

UCA Cash Management Fund Limited

ABN 41 075 948 444

Annual report for the year ended 30 June 2024

UCA Cash Management Fund Limited

ABN 41 075 948 444

A company limited by guarantee, domiciled in the State of Victoria in Australia.

The company is incorporated in Australia.

The Manager of the Company is: Uniting Ethical Investors Limited
ABN 46 102 469 821
AFSL 294147

The Manager of the Company is wholly owned
by The Uniting Church in Australia Property Trust
(Victoria) & The Uniting Church in Australia Property
Trust (Tas.)

The Manager's registered office is: Level 6, 130 Lonsdale Street
Melbourne
Victoria 3000
Australia

Auditor: Deloitte Touche Tohmatsu
477 Collins Street
Melbourne
Victoria 3000
Australia

Custodian & Administrator: Northern Trust Corporation
Level 12, 120 Collins Street
Melbourne
Victoria 3000
Australia

Unit Registry:	Iress Limited	*SS&C Technologies Inc.
	Level 16, 385 Bourke Street	Level 15, 469 La Trobe Street
	Melbourne	Melbourne
	Victoria 3000	Victoria 3000
	Australia	Australia

* Effective 1 October 2023, SS&C Technologies Inc. replaced IRESS Limited as the Unit Registry service provider.

Directors' report

The directors' present their report on the financial statements of UCA Cash Management Fund Limited ("the Company") for the year ended 30 June 2024 ("the reporting period").

The Company became a registered company under the *Corporations Act 2001* on 11 October 1996. The Company has no share capital since it is a public company limited by guarantee, incorporated and operating in Australia.

Every member of the Company undertakes to contribute an amount not exceeding \$2 to the property of the Company in the event of it being wound up while the member is a member or within 1 year after the member ceases to be a member, if required, for payment:

- (1) of the debts and liabilities of the Company (contracted before the member ceases to be a member);
- (2) of the costs, charges and expenses of winding up; and
- (3) for the adjustment of the rights of the contributories among themselves.

Uniting Ethical Investors Limited is the Manager and sole member of the Company, however, it does not hold any interest in the net assets and does not share in the earnings of the Company.

Directors

The following directors held office at the date of this report and have held office throughout the year (except where indicated) and up to the date of this report.

Mathew Browning	Executive director Chief executive officer
Robin Burns	Non-executive director
Annette King	Non-executive director
Lindsay Mann	Non-executive director - Chair
Terry McCredden	Non-executive director - retired 15 November 2023
Zarmeen Pavri	Non-executive director Audit, risk and compliance committee chair
Kris Peach	Non-executive director
Fiona Pearse	Non-executive director - Deputy chair from 5 March 2024 People and nominations committee chair to 12 June 2024
Mark Rearick	Non-executive director - appointed 14 October 2023 People and nominations committee chair from 12 June 2024
Kerrie Williams	Non-executive director Investment committee chair

General information

Investment in the Company is available to U Ethical Cash Management Trust Wholesale and U Ethical Enhanced Income Trust (Wholesale). The Company seeks to operate at a low cost and to provide both competitive returns to debenture holders and an annual grant to The Uniting Church in Australia, Synod of Victoria and Tasmania. All investments are made within the ethical investment policy of Uniting Ethical Investors Limited (U Ethical).

Principal activities

The Company's principal and continuing activities during the period consisted of:

- (a) Providing an investment medium for congregations, programs, presbyteries and agencies of The Uniting Church in Australia; and
- (b) Providing an investment medium for other non-profit organisations with a religious, charitable or educational purpose.

There were no significant changes in the nature of the Company's activities during the year.

Investment strategy

The Company may hold cash at bank and term deposits.

Review of operations

Funds under management increased by 6% during the year to \$178,324,000 at 30 June 2024 (2023: \$168,768,000). All income available was distributed to the U Ethical Cash Management Trust Wholesale and U Ethical Enhanced Income Trust (Wholesale) over the year to 30 June 2024.

Significant changes in state of affairs

In the directors' opinion, there were no significant changes in the state of affairs of the Company that occurred during the year not otherwise disclosed in this report or the financial statements.

Environmental regulation

The Company is not subject to any particular or significant environmental regulation under a Commonwealth, State or Territory law.

Information on directors

Mr Mathew Browning BSc GAICD

Executive Director, Chief Executive Officer. Prior to joining U Ethical, he spent 10 years with The Myer Family Company, most recently as general manager and previously as chief operating officer and head of investment. He has over 30 years' experience in financial, property and professional services across Australia, Asia and the UK. Mathew's executive and non-executive director experience includes both commercial and for-purpose organisations.

Mr Robin Burns FAICD

Non-executive Director. He is a lead independent member of the External Compliance Committee of PIMCO Australia Management Ltd, a non-executive director of Defence Health, and a non-executive director of BT Funds Management Ltd and Westpac Securities Administration Ltd. He has more than 35 years of executive experience in financial services, including as Managing Director of Equity Trustees Ltd and prior CEO roles in superannuation, life and health insurance and stockbroking.

Ms Annette King BEc – Actuarial, FAICD, FIAA

Non-executive Director. She has extensive experience leading significant financial institutions and developing businesses with a focus on sustainable growth through technology. She has over 20 years' experience in directorship appointments, and 10 years in CEO or general manager roles in Australia, New Zealand and Asia. Annette has served large multi-national companies including Swiss Re, AXA, Manulife and Mercer and MLC Super, and fintech companies (AFG, FNZ, Galileo Platforms). She has a focus on client experience, culture and innovation. She is a qualified actuary, a Fellow of the Australian Institute of Company Directors and a member of Chief Executive Women (CEW). She was President and Chair at the Actuaries Institute in Australia, President of the Life Insurance Association for Singapore, member of the Hong Kong Advisory Committee of AICD. She currently serves on the boards of Australian Finance Group (AFG), Swiss Re, HCF.

Mr Lindsay Mann BA, FIAA, GAICD

Non-executive Director. He is a Fellow of the Actuaries Institute and brings over 45 years financial services experience to the role. He has held a number of senior executive positions in funds management, wealth management and life insurance across Asia, Australia and New Zealand. Since retiring as Regional Head, Asia, of First State Investments in 2010, he has been a non-executive Director for a number of investment companies and funds in Asia and Australia. He is currently a director of ASX listed companies WAM Capital Limited and WAM Leaders Limited and is a member of the Audit and Risk Committees of both of those companies. He is a member of Glen Waverley congregation of The Uniting Church in Australia.

Mr Terry McCredden B Com (Honours) - retired 15 November 2023

Non-executive Director. He has undertaken management courses at Wharton Business School USA and London Business School. He is a former CEO of UniSuper and Telstra Super. He is Chairman of Infradebt, an infrastructure debt manager. He is also a Council member of the University of Divinity and a director of 3MBS, Melbourne's classical community radio station. Terry is a member of Castlemaine Uniting Church and is the Chair of the Parish Council.

Ms Zarmeen Pavri BCom, ACA, AAICD

Non-executive Director. She brings over 28 years' financial services experience, specifically within the funds management industry, specialising in the areas of sustainability, responsible investments, ESG and impact investing with a particular focus on climate, indigenous and women's economic empowerment, where most recently she was a Partner and Chief Impact Officer at SDGx - a technology venture capital and impact advisory firm. She currently is the Managing Director of a Sustainability consulting business – Sustainable Contracting Services and is currently a director of the RMIT Accelerator Capital Fund and Chair of Apostle Funds Management's People and Planet Fund. Her previous roles include being a member of JANA Investors Sustainability Council, non-executive director of Magnis Energy Technologies (ASX: MNS) and was the Oceania Regional Senior Advisor to the Global Impact Investing Network. She is qualified Australian Chartered accountant and has held several senior executive management roles as Executive Director – Strategy, Chief Operating Officer and Head of Product Development in leading boutique funds management businesses.

Ms Kris Peach AM MBA FCA GAICD

Non-executive Director. She has strong financial and strategic skills, developed during her 5.5 years as Chair and CEO of the Australian Accounting Standards Board (AASB), 28 years with KPMG as a technical accounting expert, Director of Goulburn Murray Rural Water Corporation, genU and Permanent Care and Adoptive Families (PCA Families), Chair of International Financial Reporting for Non-Profit Organisations Governance Group as well as an independent member of the Victorian Department of Families, Fairness and Housing Audit and Risk Management Committee. As past AASB and PCA Families CEO, Open Gardens Australia Board member and Audit Committee Chair, and YHA Bushwalking Victoria President she has extensive experience in developing and implementing strategies, policies and processes for small organisations, including managing risk, corporate governance and compliance.

Ms Fiona Pearse B. Ec. MBA FCPA FAICD

Non-executive Director. She has extensive commercial and financial expertise gained from a broad career spanning almost two decades at ASX-listed, global companies BHP Billiton and BlueScope Steel followed by many non-executive director roles. She is currently a non-executive director of ASX-listed Smart Parking, a leading developer of Smart Cities technology and car park manager with global operations; Monash Health, Victoria's largest public health network; First Samuel, a wealth advisory and wealth management firm; and she is an independent member of the Victorian Parliament Audit Committee. Her previous roles have included being a non-executive director of City West Water, a water utility; World Vision Australia, one of the largest charities in Australia; Scotch College, one of leading boys' schools; and she was an Advisory Board member to a fintech in Stone & Chalk, developing leading-edge governance, risk and compliance solutions for the financial services sector.

Mr Mark Rearick B.S.E. M.S.E. MBA GAICD – appointed 14 October 2023

Non-executive Director. He has over 30 years' experience in Manufacturing, leading companies in Australia, the U.S. and China. He was most recently the Chairman and President of an Electric Vehicle company in China from 2020 – 2021, and since then has held a number of advisory and non-executive director positions. While working as Head of Strategy and CFO for Ford Motor Company in China, Mark served on the Board of Ford Lio Ho (Taiwan), an automotive manufacturing and distribution company where he was also Chair of the Audit Committee. He also served as a Board Member at CFME Manufacturing, in Nanjing China. He was a Director and CFO of Ford of Australia from 2011-2016. Prior to this, he held a number of executive positions in the United States. Mark is currently an Associate Professor (Practice) at the Monash Business School, a non-executive director for Are-Able, an employment services not-for-profit and Australia Battery Industry Association and was a former non-executive director for Uniting Vic Tas. He is also a member of the Uniting Church, and attends St Leonards Uniting church in Brighton Beach, Victoria.

Ms Kerrie Williams BSc, MBA, FFin, GAICD

Non-executive Director. She has extensive experience in the financial services and retail sectors, including 20 years as a professional adviser to large institutional investors on investments, risk and governance-related issues, and has in-depth knowledge of the funds management and superannuation sectors. Prior to her non-executive career, she held a number of senior executive positions, including as Director of Strategy and People for Frontier Advisors. She is currently an independent board member of the Municipal Association of Victoria Insurance Board, a non-executive director of The Winston Churchill Memorial Trust, a member of the ACT Treasury Investment Advisory Board and a member of the Sisters of St John of God Finance Advisory Committee.

Directors' shareholdings

No director holds shares in the Company.

Meetings of directors

	Meeting of Directors		Audit, Risk & Compliance Committee		Investment Committee		People & Nominations Committee	
	A	B	A	B	A	B	A	B
Mathew Browning	5	5	*	*	*	*	*	*
Robin Burns	5	4	*	*	4	4	5	3
Annette King	5	5	5	5	4	4	*	*
Lindsay Mann	5	5	*	*	4	4	5	5
Terry McCredden	2	2	*	*	2	2	2	2
Zarmeen Pavri	5	5	5	4	4	4	*	*
Kris Peach	5	5	5	5	*	*	1	0
Fiona Pearse	5	5	5	5	*	*	5	5
Mark Rearick	4	4	1	1	*	*	1	0
Kerrie Williams	5	5	4	4	4	4	5	5

A = Number of meetings held during the time the director held office or was a member of the committee during the year

B = Number of meetings attended

* = Not a member of the relevant committee during the year.

Matters subsequent to the end of the year

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future years.

Likely developments and expected results

The Company will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Company and in accordance with the provision of the Company's constitution.

The results of the Company's operations will be affected by a number of factors, including the performance of investment markets in which the Company invests. Investment performance is not guaranteed and future returns may differ from past returns. As the economic environment and investment conditions change over time, past returns should not be used to predict future returns.

Economic impact

Inflation eased over the last financial year, although remained above target levels in some regions. The European Central Bank has started to cut interest rates and expectations are the Federal Reserve in the US and Reserve Bank of Australia will follow suit in the next 12 months. This could potentially be positive for fixed income and equity securities, although would reduce yield for the term deposits.

At the same time, economic growth has started to slow and there remains a risk major developed economies will enter a recession over the next financial year. This may lead to weaker corporate earnings, which could impact equity securities. Geopolitical risks also remain elevated given ongoing conflict in Ukraine and the middle east.

If we see a re-escalation of global inflation there is a risk of higher yields on fixed income securities and lower prices, as well as lower valuation multiples on equity securities.

Climate risk

Climate risk is managed as follows:

(i) Exclusions

All securities currently held by the Company are issued by ADIs that comply with U Ethical's ethical investment policy and are therefore not excluded from the Company's investable universe.

(ii) *Company/issuer and portfolio analysis*

U Ethical uses MSCI ESG Manager to monitor greenhouse gas emission trends, science-based targets, target coverage and progress on targets by issuers.

(iii) *Engagement and advocacy*

U Ethical's engagement with cash issuers on climate risk issues (such as fossil fuel financing) is limited to where there is an overlap with holdings in equity portfolios.

This engagement may be carried out directly or collaboratively with investment peers, industry bodies or civil society organisations, such as the UN Principles for Responsible Investment and the Responsible Investment Association of Australasia.

Indemnification and insurance of officers and auditors

No insurance premiums are paid out of the assets of the Company in relation to the insurance over the period to either the officers of the manager of the Company or the Auditor of the Company.

Subject to relevant laws, pursuant to Regulation 4.11.2 of The Uniting Church in Australia, a member of a Church Council or other body responsible for the management and administration of property shall be indemnified against liability for any matter or thing done or liability incurred in the performance of functions as a member thereof except in the case of fraud, criminal act, gross negligence or willful misconduct.

As at the date of this report, Uniting Ethical Investors Limited has paid a premium in respect of a contract insuring the directors and officers of the Company (as named above) and of any other related body corporate against any liability incurred as such a director or officer to the extent permitted by the *Corporations Act 2001* and any other legislation. Due to the confidentiality undertakings of the policy, no further details in respect of the premium or the policy can be disclosed.

The Company has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Rounding of amounts

Amounts in the Director's report have been rounded to the nearest thousand dollars, unless otherwise indicated.


Auditor's Independence Declaration

Auditor's Independence Declaration as required by section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out on page 7.

This Directors' report is signed in accordance with subsection 60.15 (2) of the Australian Charities and Not-for-profits Commission Regulations 2022.



L Mann
Director



M Browning
Director

Melbourne
24 September 2024

24 September 2024

The Board of Directors
Uniting Ethical Investors Limited
130 Lonsdale Street
MELBOURNE VIC 3000

Dear Board Members

Auditor's Independence Declaration to UCA Cash Management Fund Limited

In accordance with 60-40 of the *Australian Charities and Not-for-Profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Uniting Ethical Investors Limited, the Trustee of UCA Cash Management Fund Limited.

As lead audit partner for the audit of the financial statements of UCA Cash Management Fund Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Lani Cockrem
Partner
Chartered Accountants

Directors' declaration

In the directors' opinion:

- (a) The financial statements and notes of UCA Cash Management Fund Limited set out on pages 9 to 23:
 - (i) comply with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Regulations 2022* and other mandatory professional reporting requirements; and
 - (ii) present fairly the Company's financial position as at 30 June 2024 and its performance, as represented by the results of its operations, changes in equity and its cash flows, for the year ended on that date.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant with subsection 60.15 (2) of the Australian Charities and Not-for-profits Commission Regulations 2022.



L Mann
Director



M Browning
Director

Melbourne
24 September 2024

Statement of profit or loss and other comprehensive income

	Notes	2024 \$'000	2023 \$'000
Investment income			
Interest income	3	9,197	6,337
Other income		-	2
Total investment income		<u>9,197</u>	<u>6,339</u>
Net operating profit for the year		<u>9,197</u>	<u>6,339</u>
Financing costs attributable to debenture holders			
Interest to debenture holders	5	<u>9,197</u>	<u>6,339</u>
Total financing costs attributable to debenture holders	5	<u>9,197</u>	<u>6,339</u>
Net profit/(loss) for the year		-	-
Other comprehensive income for the year			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>-</u>	<u>-</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

		As at	
		30 June 2024	30 June 2023
	Notes	\$'000	\$'000
Assets			
Cash and cash equivalents		15,903	24,099
Applications receivable		30	112
Income receivable		2,891	2,057
Term Deposits		159,500	142,500
Total assets		<u>178,324</u>	<u>168,768</u>
Liabilities			
Interest payable to debenture holders	5	2,483	4,113
Redemption payable		6	146
Total liabilities (excluding net assets attributable to debenture holders)		<u>2,489</u>	<u>4,259</u>
Net assets attributable to debenture holders - liability	4	<u>175,835</u>	<u>164,509</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

	2024	2023
	\$'000	\$'000
Total equity at the beginning of the year	-	-
Comprehensive income for the year		
Net profit for the year	-	-
Other comprehensive income for the year attributable to debenture holders	-	-
Total comprehensive income for the year	-	-
Total equity at the end of the year	-	-

'Net assets attributable to debenture holders' is classified as a financial liability rather than equity. As a result there was no equity at the start or end of the year.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

	Notes	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Proceeds from sale of term deposits		305,100	297,500
Payments for purchase of term deposits		(322,100)	(299,500)
Interest income received		8,363	4,674
Other income received		-	2
Net cash inflow/(outflow) from operating activities	9(b)	<u>(8,637)</u>	<u>2,676</u>
Cash flows from financing activities			
Debenture holders applications received		249,368	218,929
Debenture holders redemptions paid		(238,100)	(318,667)
Interest paid to debenture holders		<u>(10,827)</u>	<u>(3,613)</u>
Net cash inflow/(outflow) from financing activities		<u>441</u>	<u>(103,351)</u>
Net change in cash and cash equivalents		<u>(8,196)</u>	<u>(100,675)</u>
Cash and cash equivalents at beginning of the year	9(a)	<u>24,099</u>	<u>124,774</u>
Cash and cash equivalents at end of the year	9(a)	<u><u>15,903</u></u>	<u><u>24,099</u></u>
 Non-cash financing activities*:	9(c)	 85,657	 -

- The U Ethical Cash Management Trust Wholesale-related party, issued a new fee free unit class B. Internal transfers between related party trusts have resulted in non-cash application and redemption.

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 1: General information

The general purpose financial report covers UCA Cash Management Fund Limited (the "Company") as an individual company.

Every member of the Company undertakes to contribute an amount not exceeding \$2 to the property of the Company in the event of it being wound up while the member is a member or within 1 year after the member ceases to be a member if required for payment:

- (1) of the debts and liabilities of the Company (contracted before the member ceases to be a member);
- (2) of the costs, charges and expenses of winding up; and
- (3) for the adjustment of the rights of the contributories among themselves.

Uniting Ethical Investors Limited is the Manager and the sole member of the Company, however, it does not hold any interest in the net assets and does not share in the earnings of the Company.

The financial statements were authorised for issue on the date the Directors' declaration was signed. The Directors have the power to amend and re-issue the financial report.

Uniting Ethical Investors Limited (U Ethical) is the Investment Manager.

The Company is a registered charity and not-for-profit company for the purpose of preparing the financial statements.

Note 2: Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012, as appropriate for not-for-profit oriented entities.

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities held at fair value recognised through the statement of profit or loss and other comprehensive income.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All material balances are expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to debenture holders. The Company manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within twelve months, however, an estimate of that amount cannot be determined as at balance date.

(b) Investment entity

The Company is considered to be an investment entity in accordance with AASB 10 as:

- (i) the Company has obtained funds from debenture holders for the purpose of providing them with investment management services;
- (ii) the Company's business purpose, which it communicated directly to debenture holders, is investing solely for returns from capital appreciation and investment income, and;
- (iii) the performance of investments made by the Company are measured and evaluated on a fair value basis.

As a result, the Company does not consolidate its investment within its financial statements, and instead accounts for them at fair value through profit or loss.

(c) Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash, cash equivalents and term deposits.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call at banks and other short-term highly liquid investments. Cash and cash equivalents are highly liquid investments that generally have original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Term deposits

Term deposits are highly liquid fixed-term investments, that generally have original maturities ranging from one month to a few years from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). This is the Australian dollar, which reflects the currency of the economy in which the Company operates. The Australian dollar is also the Company's presentation currency.

(f) Interest paid to debenture holders

The Company pays interest to debenture holders. Interest is recognised as financing costs attributable to debenture holders in the statement of profit or loss and other comprehensive income. Interest is payable to debenture holders on 30 September, 31 December, 31 March and 30 June.

(g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Interest income is accrued at the balance sheet date from the date of last payment, using the effective interest rate method.

The impairment allowance for financial assets (other than those measured at fair value through profit and loss) is measured using the simplified approach based on its lifetime credit loss.

(h) Interest payable

The interest payable to debenture holders as at the end of each reporting period is recognised separately on the statement of financial position when debenture holders are presently entitled to the distributable income.

(i) Net assets attributable to debenture holders - liability

Units are redeemable at the debenture holders' option; however, applications and redemptions may be suspended if it is in the best interests of the debenture holders.

The units can be put back to the Company at any time for cash based on the redemption price, which is equal to a proportionate share of the Company's net asset value attributable to the debenture holders.

The units are carried at the redemption amount that is payable at balance sheet date if the debenture holder exercised the right to put the unit back to the Company. This amount represents the expected cash flows on redemption of these units.

Units classified as equity when they satisfy the following criteria under AASB 132 *Financial Instruments*:
Presentation:

- The puttable financial instrument entitles the holder to a pro-rata share of the net assets in the event of the Company's liquidation;
- The puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- The puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Company, and it is not a contract settled in the Company's own equity instruments; and
- The total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

The units issued by the Company do not meet the criteria. Consequently, net assets attributable to debenture holders are classified as financial liabilities.

(j) Goods and Services Tax (GST)

Where applicable, GST incurred by the Company, that is not recoverable from the Australian Taxation Office, has been recognised as part of the expense to which it applies. Receivables and payables are stated with any applicable GST in their value.

The amount of any GST recoverable from, or payable to, the Australian Taxation Office is included as a receivable or payable in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(k) Income tax

Under current legislation, the Company is not subject to income tax provided it attributes the entirety of its taxable income to its debenture holders.

(l) Critical accounting judgements and key sources of estimation uncertainty

In the process of preparing the financial statements of the Company and in the application of the Company's accounting policies, the Manager is of the opinion that there are no areas of significant estimation uncertainty or material judgement that have been exercised and is expected to have a significant effect on the amounts recognised within the financial reports.

(m) Rounding of amounts

Amounts in the directors' report and the financial statements are rounded to the nearest thousand dollars, unless otherwise indicated.

(n) New accounting standards and interpretations

(i) New standards, amendments and interpretations adopted by the Trust

The following Australian Accounting Standards amendments have been adopted by the Company applicable for the reporting period beginning 1 July 2023:

Amendments to AASB 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*.

The Company has adopted the amendments to AASB 108 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

Amendments to AASB 101 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies

The Company has adopted the amendments to AASB 101 for the first time in the current year. The amendments change the requirements with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in the Company financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

(ii) New standards, amendments and interpretations in issue but not yet adopted

At the date of authorisation of the financial statements, there were no standards, amendments or interpretations on issue and not yet effective that would be expected to have a material impact to the Company.

Note 3: Interest income

	2024 \$'000	2023 \$'000
Cash and cash equivalents	431	1,092
Term deposits	<u>8,766</u>	<u>5,245</u>
Total	<u>9,197</u>	<u>6,337</u>

Note 4: Net assets attributable to debenture holders - liability

Movements in debenture holders' funds during the year were:

	2024		2023	
	No. of Units	\$'000	No. of Units	\$'000
Opening balance	164,509	164,509	264,391*	264,138*
Applications	334,943	334,943	218,845	218,845
Redemptions	(323,617)	(323,617)	(318,727)	(318,727)
Distributions reinvested	<u>-</u>	<u>-</u>	<u>-</u>	<u>253</u>
Closing balance	<u>175,835</u>	<u>175,835</u>	<u>164,509</u>	<u>164,509</u>

*The difference in the opening units and the dollar value is an accrual that is fully distributed at the end of the reporting period.

Note 5: Interest paid and payable to debenture holders

Interest paid and payable for the year were as follows:

	2024 \$'000	2023 \$'000
Interest paid	6,714	2,226
Interest payable	<u>2,483</u>	<u>4,113</u>
Total for the year	<u>9,197</u>	<u>6,339</u>

Note 6: Related party transactions

(a) Manager

Uniting Ethical Investors Limited is the Manager and sole member of the Company, however, it does not hold any interest in the net assets and does not share in the earnings of the Company.

(b) Management fee

U Ethical is the Manager of the Company and is responsible for the management of all aspects of the Company, including being responsible for, if considered to be appropriate, appointing an external party for custodial and administration services. U Ethical provided these services free of charge.

(c) Related party unitholdings

Holdings in the Company by the Manager or other related parties:

Debenture holders	Fair value of investment		Interest held		Interest paid/ payable	
	2024 (\$'000)	2023 (\$'000)	2024 (%)	2023 (%)	2024 (\$'000)	2023 (\$'000)
U Ethical Enhanced Income Trust (Wholesale)	6,052	24,684	3	15	773	1,300
U Ethical Cash Management Trust Wholesale	169,783	139,825	97	85	8,424	5,039

(d) Key management personnel compensation

The Company has no employees. All directors are employed by Uniting Ethical Investors Limited in the current reporting year.

(e) Directors

The names of the persons who were the directors of the Company at any time during the year and up to the date of this report were:

Mathew Browning	Executive director Chief executive officer
Robin Burns	Non-executive director
Annette King	Non-executive director
Lindsay Mann	Non-executive director - Chair
Terry McCredden	Non-executive director - retired 15 November 2023
Zameen Pavri	Non-executive director Audit, risk and compliance committee chair
Kris Peach	Non-executive director
Fiona Pearse	Non-executive director - Deputy chair from 5 March 2024 People and nominations committee chair to 12 June 2024
Mark Rearick	Non-executive director - appointed 14 October 2023 People and nominations committee chair from 12 June 2024
Kerrie Williams	Non-executive director Investment committee chair

Directors' remuneration is paid by Uniting Ethical Investors Limited, which in turn provides management services to UCA Cash Management Fund Limited and UCA Growth Fund Limited.

(f) Other key management personnel

There were no other persons with responsibility for directing and controlling the activities of the Company, directly or indirectly during the year. During the year, no director held a financial interest in the Company (2023: nil).

Note 7: Financial risk management

Inflation eased over the last financial year, although remained above target levels in some regions. The European Central Bank has started to cut interest rates and expectations are the Federal Reserve in the US and Reserve Bank of Australia will follow suit in the next 12 months. This could potentially be positive for fixed income and equity securities, although would reduce yield for the term deposits.

At the same time, economic growth has started to slow and there remains a risk major developed economies will enter a recession over the next financial year. This may lead to weaker corporate earnings, which could impact equity securities. Geopolitical risks also remain elevated given ongoing conflict in Ukraine and the middle east.

If we see a re-escalation of global inflation there is a risk of higher yields on fixed income securities and lower prices, as well as lower valuation multiples on equity securities.

The Company's principal activity is to hold cash and cash equivalents and term deposits on behalf of the U Ethical Cash Management Trust Wholesale and the U Ethical Enhanced Income Trust (Wholesale).

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk, liquidity risk and credit risk. Financial risk management is the responsibility of the Investment Manager. This responsibility is discharged having regard to the policies of the Investment Manager.

All aspects of risk management are monitored and reviewed on behalf of the board by the Investment Manager's investment committee at its regular meetings.

(a) Market risk

Market risk is the risk that the value of the Company's investments will fluctuate as a result of changes in interest rates.

Market risk is an inherent part of investing and is moderated through the use of credit rating and duration guidelines, diversification and security selection.

(i) Interest rate risk

The Company's interest-bearing assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Interest rate risk is managed by focusing on the average duration of the U Ethical Cash Management and Enhanced Income Trust's. The average duration of the Company's investments is the residual of this process.

The table in note 7(f) summarises the impact of an increase/decrease in interest rates on the Company's net assets attributable to debenture holders. The analysis is based on the assumption that interest rates increase/decrease by 100bps with all other variables held constant. The outlook for interest rates is uncertain given the potential for inflation to remain elevated and slowing economic growth.

The table below sets out the Company's exposure to interest rate risks:

2024	Floating interest rate \$'000	Fixed interest rate \$'000	Non- interest bearing \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	15,903	-	-	15,903
Applications receivable	-	-	30	30
Income receivable	-	-	2,891	2,891
Term deposits	-	159,500	-	159,500
Total	15,903	159,500	2,921	178,324

2023	Floating interest rate \$'000	Fixed interest rate \$'000	Non- interest bearing \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	24,099	-	-	24,099
Applications receivable	-	-	112	112
Income receivable	-	-	2,057	2,057
Term deposits	-	142,500	-	142,500
Total	24,099	142,500	2,169	168,768

The weighted average interest earned on investments for the year ended 30 June 2024 was 4.74% (2023: 3.34%).

The table below analyses the Company's financial assets into their relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

2024	Maturity analysis				Total
	3 months or less \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	\$'000
Financial assets					
Cash and cash equivalents	15,903	-	-	-	15,903
Applications receivable	30	-	-	-	30
Income receivable	2,891	-	-	-	2,891
Term deposits	72,000	87,500	-	-	159,500
Total	90,824	87,500	-	-	178,324

2023	<u>Maturity analysis</u>				
	3 months or less	4 to 12 months	1 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	24,099	-	-	-	24,099
Applications receivable	112	-	-	-	112
Income receivable	2,057	-	-	-	2,057
Term deposits	72,000	70,500	-	-	142,500
Total	<u>98,268</u>	<u>70,500</u>	<u>-</u>	<u>-</u>	<u>168,768</u>

(b) Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Company.

The Company's credit position is monitored on a regular basis. All contracts are with approved counterparties.

The maximum credit risk on Company financial assets is the carrying value of these assets on the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company is exposed to daily cash redemptions of redeemable debentures. The funds required to meet redemptions are from the Company's investments, which are managed with a rolling liquidity profile to enable redemptions to be met.

Financial liabilities of the Company comprise of interest payable to debenture holders and other payables. Interest payable to debenture holders are settled on payment date and other payables are typically settled within 30 days.

The table below details the Company's financial liabilities, according to the remaining period to the earliest contractual maturity, as at year end.

30 June 2024	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000
Interest payable to debenture holders	2,483	-	-	-
Redemption payable	6	-	-	-
Net assets attributable to debenture holders	<u>175,835</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>178,324</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 June 2023	Less than 1 month \$'000	1-6 months \$'000	7-12 months \$'000	Over 12 months \$'000
Interest payable to debenture holders	4,113	-	-	-
Redemption payable	146	-	-	-
Net assets attributable to debenture holders	164,509	-	-	-
Total	168,768	-	-	-

(d) Climate risk

The United Nations Framework Convention on Climate Change defines:

'Climate change' as a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.

The 'adverse effects of climate change' as changes in the physical environment or biota resulting from climate change which have significant deleterious effects on the composition, resilience or productivity of natural and managed ecosystems or on the operation of socio-economic systems or on human health and welfare.

Implications for businesses from physical risks include damage to assets and supply chain disruptions. Financial performance can also be affected by changes in resource availability and the effects of extreme temperatures on operations, transport needs and employee safety.

Increasingly, countries are adopting regulations that require companies to disclose how climate change financially impacts their business, in line with recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD) and more recently the International Sustainability Standards Board.

Australia is working toward requiring disclosures aligned with the ISSB standards.

Asset class/valuation risk

Cash, cash equivalents and term deposits are short duration assets. As 'fixed dollar' assets, their price is not currently affected by the risk of climate change.

Company/issuer risk

Climate change will increasingly pose a risk to the financial institutions that issue cash, cash equivalents and term deposits - generally authorised deposit-taking Institutions (ADIs) such as banks regulated by the Australian Prudential Regulation Authority.

It is likely that the value of ADI assets (loans, securities and reserves) will be affected over time by the adverse effects of climate change.

Climate risk is managed as follows:

(i) *Exclusions*

All securities currently held by the Company are issued by ADIs that comply with U Ethical's ethical investment policy and are therefore not excluded from the Company's investable universe.

(ii) *Company/issuer and portfolio analysis*

U Ethical uses MSCI ESG Manager to monitor greenhouse gas emission trends, science-based targets, target coverage and progress on targets by issuers.

(iii) *Engagement and advocacy*

U Ethical's engagement with cash issuers on climate risk issues (such as fossil fuel financing) is limited to where there is an overlap with holdings in equity portfolios.

This engagement may be carried out directly or collaboratively with investment peers, industry bodies or civil society organisations, such as the UN Principles for Responsible Investment or the Responsible Investment Association of Australasia.

(e) **Fair values**

The carrying amounts of all the Company's assets at balance sheet date approximated their fair values.

(f) **Sensitivity analysis**

The following table summarises the sensitivity of the Company's financial assets to interest rate risk. The possible movements in the risk variables have been determined based on the investment manager's reasonable estimate, having regard to a number of factors, including historical levels of changes in interest rates. However actual movements in the risk variables may be greater or less than anticipated due to a number of factors. The investment manager's assessment of sensitivity can vary from year to year and is reflective of market conditions in which the Company operates.

	Sensitivity rates	Impact on profit/net assets attributable to debenture holders	
		30 June 2024	30 June 2023
		\$'000	\$'000
Interest rate risk	+50bps	879	
	-100bps	(1,758)	
	+100bps		1,369
	-100bps		(1,369)

Note 8: Auditor's remuneration

	2024	2023
	\$	\$
<i>Audit services</i>		
Audit of financial report	14,163	14,163
Total remuneration*	14,163	14,163

*The above fees are GST exclusive

The auditor of the Company is Deloitte Touche Tohmatsu. The audit fees were paid by Uniting Ethical Investors Limited, on behalf of the Company.

Note 9: Note to statement of cash flows

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes deposits held at call with a financial institution and amounts which are readily convertible to cash. Cash at the end of the year comprises the following cash and cash equivalents:

	As at	
	30 June 2024	30 June 2023
	\$'000	\$'000
Cash at bank	5,372	2,068
Short term deposit at call	10,531	22,031
Total cash & cash equivalents	15,903	24,099

(b) Reconciliation of net profit/(loss) for the period to net cash inflow/(outflow) from operating activities

	2024	2023
	\$'000	\$'000
Profit/(loss) attributable to debenture holders	9,197	6,339
Proceeds from sale of term deposits	305,100	297,500
Payments for purchase of term deposits	(322,100)	(299,500)
Change in income receivable	(834)	(1,663)
Net cash inflow/(outflow) from operating activities	(8,637)	2,676

(c) Non-cash financing activities

The U Ethical Cash Management Trust Wholesale-related party, issued a new fee free unit class B for \$85,657,016 (2023: \$nil). Internal transfers between related party trusts have resulted in non-cash application and redemption.

Note 10: Events occurring after balance sheet date

There were no matters or significant events that have occurred since balance sheet date which would impact on the financial position of the Company disclosed in the statement of financial position as at 30 June 2024, or the results and cash flows of the Company for the year ended on that date.

Note 11: Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

Independent Auditor's Report to the Investors of UCA Cash Management Fund Limited

Opinion

We have audited the financial report, of UCA Cash Management Fund Limited (the "Entity") which comprises the statement of financial position as at 30 June 2024, 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, notes to the financial statements, including material accounting policy information and other explanatory information, and the declaration by directors as set out on pages 8 to 23.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Entity's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Other Information

The directors of the Entity (the "Directors") are responsible for the other information. The other information comprises the information included in the Trust's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC Act and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in blue ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in blue ink that reads "Lani Cockrem".

Lani Cockrem
Partner
Chartered Accountants
Melbourne, 24 September 2024