

UC Invest Share Fund

December 31

2017

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 2017

	Note	2017 \$	2016 \$
Revenue	2	4,574,054	5,455,991
Expenses	3	(183,671)	(173,529)
OPERATING PROFIT / (LOSS) FOR THE YEAR		4,390,383	5,282,462
Realised profit / (loss) on sale of financial assets	4	340,440	(553,494)
PROFIT / (LOSS) FOR THE YEAR		4,730,823	4,728,968
Gains / (Losses) on revaluation of financial assets	4	1,286,732	1,973,866
PROFIT ATTRIBUTABLE TO UNIT HOLDERS		6,017,555	6,702,834

Balance Sheet

As at 31 December 2017

	Note	2017 \$	2016 \$
Assets			
Current Assets			
Cash & Cash Equivalents	6	3,815,833	6,086,868
Trade & Other Receivables	7	1,011,520	1,249,381
Total Current Assets		4,827,353	7,336,249
Non-Current Assets			
Financial Assets	4,8	75,593,964	66,855,058
Total Non-Current Assets		75,593,964	66,855,058
Total Assets		80,421,317	74,191,307
Liabilities			
Current Liabilities			
Trade & Other Payables	9	(1,665,416)	(2,496,526)
Total Current Liabilities		(1,665,416)	(2,496,526)
Non-Current Liabilities			
Total Non-Current Liabilities		-	-
Total Liabilities		(1,665,416)	(2,496,526)
Net Assets		78,755,901	71,694,781
Equity			
Unit Holders Control		78,755,901	71,694,781
Total Equity		78,755,901	71,694,781

Statement of Changes in Equity

For the year to 31 December 2017

	Unit Holders Control	Total
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
Balance at 31 December 2016	71,694,781	71,694,781
Balance at 1 January 2017	71,694,781	71,694,781
Unit Holder Purchases for Year	7,726,658	7,726,658
Unit Holder Redemptions for Year	(2,285,861)	(2,285,861)
Distributions Allocated to Unit Holders	(4,390,383)	(4,390,383)
Unit Holder Gross Transaction Fees	(6,849)	(6,849)
Profit Attributable to Unit Holders	6,017,555	6,017,555
Balance at 31 December 2017	78,755,901	78,755,901

Statement of Cash Flows

For the year to 31 December 2017

	Note	2017 \$	2016 \$
Cash Flows from Operating Activities			
Interest received		50,452	30,580
Dividends received		3,382,263	3,992,091
Franking credits received		1,372,354	1,010,379
Receipts		7,376	5,235
Payments		(182,789)	(173,671)
Net cash flows provided by / (used in) operating activities	10	4,629,656	4,864,614
Cash Flows from Investing Activities			
Sale of investments	4	2,576,811	11,439,143
Purchase of investments	4	(9,688,545)	(11,388,761)
Net cash flows provided by / (used in) investing activities		(7,111,734)	50,382
Cash Flows from Financing Activities			
Distributions to Unit Holders		(2,345,497)	(1,944,255)
Purchases by Unit Holders		4,844,688	2,644,921
Redemptions by Unit Holders		(2,288,148)	(1,531,042)
Proceeds from borrowings		-	435,600
Loan repayments		-	(435,600)
Net cash flows provided by / (used in) financing activities		211,043	(830,376)
Net increase / (decrease) in cash held		(2,271,035)	4,084,620
Cash at beginning of year		6,086,868	2,002,248
Cash at End of Year	6	3,815,833	6,086,868

1. Statement of significant accounting policies

The financial report of the UC Invest Share Fund (*"the Fund"*) for the year ended 31 December 2017 was authorised for issue in accordance with a resolution by the members of the Uniting Church Investment Committee (UCIC) on 20 April 2018.

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 Bengier (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

Investment Services Uniting Church SA manages the administration and investment strategy of the Fund.

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.

	2017	2016
2. Revenue		
Dividends and distributions from equities	4,516,755	5,421,264
Interest received	50,452	30,581
Application and redemption fees received	6,847	4,146
	4,574,054	5,455,991
3. Expenses		
Management fees - related party	178,373	161,857
Interest paid	-	738
Brokerage	5,298	10,934
	183,671	173,529
4. Revaluation of investments		
Market value of listed equities held at year end	75,593,964	66,855,058
Less: Market value of listed equities held at start of year	(66,855,058)	(65,485,068)
Less: Equities purchased during the year ¹	(9,688,545)	(11,548,966)
Add: Equities sold during the year ²	2,576,811	11,599,348
Realised (profit) / loss on sale of investments	(340,440)	553,494
Gain / (Loss) on revaluation of investments	1,286,732	1,973,866

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

² 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 2017 year had a total investment return of **8.3%**, which underperformed the ASX200 Accumulation Index benchmark return of **11.8%**. The benchmark return has not been adjusted for 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)	1,365	1,300
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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	11	13
UC Invest 11am account	3,815,822	6,086,855
	3,815,833	6,086,868

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

	2017	2016
7. Trade and other receivables		
Accrued dividends and distributions	172,060	147,226
Accrued franking credits	839,455	1,102,150
Other receivables	5	5
	1,011,520	1,249,381

8. Financial assets

Financial assets	75,593,964	66,855,058
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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	814,932	1,380,036
Unit holder franking credits payable	834,732	1,102,150
Trade and other payables	15,752	14,340
	1,665,416	2,496,526

10. Cash flow information

Reconciliation of cash flow from operations with profit

Profit / (Loss) for the year before the revaluation of financial assets	4,730,823	4,728,968
Non-cash items in profit		
Realised (profit) / loss on sale of financial assets	(340,440)	553,494
Changes in assets and liabilities		
(Increase) / Decrease in operating receivables	237,861	(418,799)
Increase / (Decrease) in operating payables	1,412	951
Cash flow from operating activities	4,629,656	4,864,614

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.).

Uniting Fund SA (an activity of The Uniting Church in Australia Property Trust (S.A.)) 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 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 80% 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. The exclusion of several large companies on ethical investment grounds weakens this correlation, 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	2017	2016
Decrease in ASX200 index by 25%	(18,898,491)	(16,713,765)
Increase in ASX200 index by 25%	18,898,491	16,713,765
Change in equity		
Decrease in ASX200 index by 25%	(18,898,491)	(16,713,765)
Increase in ASX200 index by 25%	18,898,491	16,713,765

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	2017	2016
Decrease in dividends and distributions to the UC Invest Share Fund by 20%	(903,351)	(1,084,253)
Increase in dividends and distributions to the UC Invest Share Fund by 20%	903,351	1,084,253
Change in equity		
Decrease in dividends and distributions to the UC Invest Share Fund by 20%	(903,351)	(1,084,253)
Increase in dividends and distributions to the UC Invest Share Fund by 20%	903,351	1,084,253

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	642,092	-	-	-	128,891	770,983
AMC Amcor Limited	1,627,906	193,676	-	-	54,492	1,876,074
AMP AMP Limited	887,428	73,743	-	-	24,249	985,420
ANZ ANZ Banking Group Limited	5,297,947	496,594	-	-	(321,353)	5,473,188
APA APA Group	568,508	54,821	-	-	(21,253)	602,076
ASX ASX Limited	573,204	52,861	-	-	62,757	688,822
AZJ Aurizon Holdings Limited	616,888	58,161	-	-	(14,893)	660,156
BTT BT Investment Management	-	319,050	-	-	19,650	338,700
BEN Bendigo and Adelaide Bank	776,708	-	-	-	(63,554)	713,154
BKL Blackmores Limited	524,552	-	(613,746)	89,194	-	-
BXB Brambles Limited	1,165,501	777,235	-	-	(200,485)	1,742,251
CBA Commonwealth Bank of Australia	9,149,076	847,417	-	-	(265,953)	9,730,540
CGF Challenger Limited	818,148	-	(293,690)	52,031	143,096	719,585
CPU Computershare Limited	374,012	36,726	-	-	118,588	529,326
CSL CSL Limited	2,734,767	293,988	-	-	1,134,084	4,162,839
CTX Caltex Limited	472,922	43,131	-	-	59,971	576,024
DXS Dexs Property Group	549,870	81,641	-	-	6,705	638,216
FLT Flight Centre Travel Group Ltd	547,875	-	(112,356)	34,732	194,411	664,662
GMG Goodman Group	662,227	85,660	-	-	121,840	869,727
GPT GPT Group	537,440	49,819	-	-	7,627	594,886
HSO Healthscope Limited	-	363,974	-	-	56,026	420,000
HVN Harvey Norman Holdings Ltd	638,938	-	-	-	(120,578)	518,360
IAG Insurance Australia Group Ltd	-	1,021,194	-	-	90,602	1,111,796
IFL IOOF Holdings Limited	680,978	-	(777,845)	96,867	-	-
IPL Incitec Pivot Limited	355,601	35,774	-	-	32,497	423,872
JBH JB Hi-Fi Limited	603,056	156,868	-	-	(48,959)	710,965
LLC Lend Lease Group	457,080	109,361	-	-	52,325	618,766
MGR Mirvac Group	458,557	57,339	-	-	48,861	564,757
MPL Medibank Private Limited	1,129,596	47,706	-	-	194,131	1,371,433
MQG Macquarie Group Limited	2,480,655	163,773	(98,461)	11,151	360,845	2,917,963
NAB National Australia Bank Ltd	5,581,112	523,292	-	-	(249,574)	5,854,830
NCM New crest Mining Limited	920,200	84,565	-	-	125,099	1,129,864
NST Northern Star Resources	-	344,540	-	-	21,460	366,000
ORG Origin Energy Limited	684,055	68,632	-	-	312,696	1,065,383
ORI Orica Limited	383,762	48,598	-	-	7,814	440,174
OSH Oil Search Limited	494,372	49,674	-	-	46,950	590,996
PPT Perpetual Limited	650,166	-	-	-	(5,467)	644,699
QAN Qantas Airways Limited	404,845	-	(20,131)	5,848	200,559	591,121
QBE QBE Insurance Group Limited	1,009,199	92,167	-	-	(155,823)	945,543
RHC Ramsay Health Care Limited	524,203	48,720	-	-	13,491	586,414
SCG Scentre Group	1,470,694	121,630	-	-	(145,320)	1,447,004
SEK Seek Limited	301,811	-	(357,184)	55,373	-	-
SGP Stockland Group	648,235	69,255	-	-	(18,628)	698,862
SHL Sonic Healthcare Limited	1,130,498	427,478	(286,410)	(1,848)	83,365	1,353,083
STO Santos Limited	376,606	92,956	(16,988)	(2,908)	173,106	622,772
SUN Suncorp Group Limited	1,035,537	97,061	-	-	24,047	1,156,645
SYD Sydney Airport	790,279	92,587	-	-	139,870	1,022,736
TCL Transurban Group	1,250,546	146,274	-	-	257,812	1,654,632
TLS Telstra Corporation Limited	3,672,943	999,550	-	-	(1,134,049)	3,538,444

Appendix 1 – Revaluation of investments (continued)

Company	Opening Balance	Total Purchases	Total Sales	Profit / (Loss) on Sale	Revaluation of Investments	Closing Balance
VCX Vicinity Centres	581,543	49,597	-	-	(54,734)	576,406
WBC Westpac Banking Corporation	7,201,536	698,883	-	-	(317,826)	7,582,593
WFD Westfield Corporation Limited	1,067,453	89,631	-	-	19,610	1,176,694
WPL Woodside Petroleum Limited	1,343,931	122,943	-	-	87,654	1,554,528
53	66,855,058	9,688,545	(2,576,811)	340,440	1,286,732	75,593,964

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

This policy excludes investments in companies whose products, services or practices cause or perpetuate injustice and suffering, infringe human rights or cause unacceptable damage to the natural environment. Industries included are thermal coal extraction and exploration, armaments, uranium, gambling, alcohol, tobacco and pornography.

Companies are also screened for unacceptable practices in areas such as human rights, occupational health and safety, environmental management and support of oppressive regimes.

The companies listed below have been reviewed and excluded from the investment universe of the Fund under this policy.

Company	Exclusion Reason
AGL AGL Energy	Thermal Coal Extraction
ALL Aristocrat Leisure	Gambling
BHP BHP Billiton	Thermal Coal Extraction
CCL Coca-Cola Amatil	Alcohol
CWN Crown Resorts	Gambling
JHX James Hardie	Human Rights (Asbestos)
PDN Paladin Energy	Uranium
RIO Rio Tinto	Thermal Coal Extraction
SGR Star Entertainment Group	Gambling
TAH Tabcorp Holdings	Gambling
TWE Treasury Wine Estates	Alcohol
WES Wesfarmers	Gambling
WOW Woolworths Group	Gambling

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 2017 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
Chairperson Audit Committee
Uniting Church Investment Committee

Adelaide
20 April 2018

**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 2017, 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 2017 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.

Other information

The Committee are responsible for the other information. The other information comprises the information in the entity's annual report for the year ended 31 December 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Other information (cont.)

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF UC INVEST SHARE FUND (CONT)***Auditor's responsibility for the audit of the financial report (cont)***

- 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



Brett Morkunas
Partner

Adelaide
South Australia

20 April 2018