

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
INVESTMENT FUND  
General Purpose Financial Report  
As at 31 December 2015**

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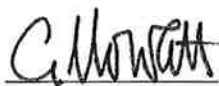
UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
INVESTMENT FUND

INVESTMENT AND CORPORATE FINANCE COMMITTEE'S STATEMENT

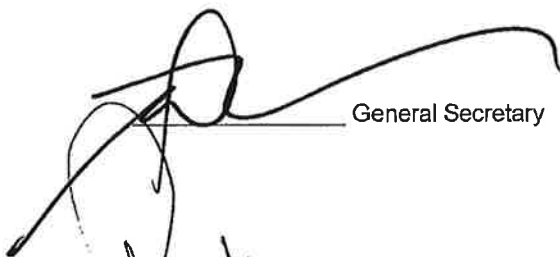
In the opinion of the Investment and Corporate Finance Committee,

- (i) The financial report presents fairly the financial position of the Uniting Church in Australia Synod of Western Australia Investment Fund ("the Investment Fund") at 31 December 2015 and the results of its operations and cash flows for the year ended on that date;
- (ii) The operations of the Investment Fund have been carried out in accordance with the Synod's Constitution; and
- (iii) At the date of this statement, there are reasonable grounds to believe that the Investment Fund will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Investment and Corporate Finance Committee and is signed for and on behalf of the Investment and Corporate Finance Committee by:



Chairperson of the Investment and Corporate Finance Committee



General Secretary



Associate General Secretary – Resources

Dated: 23 SEPTEMBER 2016

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
INVESTMENT FUND**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**For the year ended 31 December 2015**

	Note	2015 \$	2014 \$
Interest revenue	3a	822,822	912,664
Investment revenue	3b	<u>3,510,575</u>	<u>5,739,813</u>
		<u>4,333,397</u>	<u>6,652,477</u>
Interest expense	3c	(1,530,232)	(1,822,519)
Other expenses	3d	<u>(3,046,179)</u>	<u>(2,910,852)</u>
		<u>(4,576,411)</u>	<u>(4,733,371)</u>
 NET (DEFICIT)/SURPLUS FOR THE YEAR		 (243,014)	 1,919,106
Other comprehensive income		-	-
 TOTAL COMPREHENSIVE INCOME FOR THE YEAR		 <u>(243,014)</u>	 <u>1,919,106</u>

The accompanying notes form part of this financial report

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
INVESTMENT FUND**

**STATEMENT OF FINANCIAL POSITION**

**As at 31 December 2015**

	Note	2015 \$	2014 \$
<b>ASSETS</b>			
Cash and cash equivalents	5	27,327,030	14,568,241
Receivables	6	589,196	609,496
Financial assets	7	49,510,293	47,939,029
Loans and advances	8	506,441	1,529,038
<b>TOTAL CURRENT ASSETS</b>		<b>77,932,960</b>	<b>64,645,804</b>
Financial assets	7	-	450,000
Loans and advances	8	8,627,792	5,855,164
Investment properties	9	8,050,000	8,615,000
Property, plant and equipment	10	2,099,054	2,215,683
<b>TOTAL NON CURRENT ASSETS</b>		<b>18,776,846</b>	<b>17,135,847</b>
<b>TOTAL ASSETS</b>		<b>96,709,806</b>	<b>81,781,651</b>
<b>LIABILITIES</b>			
Deposits	11	80,753,410	65,667,241
Payables and accruals	12	-	-
Provisions	13	1,800,000	1,715,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>82,553,410</b>	<b>67,382,241</b>
<b>TOTAL LIABILITIES</b>		<b>82,553,410</b>	<b>67,382,241</b>
<b>NET ASSETS</b>		<b>14,156,396</b>	<b>14,399,410</b>
<b>EQUITY</b>			
Retained surplus		14,156,396	14,399,410
<b>TOTAL EQUITY</b>		<b>14,156,396</b>	<b>14,399,410</b>

The accompanying notes form part of this financial report

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
INVESTMENT FUND**

**STATEMENT OF CASH FLOWS**

**For the year ended 31 December 2015**

	Note	2015 \$	2014 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Interest received from mortgages and investments		852,439	980,185
Interest paid to depositors		(1,530,232)	(1,822,519)
Investment income		3,729,579	3,330,404
Payments to suppliers		(1,129,550)	(1,121,418)
Grants paid		<u>(1,715,000)</u>	<u>(1,690,000)</u>
Net cash provided by/(used in) operating activities	14 (b)	<u>207,236</u>	<u>(323,348)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment		-	(161,510)
Net payments for equity investments		(784,585)	(206,044)
Net loans (provided to)/repaid from customers		<u>(1,750,031)</u>	<u>738,233</u>
Net cash (used in)/provided by investing activities		<u>(2,534,616)</u>	<u>370,679</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net increase/(decrease) in deposits		<u>15,086,169</u>	<u>(188,454)</u>
Net cash provided by/(used in) financing activities		<u>15,086,169</u>	<u>(188,454)</u>
Net increase/(decrease) in cash held		12,758,789	(141,123)
Cash at the beginning of the year		<u>14,568,241</u>	<u>14,709,364</u>
Cash at the end of the year	14 (a)	<u>27,327,030</u>	<u>14,568,241</u>

The accompanying notes form part of this financial report

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
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**STATEMENT OF CHANGES IN EQUITY**

	<b>Retained Surplus \$</b>	<b>Total Equity \$</b>
1 January 2014	12,480,304	12,480,304
Total comprehensive income for the year	1,919,106	1,919,106
	<hr/>	<hr/>
31 December 2014	14,399,410	14,399,410

	<b>Retained Surplus \$</b>	<b>Total Equity \$</b>
1 January 2015	14,399,410	14,399,410
Total comprehensive loss for the year	(243,014)	(243,014)
	<hr/>	<hr/>
31 December 2015	14,156,396	14,156,396

The accompanying notes form part of this financial report

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
**INVESTMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2015**

1. PRINCIPAL ACTIVITIES, CONSTITUTION AND BASIS OF PREPARATION

(a) Principal activities

The principal activities of the Investment Fund are to:

- Enlarge and extend the work of the Uniting Church in WA by:
  - (i) receiving deposits at varying rates of interests;
  - (ii) receiving gifts and bequests;
  - (iii) applying money on investments; and
  - (iv) applying surplus funds from operations to the wider work of the Uniting Church
- Encourage and foster a greater appreciation and understanding of Christian Stewardship.

(b) Constitution

The Investment Fund is an unincorporated divisional activity, conducted and ultimately controlled by, the Uniting Church in Australia Synod of Western Australia (the Synod), an entity constituted under the provisions of the Uniting Church in Australia Act, 1976. Under this legislation, all property both real and personal controlled by the Investment Fund as well as the cash, liquid assets and trading securities are vested in the Uniting Church in Australia Property Trust (WA).

The Investment Fund is a lender to other Divisions, Instrumentalities and Agencies of the Synod as disclosed in Note 8 and also borrows funds in the form of deposits received, as disclosed in Note 11.

(c) Basis of presentation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. The Investment Fund is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

**New, revised or amending Accounting Standards and Interpretations adopted**

The Investment Fund has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Investment Fund.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
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1 PRINCIPAL ACTIVITIES, CONSTITUTION AND BASIS OF PREPARATION

*Going concern*

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial report as at 31 December 2015, the Investment Fund had net current liabilities of \$4,620,450.

The Committee believes that it is reasonably foreseeable that the Investment Fund will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report, after considering that \$29,421,484 of current liability deposits held with the Investment Fund, are amounts deposited by the Uniting Church in Australia Synod and its divisions. Whilst the deposits have a maturity of less than 12 months, the Committee does not expect the majority of these deposits to be redeemed in the next 12 months, based on the withdrawal history of prior years.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.



**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

(b) Financial Assets

*Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.

*Financial assets at fair value through profit and loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: *Financial Instruments: Recognition and Measurement*. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

*Held-to-maturity investments*

These investments have fixed maturities, and it is the Investment Fund's intention to hold these investments to maturity. Any held-to-maturity investments held by the Fund are stated at amortised cost using the effective interest rate method.

*Available-for-sale financial assets*

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken to equity.

*Financial liabilities*

Non-derivative financial liabilities in the form of deposits are recognised at amortised cost, comprising original debt less principal payments and amortisation. Interest expense is recognised using the effective interest rate method.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Financial Assets (Cont'd)

*Measurement basis*

For investments carried at amortised cost, gains or losses are recognised in the statement of profit or loss and other comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments with no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, i.e. the date the Investment Fund commits to purchase or sell the asset.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Investment Fund and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

*Depreciation*

Depreciation is calculated on a straight line basis so as to write off the net costs of each asset over the expected useful life. Assets are depreciated from the date of acquisition.

Items of property, plant and equipment are depreciated as follows:

Building	5.00%
Furniture, fixtures and fittings	20.00%
Plant and equipment	20.00%

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(d) Impairment

At each reporting date, the Investment Fund reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

(e) Provisions

Provisions are recognised when the Investment Fund has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

(f) Revenue Recognition

*Interest income*

Interest income is recognised as it accrues using the effective interest rate 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, which 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.

*Dividend income*

Dividends are recognised as revenue when the right to receive payment is established.

*Gain or loss on sale of assets*

The gain or loss on the disposal of assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal, net of incremental disposal costs. This is recognised in the year in which the significant risks and rewards of ownership transfer to the buyer.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(g) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their best economic interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(h) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(i) Income Tax

The Uniting Church in Australia Synod of Western Australia is exempt from income tax under the provisions of Section 50-5 of the Income Tax Assessment Act 1997 and this exemption encompasses the operations of the Investment Fund.

(j) Comparative figures

Where necessary, the figures for the previous year have been reclassified to facilitate comparison.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(k) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Investment Fund for the annual reporting period ended 31 December 2015. The Investment Fund's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Investment Fund, are set out below:

*AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The incorporated association will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the incorporated association.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(l) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Estimation of useful lives of assets*

The Investment Fund determines the useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete and non-strategic assets that have been abandoned or sold will be written off or written down.

*Fair Value Measurement Hierarchy*

The Investment Fund is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Investment Fund can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The Investment Fund assesses the impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Investment Fund and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
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	2015 \$	2014 \$
3. NET SURPLUS FOR THE YEAR		
REVENUE		
a) Interest		
Interest on loans and advances	468,955	441,674
Interest on mortgage securities	40,021	65,472
Interest on cash and deposits	313,846	405,518
INTEREST REVENUE	822,822	912,664
b) Investment		
Investment income	3,642,409	3,473,235
Property income	96,486	83,241
Gain on sale of financial assets	535,506	382,603
Unrealised (loss)/gain on financial assets	(198,826)	1,670,734
Unrealised (loss)/gain on investment properties	(565,000)	130,000
NON INTEREST REVENUE	3,510,575	5,739,813
TOTAL	4,333,397	6,652,477
EXPENDITURE		
c) Interest		
Interest on deposits	1,530,232	1,822,519
d) Other		
Rental property expenses	149,371	100,842
Investment fees and charges	331,936	300,003
Management expenses	603,287	624,469
Grant to Synod	1,800,000	1,715,000
Depreciation	116,629	84,339
Administration expenses	44,956	86,199
OTHER EXPENSES	3,046,179	2,910,852
TOTAL	4,576,411	4,733,371

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
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4. INTEREST REVENUE AND EXPENSE

The following tables show the average balance of each major categories of interest-bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate.

	Average Balance \$	Interest \$	Average Interest Rate %
Interest revenue 2015			
Loans and advances	7,681,063	466,511	6.07
Mortgage securities	578,155	40,021	6.92
Cash and deposit	20,947,636	313,846	1.50
		<u>820,378</u>	
Interest revenue 2014			
Loans and advances	6,810,046	441,674	6.49
Mortgage securities	943,273	65,472	6.94
Cash and deposit	14,638,803	405,518	2.77
		<u>912,664</u>	
Interest expense 2015			
Deposits	73,210,326	<u>1,530,232</u>	2.09
Interest expense 2014			
Deposits	65,761,468	<u>1,822,519</u>	2.77



**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
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		2015 \$	2014 \$
5.	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash on hand and in banks	765,666	391,338
	Short term investment	<u>26,561,364</u>	<u>14,176,903</u>
		<u>27,327,030</u>	<u>14,568,241</u>
6.	<b>RECEIVABLES</b>		
	Sundry debtors	584,830	606,969
	GST receivable	<u>4,366</u>	<u>2,527</u>
		<u>589,196</u>	<u>609,496</u>
7.	<b>FINANCIAL ASSETS</b>		
	<i>Financial assets at fair value through profit or loss</i>		
	Current		
	Listed shares	20,194,417	22,787,387
	Listed fixed income securities	12,678,725	10,341,332
	Listed property trusts	2,952,645	3,093,056
	Managed funds	13,684,506	12,853,254
	Provision for impairment	-	(1,136,000)
		<u>49,510,293</u>	<u>47,939,029</u>
	Non-Current		
	Unlisted fixed income securities	-	450,000
		<u>49,510,293</u>	<u>48,389,029</u>
8.	<b>LOANS AND ADVANCES</b>		
	Current	506,441	1,529,038
	Non-Current	<u>8,627,792</u>	<u>5,855,164</u>
		<u>9,134,233</u>	<u>7,384,202</u>
	Loans to Divisions, Instrumentalities and Agencies of Synod	8,545,597	6,816,529
	Mortgage securities	541,498	546,902
	Others	<u>47,138</u>	<u>20,771</u>
		<u>9,134,233</u>	<u>7,384,202</u>
	Maturity analysis		
	No longer than 3 months	-	3,725
	Longer than 3 and not longer than 12 months	506,441	1,525,313
	Longer than 1 year and not longer than 5 years	725,846	835,099
	Longer than 5 years	<u>7,901,946</u>	<u>5,020,065</u>
		<u>9,134,233</u>	<u>7,384,202</u>

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
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8. LOANS AND ADVANCES (Cont.)

Loans to Divisions, Instrumentalities and Agencies to Synod are generally made against a Letter of Undertaking. In most cases, there is no registered mortgage.

Advances on mortgage securities are normally for fixed terms and limited to two thirds of sworn valuation but in exceptional cases, the loan to valuation ratio may be increased, provided adequate Mortgage Guarantee Insurance is effected. All mortgages become payable on demand in the event of the mortgagee's default.

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>9. INVESTMENT PROPERTIES</b>		
<b>(a) Land and buildings – at independent valuation</b>		
- Land and Buildings	8,050,000	8,615,000
	8,050,000	8,615,000
<b>(b) Movements in Carrying Amounts</b>		
Movement in the carrying amounts between the beginning and the end of the financial year		
Carrying amount at beginning of the year	8,615,000	8,485,000
Revaluation	(565,000)	130,000
Carrying amount at end of the year	8,050,000	8,615,000

Independent valuations were performed by a licensed valuer, Pember Wilson and Eftos in December 2015 and December 2014. Valuations were on the basis of estimated current market values, based on the properties being sold on the open market at the date of valuation.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
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	2015 \$	2014 \$
10. PROPERTY, PLANT AND EQUIPMENT		
Land – at cost	1,000,000	1,000,000
Building – at cost	1,686,779	1,686,779
Less accumulated depreciation	(716,885)	(632,546)
	969,894	1,054,233
Furniture, fixtures and fittings – at cost	800,000	800,000
Less accumulated depreciation	(800,000)	(800,000)
	-	-
Plant and equipment – at cost	161,450	161,450
Less accumulated depreciation	(32,290)	-
	129,160	161,450
TOTAL	2,099,054	2,215,683

(a) Movements in Carrying Amounts

Movement in the carrying amounts between the beginning and the end of the financial year

<i>Land</i>		
Carrying amount at the beginning of the year	1,000,000	1,000,000
Carrying amount at the end of the year	1,000,000	1,000,000
<i>Building</i>		
Carrying amount at beginning of the year	1,054,233	1,138,572
Depreciation	(84,339)	(84,339)
Carrying amount at end of the year	969,894	1,054,233

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
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	2015 \$	2014 \$
10. PROPERTY, PLANT AND EQUIPMENT (Cont.)		
(a) Movements in Carrying Amounts (Cont.)		
<i>Furniture, fittings and fixtures</i>		
Carrying amount at beginning of the year	800,000	800,000
Depreciation	<u>(800,000)</u>	<u>(800,000)</u>
Carrying amount at end of the year	<u>-</u>	<u>-</u>
 <i>Plant and Equipment</i>		
Carrying amount at beginning of the year	161,450	-
Depreciation	(32,290)	-
Addition	<u>-</u>	<u>161,450</u>
Carrying amount at end of the year	<u>129,160</u>	<u>161,450</u>
Total	<u>2,099,054</u>	<u>2,215,683</u>
11. DEPOSITS		
Synod funds	29,421,484	31,701,220
Parish and related instrumentalities	44,802,418	27,375,242
Private investors	6,379,585	6,426,720
Accrued interest	<u>149,923</u>	<u>164,059</u>
	<u>80,753,410</u>	<u>65,667,241</u>
Maturity analysis		
No longer than 3 months	68,940,287	55,463,904
Longer than 3 and not longer than 12 months	<u>11,813,123</u>	<u>10,203,337</u>
	<u>80,753,410</u>	<u>65,667,241</u>

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
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		2015 \$	2014 \$
12.	PAYABLES		
	Accruals	-	-
13.	PROVISIONS		
	Grants to WA Synod	1,800,000	1,715,000
14.	NOTES TO THE STATEMENT OF CASH FLOWS		
	(a) Reconciliation of cash		
	Cash at the end of the financial year is shown in the Statement of Cash Flows and is reconciled to the related items in the Statement of Financial Position as follows:		
	Cash on hand and at banks	765,666	391,338
	Short term investment	26,561,364	14,176,903
		27,327,030	14,568,241
	(b) Reconciliation of net cash used in operating activities to net surplus		
	Net surplus	(243,014)	1,919,106
	Profit on sale of investments	(535,505)	(382,603)
	Unrealised gain on investments	198,826	(1,670,734)
	Unrealised gain on investment properties	565,000	(130,000)
	Depreciation	116,629	84,339
	Movement in assets and liabilities		
	(Increase)/ Decrease in receivables	20,300	(158,551)
	Increase in provisions	85,000	25,000
	(Decrease)/ Increase in accruals	-	(9,965)
		207,236	(323,408)
	Net cash used in operating activities		

15. CONTINGENCIES

There were no contingent liabilities or assets as at 31 December 2015.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
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16. COMMITMENTS

Total Mortgage Loans committed but not yet drawn at balance date amounted to \$623,000 (2014: \$2,875,000). This consisted of \$623,000 to Uniting Church Agencies (2014: \$2,875,000 to Uniting Church Agencies). All commitments are due to be drawn within one year.

17. RELATED PARTY TRANSACTIONS

(a) Members of the Investment and Corporate Finance Committee

Members of the Committee during the year were:

G Howlett (Chair)  
M Artus  
B Carey  
G Reynolds  
R Locke

(b) Advances and deposits

During the year, advances have been made to and deposits received from Divisions, Instrumentalities and Agencies of Synod. These are identified in Notes 8 (Loans and Advances) and 11 (Deposits).

Interest paid and received on these Synod activities is made under the same terms and conditions as other parties and amounted to \$1,350,159 paid (2014: \$1,645,802) and \$466,512 (2014: \$439,755) received for the financial year.

(c) Mortgage loans

Mortgage loans have been made to management, employees and their relatives under similar terms and conditions as other parties.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
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18. FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

The Investment Fund's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date are as follows:

<b>Recognised Financial Instruments</b>	<b>Balance Sheet Notes</b>	<b>Accounting Policies</b>	<b>Terms and Conditions</b>
<b>(i) Financial Asset</b>			
Cash	5	Cash includes cash at bank readily convertible into cash.	N/A
Short term investment	5	Short term investment is stated at the lower of cost and net realisable value. Interest is recognised in the income statement when earned.	Short term investment is held on an on-call basis.
Receivables	6	Receivables are recognised for amounts to be received in the future in connection with refundable franking credits.	N/A
Listed shares	7	Listed shares are carried at market value. Dividend income is recognised when the dividends are received.	N/A
Listed fixed income securities	7	Listed fixed income securities are carried at market value. Income is recognised as revenue as it is accrued.	N/A
Unlisted fixed income securities	7	Unlisted fixed income securities are carried at fair value. Income is recognised as revenue as it is accrued.	N/A
Listed property trusts	7	Listed property trusts are carried at market value. Income is recognised as revenue as it is accrued.	N/A
Managed funds	7	The managed funds are carried at market value. Income is recognised as revenue as it is accrued.	N/A
Loans to divisions, instrumentalities and agencies of Synod	8	Amounts receivable from related parties/entities are carried at nominal amounts due. Where a loan is known to be doubtful, a specific provision may be made.	Advances are generally made against a Letter of Undertaking. In most cases, there is no registered mortgage.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
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NOTES TO THE FINANCIAL STATEMENTS  
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18. FINANCIAL INSTRUMENTS (cont)

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
<b>(i) Financial Asset</b>			
Mortgage Securities	8	First mortgage securities are carried at nominal amounts due. Where a loan is known to be doubtful, a specific provision may be made.	Advances on mortgages are normally for fixed terms and limited to two thirds of sworn valuation but in exceptional cases the loan to valuation ratio may be increased provided adequate Mortgage Guarantee Insurance is effected.  All mortgages become payable on demand in the event of mortgagor default.
<b>(i) Financial Liabilities</b>			
Deposits	11	Deposits are carried at principal amounts plus interest accrued. Interest is recognised as it is accrued.	Interest is calculated in accordance with the terms of each contract.



**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
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18. FINANCIAL INSTRUMENTS (cont)

Financial risk management

The main risks arising from the Investment Fund's financial instruments are interest rate risk, liquidity risk, credit risk and market price risk. The Investment Fund does not hold financial instruments denominated in foreign currencies and does not use derivative instruments to manage risks associated with its financial instruments.

(b) Interest rate risk

The Investment Fund is exposed to interest rate fluctuations on its cash at bank, short term investment, loans and advances, and deposits. The Investment Fund actively monitors interest rates for cash at bank and short term investment to maximise interest income. The Investment Fund also actively monitors interest rates for loans and advances, and deposits in order to provide competitive rates, which has the resultant effect of ensuring funds are available for investment purposes to attract higher returns to finance the Uniting Church in Australia activities and for Uniting Church related entities to access funds for their objectives.

The Investment Fund's exposure to interest rate risk and the effective weighted interest rates on those financial assets and financial liabilities are as follows:

**2015**

Financial Instrument	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate			Non-interest bearing	Total
			1 year or less	1 to 5 years	More than 5 years		
<b>(i) Financial Asset</b>							
Cash	0.01	765,665					765,666
Short term investments	1.50		26,561,365				26,561,364
Receivables	-					589,196	589,196
Financial assets	-					49,510,294	49,510,294
Loans and advances	6.50		506,441	725,846	7,901,946		9,134,233
Total financial assets		765,665	27,067,806	725,846	7,901,946	50,099,490	86,560,753
<b>(ii) Financial Liabilities</b>							
Deposits	2.09		80,753,410				80,753,410
Total financial liabilities			80,753,410				80,753,410
Net financial assets/(liabilities)		765,665	(53,685,604)	725,846	7,901,946	50,099,490	5,807,343

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
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18. FINANCIAL INSTRUMENTS (Cont)

**2014**

Financial Instrument	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate			Non-interest bearing	Total
			1 year or less	1 to 5 years	More than 5 years		
<b>(i) Financial Asset</b>							
Cash	0.01	391,338	-	-	-	-	391,338
Short term investments	2.77	-	14,176,903	-	-	-	14,176,903
Receivables	-	-	-	-	-	606,969	606,969
Financial assets	-	-	-	-	-	48,389,029	48,389,029
Loans and advances	6.72	-	1,529,038	835,099	5,020,065	-	7,384,202
Total financial assets		391,338	15,705,941	835,099	5,020,065	48,995,998	70,948,441
<b>(ii) Financial Liabilities</b>							
Deposits	2.77	-	65,667,241	-	-	-	65,667,241
Total financial liabilities		-	65,667,241	-	-	-	65,667,241
Net financial assets/(liabilities)		391,338	(49,961,300)	835,099	5,020,065	48,995,998	5,281,200

*Interest rate sensitivity*

At 31 December 2015, if interest rates had changed by +/- 100 basis points from the year end rates with all other variables held constant, surplus for the year (2014: surplus for the year) would have been higher/lower by \$442,921 (2014: +/- 100 basis points: \$437,148 mainly as a result of lower/higher interest expense for deposits.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
**INVESTMENT FUND**  
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18. FINANCIAL INSTRUMENTS (Cont.)

(c) Market Price Risk

The Investment Fund is exposed to equity securities price risk. This arises from investments held and classified on the statement of financial position as available for sale financial assets. The Investment Fund is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Investment Fund diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Investment Fund. The majority of the Investment Fund's equity and equity-related investments are publicly traded and are included either in the ASX 300 index or are publicly traded in Australia, totalling \$39,338,428 or 79% of total financial assets (2014: \$36,221,775 or 75%). The balance pertains to investments in international equities through managed funds, totalling \$10,078,263 or 20% of total financial assets (2014: \$11,621,754 or 24%) and unlisted investments, totalling \$93,600 or under 1% of total financial assets (2014: \$545,500 or 1%).

At 31 December 2015, if the market price of publicly traded Australian securities changed by +/- 15% from the year end with all other variables held constant, surplus for the year would have been lower/higher by \$5,900,764 (2014: +/- 15%; \$6,712,571).

(d) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions to fulfil deposit redemptions, both foreseen and unforeseen. The Investment Fund manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets or liabilities.

When necessary, cash for unforeseen events may be sourced from liquidation of financial assets at fair value through profit and loss. For the maturity and composition of the deposits, please see Note 11.

(e) Credit Risk

Credit risk arises from cash deposited with banks and financial institutions as well as credit exposures from loans and advances. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Loans to divisions, instrumentalities and agencies to Synod are generally made against a Letter of Undertaking. In most cases, there is no registered mortgage as the owner of the property available as security is the Trustee of the Investment Fund. Monthly repayments are monitored strictly every month by the Investment Fund and action will be taken immediately for any payment arrears.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
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18. FINANCIAL INSTRUMENTS (Cont.)

The Investment Fund minimises concentrations of credit risk in relation to mortgages and advances to divisions, instrumentalities and agencies of Synod by undertaking transactions with a large number of customers. The Investment Fund has implemented policies that limit loans to any one borrower to a maximum of 30% of total reserves and to any one sector to a maximum of 20% of total assets.

Advances on mortgage securities are normally for fixed terms and limited to two thirds of sworn valuation but in exceptional cases, the loan to valuation ratio may be increased, provided adequate Mortgage Guarantee Insurance is effected. All mortgages become payable on demand in the event of the mortgagee's default.

For the maturity and composition of loans and advances, please see Note 8.

19. FAIR VALUE MEASUREMENT

*Fair value hierarchy*

The following tables detail the Investment Fund's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>2015</b>				
<i>Assets</i>				
Financial assets at fair value through profit or loss	49,416,693	-	-	49,416,693
Unlisted fixed income securities	-	-	93,600	93,600
Investment properties		8,050,000		8,050,000
Total assets	<u>49,416,693</u>	<u>8,050,000</u>	<u>93,600</u>	<u>57,560,293</u>

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>2014</b>				
<i>Assets</i>				
Financial assets at fair value through profit or loss	47,843,529	-	-	47,843,529
Unlisted fixed income securities	-	-	545,500	545,500
Investment properties	-	8,615,000	-	8,615,000
Total assets	<u>47,843,529</u>	<u>8,615,000</u>	<u>545,500</u>	<u>57,004,029</u>

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
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19. FAIR VALUE MEASUREMENT (Cont.)

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

*Cash and short term investments:*

The carrying amounts approximate fair values because they are receivable on demand.

*Receivables:*

The carrying amount approximates fair value due to its short-term nature.

*Financial assets:*

These are carried at quoted market prices at the reporting date for listed securities or dealer quotes for unlisted securities.

*Loans and advances:*

The fair values are estimated using their carrying amounts due to their short term nature and market interest rates charged.

*Customers' term deposits:*

The fair values are estimated using their carrying amounts due to their short term nature.

*Valuation techniques for fair value measurements categorised within level 3*  
Unlisted investments in equities securities are not material to the Fund.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
**INVESTMENT FUND**  
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20. SUBSEQUENT EVENTS

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Investment and Corporate Finance Committee, to affect substantially the operations of the Investment Fund in subsequent financial years.

21. INVESTMENT FUND DETAILS

The principal place of business of the Investment Fund is:

Uniting Church in Australia  
85 – 89 Edward St  
EAST PERTH WA 6001



**RSM Australia Pty Ltd**

8 St Georges Terrace Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61(0) 8 9261 9100

F +61(0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**

We have audited the accompanying financial report of the Uniting Church in Australia Synod of Western Australia ("the Synod") Investment Fund ("the Investment Fund"), which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Investment and Corporate Finance Committee ("the Committee") statement.

*The Investment Committee's Responsibility for the Financial Report*

The Committee is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the Committee determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(c), the Committee also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements* that the financial statements comply with *International Financial Reporting Standards*.

*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.

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

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*Independence*

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

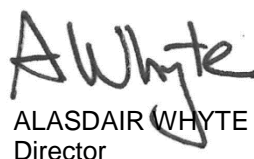
*Opinion*

In our opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the Investment Fund as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards; and
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1 (c).

RSM

RSM AUSTRALIA PTY LTD

  
ALASDAIR WHYTE  
Director

Perth, WA  
Dated: 23 September 2016