash flows provided by / (used in) financing activities		13,611,487	12,130,038
Net increase / (decrease) in cash held		3,089,580	566,119
Cash at beginning of year		1,023,501	457,382
Cash at End of Year	6	4,113,081	1,023,501

1. Statement of significant accounting policies

The financial report of the UC Invest Share Fund (*"the Fund"*) for the year ended 31 December 2014 was adopted by the Uniting Church Investment Committee (UCIC) on 20 March 2015.

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.

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, 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.

(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.

	2014	2013
2. Revenue		
Dividends and distributions from equities	3,886,637	2,769,542
Interest received	36,757	17,748
Application and redemption fees received	19,570	14,572
	3,942,964	2,801,862

3. Expenses		
Management fees - related party	154,227	107,078
Interest paid	427	426
Brokerage	14,147	23,993
	168,801	131,497

4. Revaluation of investments		
Market value of listed equities held at year end	64,093,158	50,015,795
Less: Market value of listed equities held at start of year	(50,015,795)	(29,434,977)
Less: Equities purchased during the year ¹	(27,374,827)	(22,663,729)
Add: Equities sold during the year ²	13,341,812	8,590,588
Less: Realised profit on sale of investments	(583,967)	(483,538)
Gain / (Loss) on revaluation of investments	(539,619)	6,024,139

¹ In 2014 this item includes non-cash acquisitions totalling \$414,791 resulting from capital restructures and demerger activity.

² In 2014 this item includes non-cash sale proceeds totalling \$399,616 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 2014 year had a total investment return of **6.23%**, which is consistent with the ASX200 Accumulation Index (industry standard Australian share benchmark) return of **5.61%**.

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

5. Auditor's remuneration		
Fee in relation to audit (<i>paid by UC Invest</i>)	1,250	1,726

6. Cash and cash equivalents		
Cash at the end of the year as shown in the <i>Statement of Cash Flows</i> is reconciled to the related items in the balance sheet as follows:		

Cash at bank	1,001	(29,861)
UC Invest 11am account	4,112,080	1,053,362
	4,113,081	1,023,501

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

	2014	2013
7. Trade and other receivables		
Accrued dividends and distributions	110,919	77,329
Accrued franking credits	766,506	533,835
	877,425	611,164

8. Financial assets

Non-Current Assets

Financial assets	64,093,158	50,015,795
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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	611,052	640,135
Unit holder franking credits payable	753,094	-
Trade and other payables	13,543	10,337
	1,377,689	650,472

The fund changed its distribution policy during the year in relation to the distribution of franking credits. In previous years accumulated franking credits have been paid out to unit holders with quarterly income distributions. From 2014 franking credits will only be paid to unit holders once the annual return has been received from the Australian Taxation Office.

10. Cash flow information

Reconciliation of cash flow from operations with profit

Profit / (Loss) for the year before the revaluation of financial assets	4,358,130	3,153,903
Non-cash items in profit		
Realised profit on sale of financial assets	(583,967)	(483,538)
In-Specie distribution from demerger	(15,175)	-
Changes in assets and liabilities		
(Increase) / Decrease in operating receivables	(266,261)	(171,480)
Increase / (Decrease) in operating payables	3,206	10,337
Cash flow from operating activities	3,495,933	2,509,222

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 the 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 6% 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 77% 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	2014	2013
Decrease in ASX200 index by 25%	(16,023,290)	(12,503,949)
Increase in ASX200 index by 25%	16,023,290	12,503,949
Change in equity		
Decrease in ASX200 index by 25%	(16,023,290)	(12,503,949)
Increase in ASX200 index by 25%	16,023,290	12,503,949

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	2014	2013
Decrease in dividends and distributions to the UC Invest Share Fund by 20%	(777,327)	(553,908)
Increase in dividends and distributions to the UC Invest Share Fund by 20%	777,327	553,908
Change in equity		
Decrease in dividends and distributions to the UC Invest Share Fund by 20%	(777,327)	(553,908)
Increase in dividends and distributions to the UC Invest Share Fund by 20%	777,327	553,908

Derivative Financial Instruments

The entity does not use derivative financial instruments

16. Restatement of prior period comparative figures

The following prior period comparative figures have been reclassified as follows:

Income Statement

Realised profit on the sale of financial assets is recognised separately from gains or losses on the revaluation of assets. These items were previously combined under the classification of '*Revaluation of Investments (realised and unrealised)*'.

This change has not altered the final reported profit attributable to unit holders.

Balance Sheet

Financial assets have been reclassified as non-current assets. These assets were originally classified as current assets.

17. Economic dependency

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

18. 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	-	683,322	-	-	(14,561)	668,761
AGL AGL Energy Limited	316,397	238,398	-	-	(36,333)	518,462
AIO Asciano Limited	213,195	789,688	(170,308)	23,525	83,677	939,777
AMC Amcor Limited	940,786	477,567	(843,268)	56,536	184,768	816,389
AMP AMP Limited	938,815	430,378	(857,471)	161,724	132,722	806,168
ANN Ansell Limited	95,702	661,140	(114,836)	6,451	131,658	780,115
ANZ ANZ Banking Group Limited	3,881,588	1,477,129	(262,318)	7,210	(45,038)	5,058,571
APA APA Group	190,314	72,022	(13,326)	2,730	54,098	305,837
ASX ASX Limited	270,296	604,834	(522,400)	(6,494)	3,088	349,324
AZJ Aurizon Holdings Limited	362,564	182,118	(21,718)	(288)	(34,361)	488,316
BEN Bendigo and Adelaide Bank	488,718	290,224	(164,564)	15,711	65,661	695,750
BHP BHP Billiton Limited	4,693,475	1,568,261	(261,622)	2,670	(1,307,078)	4,695,705
BXB Brambles Limited	546,877	194,561	(30,014)	484	110,280	822,188
CBA Commonwealth Bank of Australia	5,308,216	1,953,044	(363,080)	14,906	724,237	7,637,325
CGF Challenger Limited	469,545	221,493	(153,808)	25,527	9,460	572,217
CPU Computershare Limited	220,112	81,500	(12,820)	635	5,715	295,142
CSL CSL Limited	1,288,173	454,398	(90,269)	3,795	412,001	2,068,098
DXS Dexs Property Group	185,199	109,246	(23,809)	3,354	36,030	310,019
FLT Flight Centre Travel Group Ltd	-	677,773	-	-	(212,253)	465,520
FMG Fortescue Metals Group Ltd	376,118	791,146	(16,297)	(3,581)	(460,616)	686,770
FOX Twenty-First Century FOX Inc	389,023	87,619	(415,469)	(61,173)	-	-
GMG Goodman Group	271,743	107,476	(17,240)	2,167	71,789	435,934
GPT GPT Group	210,144	81,125	-	-	70,877	362,146
HVN Harvey Norman Holdings Ltd	461,644	294,166	(879,414)	123,603	-	-
IAG Insurance Australia Group Ltd	464,110	228,313	(30,674)	3,134	64,235	729,119
IFL IOOF Holdings Limited	-	690,067	-	-	(50,317)	639,750
ILU Iluka Resources Limited	137,122	53,536	(7,422)	(286)	(60,648)	122,302
IPL Incitec Pivot Limited	165,801	63,119	(10,222)	974	35,535	255,206
JBH JB Hi-Fi Limited	-	686,977	-	-	(49,755)	637,221
LLC Lend Lease Group	690,869	281,548	(121,684)	22,039	363,148	1,235,920
MGR Mirvac Group	233,401	82,688	(14,292)	1,523	15,985	319,304
MIN Mineral Resources Limited	-	670,032	-	-	(186,049)	483,983
MND Monadelphous Group Limited	502,219	264,396	-	-	(371,193)	395,422
MQG Macquarie Group Limited	680,858	934,916	(72,843)	3,667	70,366	1,616,965
MTS Metcash Limited	470,357	329,872	(71,000)	(3,688)	(273,827)	451,714
MYR Myer Holdings Limited	464,882	122,499	-	-	(276,472)	310,909
NAB National Australia Bank Ltd	3,629,739	1,406,145	(267,586)	(210)	(157,058)	4,611,029
NCM Newcrest Mining Limited	226,161	113,192	(17,390)	3,913	88,260	414,136
NVN Novion Property Group	173,507	72,920	(10,897)	941	21,141	257,612
ORA Orora Limited	103,442	-	(123,955)	20,514	-	-
ORG Origin Energy Limited	592,586	221,298	(37,055)	234	(136,812)	640,251
ORI Orica Limited	810,906	191,347	(503,887)	(76,224)	(79,412)	342,730
OSH Oil Search Limited	340,312	168,344	(32,399)	4,257	(20,748)	459,766
QAN Qantas Airways Limited	94,643	-	(91,201)	(3,442)	-	-
QBE QBE Insurance Group Limited	540,970	279,540	(32,770)	(1,999)	(35,769)	749,971
REC Recall Holdings Limited	48,533	-	(52,957)	4,424	-	-
RHC Ramsay Health Care Limited	-	319,211	-	-	42,404	361,614
RIO Rio Tinto Limited	1,143,651	369,527	(68,149)	(530)	(185,377)	1,259,122
RMD Resmed Inc	-	512,970	(581,328)	68,358	-	-
SCG Scentre Group	344,553	493,313	(88,811)	6,929	138,915	894,898
SGP Stockland Group	316,171	123,494	(22,859)	2,983	53,483	473,273
SHL Sonic Healthcare Limited	711,066	362,861	(767,990)	20,916	33,045	359,899
SPN SP AusNet	501,413	-	(556,615)	55,203	-	-
STO Santos Limited	1,019,389	930,424	(586,936)	(27,746)	(559,004)	776,127
SUN Suncorp Group Limited	648,856	225,770	(44,504)	4,950	66,146	901,218
SYD Sydney Airport	242,102	205,139	(22,650)	2,427	87,883	514,902
TCL Transurban Group	390,133	283,857	-	-	136,631	810,621

Appendix 1 – Revaluation of investments (continued)

Company		Opening Balance	Total Purchases	Total Sales	Profit / (Loss) on Sale	Revaluation of Investments	Closing Balance
TLS	Telstra Corporation Limited	3,001,625	1,099,707	(951,143)	80,924	469,768	3,700,881
TOL	Toll Holdings Limited	603,557	378,903	(155,472)	7,504	63,155	897,648
WBC	Westpac Banking Corporation	4,336,200	1,692,977	(336,971)	22,511	65,039	5,779,755
WES	Wesfarmers Limited	1,939,169	-	(1,902,581)	(36,589)	-	-
WFD	Westfield Corporation Limited	773,570	248,785	(408,335)	6,004	239,023	859,047
WOR	WorleyParsons Limited	139,905	44,339	-	-	(70,632)	113,612
WPL	Woodside Petroleum Limited	1,415,377	694,172	(115,182)	10,861	(66,527)	1,938,700
		50,015,795	27,374,827	(13,341,812)	583,967	(539,619)	64,093,158

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 2014 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 Bengert
Member
Uniting Church Investment Committee

Adelaide
20 March 2015



**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 2014, the income statement, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory notes 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 have determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the policies set by the Uniting Church Investment Committee and is appropriate to meet the needs of unit holders. The committee's responsibility also includes such internal control as the committee determine is necessary to enable the preparation and fair presentation of the 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 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 about 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 ethical pronouncements.



Edwards Marshall

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

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 2014, and its financial performance and cash flows for the year then ended in accordance with the basis of preparation described in Note 1 of 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 to 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.

Edwards Marshall

Edwards Marshall
Chartered Accountants

Brett Morkunas

Brett Morkunas
Partner

Adelaide
South Australia

Dated *20 March 2015*