

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
General Purpose Financial Report
As at 31 December 2023**

CONTENTS

Investment and Corporate Finance Committee's Statement

Statement of Profit or Loss and Other Comprehensive Income

Statement of Financial Position

Statement of Cash Flows

Statement of Changes in Equity

Notes to the Financial Statements

Independent Auditor's Report

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

Board of Finance and Investment Statement

In the opinion of the Board of Finance and Investment,

- (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 2023 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:



David Beards, Chairperson of the Board of Finance and Investment



Peter Hollins, Chief Financial Officer

Dated:

7/8/24

**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 2023

	Note	2023 \$	2022 \$
Interest revenue	3a	314,316	332,654
Net Investment revenue	3b	3,375,227	1,995,911
Net gain / (loss) on revaluation of financial assets	3b	4,729,971	(6,272,891)
		<u>8,419,514</u>	<u>(3,944,326)</u>
Interest expense	3c	(2,212,658)	(777,642)
Other expenses	3d	(1,216,315)	(2,829,251)
		<u>(3,428,973)</u>	<u>(3,606,893)</u>
Surplus / (Deficit) before income tax expense		4,990,541	(7,551,219)
Income tax expenses		-	-
Net surplus / (deficit) after income tax expense for the year		<u>4,990,541</u>	<u>(7,551,219)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>4,990,541</u>	<u>(7,551,219)</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 2023

	Note	2023 \$	2022 \$
ASSETS			
Cash and cash equivalents	5	10,560,216	15,396,334
Receivables	6	642,368	362,750
Financial assets	7	75,057,734	69,561,633
Loans and advances receivable	8	1,000,000	1,789,423
TOTAL CURRENT ASSETS		87,260,318	87,110,140
Loans and advances receivable	8	5,000,796	4,931,988
Investment properties	9	3,015,500	3,015,000
TOTAL NON-CURRENT ASSETS		8,016,296	7,946,988
TOTAL ASSETS		95,276,614	95,057,128
LIABILITIES			
Deposits payables	10	72,464,750	75,635,805
Provisions	11	1,000,000	2,600,000
TOTAL CURRENT LIABILITIES		73,464,750	78,235,835
TOTAL LIABILITIES		73,464,750	78,235,835
NET ASSETS		21,811,864	16,821,323
EQUITY			
Retained surplus		21,811,864	16,821,323
TOTAL EQUITY		21,811,864	16,821,323

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 2023

	Note	2023 \$	2022 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Interest received from mortgages and investments		314,316	332,654
Interest paid to depositors		(2,212,658)	(777,642)
Investment income		360,581	999,589
Payments to suppliers		(216,314)	(229,251)
Grants paid to Synod		<u>(2,600,000)</u>	<u>(2,750,000)</u>
Net cash (used in)/received from operating activities	12 (b)	<u>(4,354,075)</u>	<u>(2,424,650)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net withdrawals / (deposits) for investments		1,968,397	2,719,186
Net loan receipts from customers		<u>720,615</u>	<u>701,657</u>
Net cash provided by / (used in) investing activities		<u>2,689,012</u>	<u>3,420,843</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net increase / (decrease) in deposits		<u>(3,171,055)</u>	<u>4,793,301</u>
Net cash provided by / (used in) financing activities		<u>(3,171,055)</u>	<u>4,793,301</u>
Net increase / (decrease) in cash held		(4,836,118)	5,789,494
Cash at the beginning of the year		<u>15,396,334</u>	<u>9,606,840</u>
Cash at the end of the year	12 (a)	<u>10,560,216</u>	<u>15,396,334</u>

The accompanying notes form part of this financial report

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Retained Surplus \$	Total Equity \$
Balance 1 January 2022	24,372,542	24,372,542
Deficit for the year	(7,551,219)	(7,551,219)
Other Comprehensive income for the year	-	-
Total comprehensive income for the year	(7,551,219)	(7,551,219)
Balance at 31 December 2022	16,821,323	16,821,323
Balance at 1 January 2023	16,821,323	16,821,323
Surplus for the year	4,990,541	4,990,541
Other Comprehensive income for the year	-	-
Total comprehensive surplus for the year	4,990,541	4,990,541
Balance at 31 December 2023	21,811,864	21,811,864

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 2023

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 10.

(c) Basis of presentation

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 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.

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(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

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

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.

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.

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.

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Financial Assets (Cont'd)

Measurement basis (Cont'd)

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) 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.

(d) 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.

(e) 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.

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(e) Revenue Recognition (Cont'd)

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.

(f) 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.

(g) 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.

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(g) 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.

(h) 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.

(i) Comparative figures

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

(j) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(k) Investment Properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(k) Investment Properties (Cont'd)

subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(o) 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:

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.

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

	2023	2022
	\$	\$
3. REVENUE		
a) Interest		
Interest on loans and advances	251,747	307,614
Interest on mortgage securities	12,754	15,738
Interest on cash and deposits	49,815	9,302
INTEREST REVENUE	314,316	332,654
b) Investment		
Investment income	3,161,404	3,220,642
Property income	89,850	85,075
Realised (loss) / gain on sale of financial assets	49,293	(1,516,783)
Other income	74,680	206,977
	3,375,227	1,995,911
Unrealised gain on investment properties	-	530,814
Unrealised (loss) / gain on financial assets	4,729,971	(6,803,705)
	4,729,971	(6,272,891)
Total	8,419,514	(3,944,326)
 EXPENSES		
c) Interest		
Interest on deposits	2,212,658	777,642
d) Other		
Rental property expenses	10,664	21,539
Investment fees and charges	161,440	160,270
Grant to Synod	1,000,000	2,600,000
Administration expenses	44,211	30,442
Grants to Foundation Trust	-	17,000
	1,216,315	2,829,251
Total	3,428,973	3,606,893

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023**

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 2023			
Loans and advances	6,049,728	251,747	4.16%
Mortgage securities	311,375	12,754	4.10%
Cash and deposit	12,979,890	49,815	0.56%
		314,316	
Interest revenue 2022			
Loans and advances	6,661,720	307,614	4.62%
Mortgage securities	410,520	15,738	3.84%
Cash and deposit	12,503,202	9,302	0.07%
		332,654	
Interest expense 2023			
Deposits	74,051,893	2,212,658	2.99%
Interest expense 2022			
Deposits	73,240,769	777,642	1.06%
		2023	2022
		\$	\$

5. CASH AND CASH EQUIVALENTS

Cash at bank	1,874,732	1,892,238
Short Term Investments	8,685,483	13,504,096
	10,560,216	15,396,334

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows.

6. RECEIVABLES

Sundry debtors	632,122	356,774
GST receivable	10,246	5,976
	642,368	362,750

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

	2023	2022
	\$	\$
7. FINANCIAL ASSETS		
<i>Financial assets at fair value through profit or loss</i>		
Current		
Equities	36,984,288	34,285,008
Fixed income	21,194,856	20,156,436
Property trusts	8,313,050	7,327,216
Managed funds	8,565,540	7,792,973
	75,057,734	69,561,633
8. LOANS AND ADVANCES RECEIVABLE		
Current	1,000,000	1,789,423
Non-Current	5,000,796	4,931,988
	6,000,796	6,721,411
Loans to Divisions, Instrumentalities and Agencies of Synod	5,701,442	6,398,014
Mortgage securities	280,315	276,357
Others-unsecured	19,039	47,040
	6,000,796	6,721,411
Maturity analysis		
No longer than 3 months	1,000,000	503,796
Longer than 3 months and not longer than 12 months	-	1,285,627
Longer than 1 year and not longer than 5 years	1,207,279	976,792
Longer than 5 years	3,793,517	3,955,196
	6,000,796	6,721,411

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 affected. All mortgages become payable on demand in the event of the mortgagee's default.

Allowance for expected credit losses

The Investment Fund has recognised nil losses in profit or loss in respect of the expected credit losses for the year ended 31 December 2023. (2022: nil)

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

	2023	2022
	\$	\$
9. INVESTMENT PROPERTIES		
(a) Land and buildings – at independent valuation		
- Land and buildings	<u>3,015,000</u>	<u>3,015,000</u>
	<u>3,015,000</u>	<u>3,015,000</u>
(b) Movements in Carrying Amounts		
Movement in the carrying amounts between the beginning and the end of the financial year		
Carrying amount at beginning of the year	3,015,000	2,484,186
Revaluations gains recognised through P&L	<u>-</u>	<u>530,814</u>
Carrying amount at end of the year	<u>3,015,000</u>	<u>3,015,000</u>
10. DEPOSITS		
Synod funds	41,301,360	40,200,854
Parish and related instrumentalities	30,273,490	34,431,404
Private investors	669,009	919,065
Accrued interest	<u>185,280</u>	<u>84,482</u>
	<u>72,429,139</u>	<u>75,635,805</u>
Maturity analysis		
No longer than 3 months	53,504,989	60,629,253
Longer than 3 and not longer than 12 months	<u>18,924,150</u>	<u>15,006,552</u>
	<u>72,429,139</u>	<u>75,635,805</u>

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023**

	2023	2022
	\$	\$
11. PROVISIONS		
Grants to Synod	1,000,000	2,600,000
<i>Grants to Synod</i>		
The provision represents Investment Fund expenses that are paid through Synod.		
<i>Movement in provisions</i>		
		\$
Opening Balance as at 1 January 2023		2,600,000
Additional provision recognized		-
Amount paid		1,600,000
Closing Balance as at 31 December 2023		1,000,000
12. NOTES TO THE STATEMENT OF CASH FLOWS	2023	2022
	\$	\$
(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	1,874,732	1,892,238
Short term investment	8,685,484	13,504,096
	10,560,216	15,396,334
(b) Reconciliation of net cash used in operating activities to net surplus		
Net (deficit) / profit	4,990,541	(7,551,219)
Loss / (Profit) on sale of investments	(30,503)	1,516,783
Net loss / (Gain) on investments	(7,433,996)	3,908,268
(Gain) / Loss on investment properties	(500)	(530,814)
Movement in assets and liabilities		
Decrease / (increase) in receivables	(279,617)	382,332
Increase in provisions	(1,600,000)	(150,000)
Increase in accruals	-	-
	(4,354,075)	(2,424,650)
Net cash (used in) / provided by operating activities	(4,354,075)	(2,424,650)

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023**

13. CONTINGENCIES

There were no contingent liabilities or assets as at 31 December 2023 (2022: Nil).

14. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by RSM Australia, the auditor of the incorporated association:

	2023	2022
	\$	\$
Audit of the financial statements	<u>36,575</u>	<u>35,000</u>

15. COMMITMENTS

Total Mortgage Loans committed but not yet drawn at balance date amounted to \$nil (2022: nil).

16. 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:

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
(i) Financial Asset			
Cash	5	Cash includes cash at bank readily convertible into cash.	N/A
Cash on deposit	5	Short term deposit is stated at the lower of cost and net realisable value. Interest is recognised in the income statement when earned.	Short term deposit 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
Equities	7	Equities are carried at market value. Dividend income is recognised when the dividends are received.	N/A
Fixed income	7	Fixed income securities are carried at market value. Income is recognised as revenue as it is accrued.	N/A
Property trusts	7	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
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023**

16. FINANCIAL INSTRUMENTS (Cont'd)

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
(i) Financial Asset			
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 affected. All mortgages become payable on demand in the event of mortgagor default.
(i) Financial Liabilities			
Deposits	10	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.

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.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023**

16. FINANCIAL INSTRUMENTS (Cont'd)

(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:

2023

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 \$		
(i) Financial Asset							
Cash	0.01%	1,874,732	-	-	-	-	1,874,732
Short Term Investments	0.56%	-	8,685,484	-	-	-	8,685,484
Receivables	-	-	-	-	-	642,368	642,368
Financial Asset	-	-	-	-	-	75,057,734	75,057,734
Loans and Advances	4.13%	-	1,000,000	1,207,278	3,793,517	-	6,000,796
Total financial asset		1,874,732	9,685,484	1,207,278	3,793,517	83,771,442	92,261,114
(ii) Financial Liabilities							
Deposits	2.99%	-	(72,464,750)	-	-	-	(72,464,750)
Total financial liabilities		-	(72,464,750)	-	-	-	(72,464,750)
Net financial assets		1,874,732	(62,779,266)	1,207,278	3,793,517	83,771,442	19,796,364

2022

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 \$		
(i) Financial Asset							
Cash	0.01%	1,892,238	-	-	-	-	1,892,238
Short Term Investments	0.07%	-	13,504,096	-	-	-	13,504,096
Receivables	-	-	-	-	-	362,750	362,750
Financial Asset	-	-	-	-	-	69,561,633	69,561,633
Loans and Advances	4.23%	-	1,789,423	976,792	3,955,196	-	6,721,411
Total financial asset		1,892,238	15,293,519	976,792	3,955,196	69,924,383	92,042,128
(ii) Financial Liabilities							
Deposits	1.06%	-	(75,635,805)	-	-	-	(75,635,805)
Total financial liabilities		-	(75,635,805)	-	-	-	(75,635,805)
Net financial assets		1,892,238	(60,342,286)	976,792	3,955,196	69,924,383	16,406,323

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023**

16. FINANCIAL INSTRUMENTS (Cont'd)

Interest rate sensitivity

At 31 December 2023, if interest rates had changed by +/- 100 basis points (2022: +/- 100 basis points) from the year end rates with all other variables held constant, surplus for the year (2022: profit for the year) would have been higher/lower by \$639,751 (2022: higher/lower by \$535,181) mainly as a result of lower/higher interest expense for deposits.

(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 financial assets, 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 investments are in equities, totalling \$36,984,288 or 44% of total financial assets (2022: \$34,285,008 or 49%). The balance pertains to fixed income securities, totalling \$21,194,856 or 25% of total financial assets (2022: \$20,156,436 or 29%), property trusts, totalling \$8,313,050 or 10% (2022: \$7,327,216 or 11%) and managed funds, totalling \$8,565,540 or 10% of total financial assets (2022: \$7,792,973 or 11%).

At 31 December 2023, if the market price of equities changed by +/- 15% (2022: +/- 15%) from the year end with all other variables held constant, surplus for the year would have been lower/higher by \$5,547,643 (2022: lower/higher by \$5,142,751).

(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 10.

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

16. FINANCIAL INSTRUMENTS (Cont'd)

(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.

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.

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 affected. 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.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023**

17. 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
	\$	\$	\$	\$
2023				
<i>Assets</i>				
Financial assets at fair value through profit or loss	75,057,736	-	-	75,057,736
Investment properties	-	3,015,000	-	3,015,000
Total assets	<u>75,057,736</u>	<u>3,015,000</u>	<u>-</u>	<u>78,072,736</u>

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2022				
<i>Assets</i>				
Financial assets at fair value through profit or loss	69,561,633	-	-	69,561,633
Investment properties	-	3,015,000	-	3,015,000
Total assets	<u>69,561,633</u>	<u>3,015,000</u>	<u>-</u>	<u>72,576,633</u>

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.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Unlisted investments in securities are not material to the Fund.

The basis of the valuation of investment properties is fair value. The investment properties are revalued based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

Financial assets have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023**

FAIR VALUE MEASUREMENT (Cont'd)

18. SUBSEQUENT EVENTS

No other matters or circumstances which have arisen that has significantly affected or may significantly affect the Investment Fund operations, the results of those operations or the Investment Fund state of affairs in future financial years.

19. 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

Level 32 Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

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www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT

To the Members of Uniting Church in Australia Synod of Western Australia Investment Fund

Opinion

We have audited the financial report of the Uniting Church in Australia Synod of Western Australia Investment Fund ('the Investment Fund'), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 by the Investment and Corporate Finance Committee ("the Committee Statement").

In our opinion the accompanying financial report presents fairly, in all material respects, (or gives a true and fair view of) the financial position of the Investment Fund as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

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 Investment Fund 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.

Responsibilities of Management and The Committee for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management 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, management is responsible for assessing the Investment Fund'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 management either intends to liquidate the Investment Fund or to cease operations, or has no realistic alternative but to do so.

The Committee is responsible for overseeing the Investment Fund's financial reporting process.

THE POWER OF BEING UNDERSTOOD

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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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Auditor's Responsibilities 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM

RSM AUSTRALIA

Al Whyte

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 9 August 2024