

Uniting Ethical Investors Limited

ABN 46 102 469 821

Annual Report for the year ended 30 June 2022

Uniting Ethical Investors Limited

ABN 46 102 469 821

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

The company is incorporated in Australia

The registered office is:	Level 6 130 Lonsdale Street Melbourne Victoria 3000 Australia
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Auditor:	Deloitte Touche Tohmatsu 477 Collins Street Victoria 3000 Australia
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Directors' report

The directors' present their report on the financial statements of Uniting Ethical Investors Limited (U Ethical) (the "Company") for the year ended 30 June 2022 (the "reporting period").

The Company became registered company under the *Corporations Act 2001* on 10 October 2022. 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

Directors

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

M Browning	Executive director and Chief Executive Officer
R Burns	Non-executive director – appointed 1 January 2022
D Cousins	Non-executive director – retired 31 August 2021
A King	Non-executive director – appointed 1 January 2022
L Mann	Non-executive director - Chairperson
T McCredden	Non-executive director
	Investment committee – retired as chairperson 31 March 2022
Z Pavri	Non-executive director
	Audit, risk and compliance committee – appointed as chairperson 1 January 2022
K Peach	Non-executive director – appointed 1 July 2022
F Pearce	Non-executive director
	People and nominations committee - Chairperson
D Watson	Non-executive director – retired 31 December 2021
	Audit, risk and compliance committee – retired as chairperson 31 December 2021
K Williams	Non-executive director
	Investment committee – appointed as chairperson 1 April 2022

Principal activities

The Company's principal activity is to:

- act as corporate trustee for wholesale unregistered managed investment schemes and responsible entity for retail registered managed investment schemes
- provide investment management and administration services to those schemes and for other investment products, and
- provide investment advice to selected wholesale clients.

The Company holds an Australian Financial Services Licence ("AFSL") 294147.

Dividends

The Company cannot pay dividends, hence no dividends were paid during the year.

Review of Operations

Net loss of the Company for the year was \$6,442 (2021: Net profit \$377,163).

Significant changes in state of affairs

In September 2021, unit registry for the U Ethical funds transitioned from being performed internally to a third-party external service provider, Iress Limited.

In the directors' opinion, there were no other 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 FFin MRICS GAICD

Executive Director, Chief Executive Officer. Prior to joining U Ethical, Mathew 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 – appointed 1 January 2022

Non-executive Director. Robin is a lead independent member of PIMCO Australia Management Ltd, a non-executive director of Defence Health, BT Funds Management Ltd and Westpac Securities. He has more than 30 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.

Dr David Cousins AM Ph.d M. Ec Dip.Ed. Fellow IPAA GAICD – retired 31 August 2021

Non-executive Director. David has worked in the public sector, universities and private consulting. Previous positions have included Director of Consumer Affairs Victoria, Commissioner of the Australian Competition and Consumer Commission, and Chairman of the Prices Surveillance Authority. He is currently a member of the independent Panel appointed by the Victorian Government to review the regulation of social housing, Chair of the Clean Energy Council's independent Accreditation Review Panel, Deputy Chair of the Consumer Policy Research Centre, and a member of the Finance Committee of the UCA Synod Vic/Tas. He is an active member of The Uniting Church in Australia.

Ms Annette King BEc – Actuarial, FAICD, FIAA – appointed 1 January 2022

Non-executive Director. Annette has extensive experience leading significant financial institutions and developing businesses with a focus on sustainable growth through technology. She has over 18 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 of the Life Insurance Association for Singapore during a significant review of regulations (FAIR), has been a council member for the Singapore Actuarial Society, member of the Hong Kong Advisory Committee of AICD and is now President and Chair at the Actuaries Institute in Australia. She currently serves on the boards of Australian Finance Group (AFG), Swiss Re, Galileo Platforms and Actuaries Institute.

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)

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 Northern Community Church of Christ.

Ms Zarmeen Pavri BCom, ACA

Non-Executive Director. She has over 26 years' experience in the funds management industry within responsible investments, venture capital, impact investing sectors and includes international development experience. She currently is a Partner and Chief Impact Officer at SDGx - a technology venture capital and advisory group. She also holds the position as the Oceania Regional Senior Advisor to the Global Impact Investing Network and serves on various advisory boards and ethical committee panels.

Ms Kris Peach B Com FCA FAICD – appointed 1 July 2022

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) 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. She has subsequently served in a number of non-executive positions, and she is currently a non-executive director of ASX-listed Smart Parking, a leading developer of Smart Cities technology with global operations; Monash Health, Victoria's largest public health network; Scotch College, one of Australia's leading boys' schools; 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, and of World Vision Australia, one of the largest charities in Australia; 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 David Watson B Com FCA GAICD – retired 31 December 2021

Non-executive Director. David has been a Chartered Accountant since 1983. David was a Partner at Deloitte for 20 years, specialising in providing assurance, transaction and advisory services to fast growing mid cap ASX companies and large private companies primarily in the manufacturing, retail and services industries. David retired from Deloitte after 33 years in May 2013 (at which time Deloitte was the auditor of the Company) and was appointed a director on 1 February 2016.

Ms Kerrie Williams BSc, MBA, FFin, GAICD

Non-Executive Director. She has over 30 years' experience in the financial services and retail sectors focused on business strategy and operational leadership, most recently as Director of Strategy and People for Frontier Advisors. During this time she has been a professional adviser to institutional investors on investments, risk and governance. She is currently an independent board member of the Municipal Association of Victoria Insurance 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
M Browning	5	5	*	*	*	*	*	*
R Burns	2	2	*	*	1	1	1	1
D Cousins	*	*	*	*	*	*	*	*
A King	2	2	1	1	1	0	*	*
L Mann	5	5	*	*	4	3	5	5
T McCredden	5	5	*	*	4	4	*	*
Z Pavri	5	5	4	4	4	4	*	*
K Peach	*	*	*	*	*	*	*	*
F Pearse	5	5	4	4	*	*	5	5
D Watson	3	3	2	2	*	*	*	*
K 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

Information on Company Secretary

Ms Leeanne Lukaitis B Bus, ASA

Company secretary Ms Lukaitis also performs the role of director finance (non statutory director).

Indemnification and insurance of officers and auditors

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.

Economic impact

Subsequent to the end of the financial year, the pace of inflation, previously believed by central banks to be transitory, has persisted. The response has been larger and more frequent increases in interest rates. This in turn increases the risks of higher yields on fixed income securities and lower prices, as well as lower valuation multiples on equity securities and lower corporate earnings. It also raises the risk of slower economic growth.

Matters subsequent to the end of the year

No other matter or circumstance has arisen since 30 June 2022 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.

Climate risk

Climate risk poses varying threats to the companies and the issuers of the financial instruments in which the Company's products invest. The level of disclosure by companies and entities in relation to their climate risk is improving, but remains inconsistent. Climate risk is monitored using third party tools which provide data on emissions and controversies. Fossil fuel companies are excluded from the Company's investable universe.

Covid-19 Outbreak

Whilst it remains uncertain how the pandemic will evolve and its future impact, the directors and the investment manager continue to monitor the operations, investment and financial risks to which the Company is exposed. The Company continues to operate satisfactorily in a hybrid physical/virtual form. During the reporting period, there has been no significant impact.

Ukraine war

On 24 February 2022, Russia invaded Ukraine. In the short term, the invasion had minimal impact on the Company. However, the ongoing conflict has disrupted Russian and Ukrainian exports which has contributed to a rise in global energy and food prices and which could potentially have an impact on the Company in the medium to long term.

Likely developments and expected results

The results of the Company's operations will be affected by a number of factors, including the performance of the financial 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.

Further information on other likely developments in the operations of the Company and the expected results of operations of the Company have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Auditor's Independence Declaration

Auditor's Independence Declaration as required by section 307C of the *Corporations Act 2001* is set out on page 7.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporation Act 2001*.



L Mann
Director



M Browning
Director

Melbourne
27 September 2022

27 September 2022

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

Dear Board Members

Auditor's Independence Declaration to Uniting Ethical Investors Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Uniting Ethical Investors Limited.

As lead audit partner for the audit of the financial statements of Uniting Ethical Investors Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Mark Stretton
Partner
Chartered Accountants

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes of Uniting Ethical Investors Limited set out on pages 9 to 26:
 - (i) comply with Australian Accounting Standards, the *Corporations Act 2001*, the *Australian Charities and Not-for-profits Commission Act 2012* and other mandatory professional reporting requirements; and
 - (ii) present fairly the Company's financial position as at 30 June 2022 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 to s.295(5) of the *Corporations Act 2001*.



L Mann
Director

Melbourne
27 September 2022



M Browning
Director

Uniting Ethical Investors Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2022

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2022 \$	2021 \$
Income			
Management fee income from related parties	3	9,495,451	8,879,800
Interest income		1,717	2,452
Distribution income from related parties	3	14,079	15,967
Net gain/(loss) on financial assets at fair value through profit or loss on related party investment		-	9,106
Foreign exchange gain		6,270	-
Government grant – Job keeper	14	-	61,500
Total income/(loss)		9,517,517	8,968,825
Expenses			
Operating expenses			
Administrative expenses	10	8,065,771	7,046,906
Marketing expenses		240,001	176,169
Lease liability interest expenses	2j	61,577	65,562
Other operating expenses		156,610	103,025
Total operating expenses		8,523,959	7,391,662
Community contribution to related parties			
Community contribution	3	1,000,000	1,200,000
Total expenses		9,523,959	8,591,662
Net profit/(loss) for the year		(6,442)	377,163
Other comprehensive income for the year			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(6,442)	377,163

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Uniting Ethical Investors Limited
Statement of Financial position
As at 30 June 2022

Statement of Financial Position

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents		5,070,611	4,486,942
Investment in U Ethical Cash Management Trust - Wholesale	3	1,203,035	1,188,955
Trade and other receivables	11	747,478	784,116
		<u>7,021,124</u>	<u>6,460,013</u>
Non-current assets			
Office and computer equipment	9	26,605	61,874
Right-of-use asset	13	2,092,175	2,301,299
Lease security bond		23,862	23,862
		<u>2,142,642</u>	<u>2,387,035</u>
Total assets		<u>9,163,766</u>	<u>8,847,048</u>
Liabilities			
Current liabilities			
Payables	12	2,155,687	1,696,151
Provision for employee entitlements	8	506,674	486,508
Lease liability-current	13	162,273	151,265
Total current liabilities		<u>2,824,634</u>	<u>2,333,924</u>
Non-current liabilities			
Provision for long service leave	8	20,437	25,630
Lease liability-non-current	13	2,056,216	2,218,573
Total non-current liabilities		<u>2,076,653</u>	<u>2,244,203</u>
Total liabilities		<u>4,901,287</u>	<u>4,578,127</u>
Net assets		<u>4,262,479</u>	<u>4,268,921</u>
Equity			
Retained earnings		<u>4,262,479</u>	<u>4,268,921</u>
Total equity		<u>4,262,479</u>	<u>4,262,479</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Statement of Cash Flows

		2022	2021
	Notes	\$	\$
Cash flows from operating activities			
Receipts from Government grant – Job keeper	14	-	61,500
Interest received		1,717	2,452
Distributions received from related parties		14,079	15,967
Management fees received from related parties		9,532,088	8,914,878
Amounts paid to related parties			
Community contribution paid	3	(1,200,000)	-
Lease liability interest paid		(61,578)	(65,562)
Operating expenses paid		(7,512,688)	(7,313,220)
Net cash inflow/(outflow) from operating activities	7	773,618	1,616,015
Cash flows from investing activities			
Gain from sale of units in U Ethical Enhanced Income Trust - Wholesale		-	9,106
Purchase of property, plant and equipment		(24,520)	(6,477)
Purchase of units in U Ethical Cash Management Trust - Wholesale		(14,080)	(24,921)
Net cash used in investing activities		(38,600)	(22,929)
Cash flows from financing activities			
Payment of lease liabilities		(151,349)	(140,663)
Net cash used in financing activities		(151,349)	(140,663)
Net change in cash and cash equivalents		583,669	1,453,060
Cash and cash equivalents at beginning of the year		4,486,942	3,033,882
Cash and cash equivalents at end of the year		5,070,611	4,486,942

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Uniting Ethical Investors Limited
Statement of Changes in Equity
For the year ended 30 June 2022

Statement of Changes in Equity

	Fully Paid Ordinary Shares	Retained Earnings	Total Attributable to Equity Holders
	\$	\$	\$
Balance at 1 July 2020	-	3,891,758	3,891,758
Profit/(Loss) for the year	-	377,163	377,163
Balance at 30 June 2021	-	4,268,921	4,268,921
Profit/(Loss) for the year	-	(6,422)	(6,422)
Balance at 30 June 2022	-	4,262,479	4,262,479

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Note 1: General information

The general purpose financial report covers Uniting Ethical Investors 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.

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.

The financial report has been prepared on a going concern basis. This contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The directors have considered the position of the Company and consider the going concern basis to be appropriate for preparation of the financial report.

Note 2: Summary of significant accounting policies

The principal 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

This general purpose financial report has been prepared in accordance with Australian Charities and Not-for-profits Commission Act 2012, Australian Accounting Standards and Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets held at fair value with changes in fair value recognised through the Statement of Profit or Loss and Other Comprehensive Income.

The Company is a not-for-profit Company for the purpose of preparing the financial statements.

(b) Revenue

Interest income is calculated using the effective interest rate basis. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

Distribution income from financial assets at fair value through profit or loss is recognised in the statement of Profit and Loss with distribution income when the Company's right to receive the payment is established.

Revenue is recognised in a manner that represents the transfer of promised goods or services to clients in an amount that reflects the consideration to which the entity expects to be entitled:

Revenue stream	Performance obligation	Timing of recognition
Management fee	The Company's principal activity is to act as corporate trustee or responsible entity and to provide investment management and administration services	Over time
JobKeeper government payment	The JobKeeper government payment is recognised as income when the Company is reasonably assured that it will comply with the conditions attaching to it and the payment will be received. A JobKeeper government payment was not received in the current reporting period.	Point in time

(c) Financial assets at fair value through profit or loss

Classification

The Company's investments are classified as financial instruments designated at fair value through profit or loss. These include financial assets that are not held for trading purposes and which may be sold. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis.

Recognition/derecognition

The Company recognises financial assets on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets from this date. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or the Company has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Profit and Loss and Other Comprehensive Income. The following presents the basis of valuation for financial reporting purposes:

Investment in U Ethical Cash Management Trust – Wholesale

The Company's investment in U Ethical Cash Management Trust – Wholesale provides exposure to non-market linked investments such as cash deposits and term deposits.

The investment is generally available for redemption within 24 hours.

(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.

(e) Foreign currency

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.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The Company does not isolate that portion of gains or losses on securities that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(f) Income tax

Uniting Ethical Investors Limited is exempt from Income Tax under Section 50-5 of the *Income Tax Assessment Act 1997*.

(g) Receivables

Trade and other receivables are carried at amortised cost using the effective interest method, as the Company holds the trade receivables with the objective to collect the contractual cash flows.

Receivables comprise management fee receivables and accrued interest.

Management fee receivables are recognised monthly in arrears.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The value of the receivable is measured at amortised cost using the effective interest rate method.

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

Impairment

At each reporting date, the Company measures the loss allowance on financial assets at amortised cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

(h) Trade and other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(i) Short term and long term employee benefits

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

(j) Fixed assets

Office and computer equipment

Office and computer equipment is recorded at cost less accumulated depreciation and impairment charges. Cost is the fair value of consideration given to acquire the asset at the time of its acquisition.

Depreciation is recognised on a straight line basis to write down the cost less estimated residual value of office and computer equipment.

	2022	2021
Computer equipment	3 years	3 years
Office equipment	5 years	5 years

(k) Leased assets

The Company entered into a 12 year lease with The Uniting Church in Australia Property Trust (Victoria) for office space. The lease agreement includes 8 extension options, each for a further 5 years. The lease agreement was signed on 22 June 2020. The commencement of the lease was July 2020. The Company will review the lease annually and will consider whether to exercise the first lease option during the 12th year of the lease.

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability in its statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Company.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on a rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

(l) Security bond

At the commencement of the lease, the Company paid a security deposit to The Uniting Church in Australia Property Trust (Victoria). The security deposit was initially recognised at fair value and subsequently carried at amortised cost.

(m) 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.

(n) Compliance with Australian Accounting Standards

i) New and amended standards adopted by the Company

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

ii) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021, and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Company.

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

The Company makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Financial instruments

For the majority of the Company's financial instruments, current observable prices are readily available. When current observable prices are not readily available, the fair value of such instruments are determined by using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel independent of the area that created them.

Where models are relied upon, they use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of the Company's financial instruments.

The World Health Organisation declared COVID-19 as a pandemic on 13 March 2020. To date, the pandemic continues to affect the global economy. Whilst there has not been significant impact on the investment service of the Company, there has been an impact on security prices. The future impact is unclear in terms of business disruption, the economic environment and investment markets. The Company has a program of measures in place to manage and respond to the risk of future impacts as and when they arise.

Leases

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset.

The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances. Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on the rate the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms and security and in a similar economic environment.

Note 3: Related parties

The Company provides management services to the trusts, companies and funds listed below. Investors in the products managed by the Company are charged management fees for investment management and administration services. During the year the funds were charged fees ranging from 0.15% to 1.265% per annum (2021: 0.2% to 1.25% per annum). In some instances, standard management fees were discounted further reflecting the suppressed yield environment imposed by the Reserve Bank of Australia.

	2022	2021
	\$	\$
U Ethical International Equities Trust - Wholesale	55,674	76,717
U Ethical Australian Equities Trust - Wholesale	3,316,042	2,883,202
UCA Growth Fund Limited	2,009,279	1,328,864
U Ethical Property Trust - Wholesale	-	30,667
U Ethical Diversified Income Trust - Wholesale	340,783	311,073
U Ethical Enhanced Income Trust - Wholesale	2,481,634	2,909,734
U Ethical Cash Management Trust - Wholesale	93,628	95,453
U Ethical Australian Equities Trust	1,105,347	969,833
U Ethical Cash Management Trust	216,912	347,877
U Ethical Funeral Fund	13,243	13,653
UCA Cash Management Fund Limited	-	-
Management fee rebate	(137,091)	(87,273)
Total management fees earned from related parties	<u>9,495,451</u>	<u>8,879,800</u>

As at year end, management fees receivable from related parties was \$747,478 (2021: \$784,116)

Community contribution declared to The Uniting Church in Australia Synod of Victoria and Tasmania:

As at year end, the community contribution declared and payable to related parties was \$1,000,000 (2021: \$1,200,000)

Uniting Ethical Investors Limited invests part of its capital in the U Ethical Cash Management Trust - Wholesale.

	2022	2021
	\$	\$
Investment in U Ethical Cash Management Trust - Wholesale	1,203,035	1,188,955

	2022	2021
	\$	\$
Distribution received from U Ethical Cash Management Trust - Wholesale	14,079	15,967

During the reporting period, the Company paid rent to a related party. Refer to Note 13 for further information.

Note 4: Key management personnel compensation

(a) 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:

M Browning	Executive director and Chief Executive Officer
R Burns	Non-executive director – appointed 1 January 2022
D Cousins	Non-executive director – retired 31 August 2021
A King	Non-executive director – appointed 1 January 2022
L Mann	Non-executive director - Chairperson
T McCredden	Non-executive director
	Investment committee – retired as chairperson 31 March 2022
Z Pavri	Non-executive director
	Audit, risk and compliance committee – appointed as chairperson 1 January 2022
K Peach	Non-executive director – appointed 1 July 2022
F Pearce	Non-executive director
	People and nominations committee - Chairperson
D Watson	Non-executive director – retired 31 December 2021
	Audit, risk and compliance committee – retired as chairperson 31 December 2021
K Williams	Non-executive director
	Investment committee – appointed as chairperson 1 April 2022

The remuneration of the executive director (being the chief executive officer) and non-executive directors (who are the key management personnel of the company) of Uniting Ethical Investors Limited is set out in the following table:

	2022	2021
	\$	\$
Income paid or payable to executive and non-executive directors of the Company by the Company and related parties		
Short-term employee benefits	642,529	580,948
Total	642,529	580,948

Short term employee benefits include director fees, executive salary, performance bonus, superannuation, accrued annual leave and sick leave entitlements.

Other long-term benefits include accrued long service leave entitlements.

There are no post-employment benefits, termination benefits or share-based payments applicable.

(b) 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 (2021: nil).

Note 5: Financial risk management

Categories of financial instruments

	2022	2021
	\$	\$
Financial assets		
Financial assets at fair value through profit or loss	1,203,035	1,188,955
Financial assets at amortised cost	5,818,089	5,271,058
Total financial assets	7,021,124	6,460,013

	2022	2021
	\$	\$
Financial liabilities		
Financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortised cost	2,155,687	1,696,151
Total financial liabilities	2,155,687	1,696,151

Capital risk management

The Company manages its capital to ensure it will be able to continue on a going concern basis while balancing the achievement of a net profit with prudent management of resources, achieving its long-term strategy of providing community contribution to the Synod while maintaining the financial requirements imposed by regulatory authorities.

The Company's policy is to fund its normal activities from operating cash flows. This policy is regularly reviewed considering the Company's long-term strategy, prudent management of resources, market conditions, changing legal and regulatory requirements and achieving positive returns.

The Company holds an Australian Financial Services Licences (AFSL). The Company is therefore subject to regulatory financial requirements in relation to its license and authorisations. Apart from the foregoing, there are no other externally imposed capital requirements for the Company. The Company continuously monitors its capital position and has ensured that it has maintained sufficient capital to meet its license requirements throughout the year.

The Company has met its regulatory financial requirements of \$1,025,185 (2021: \$1,018,744) throughout FY22 and FY21. For the 2022 financial year, the Company maintained an adequate level of capital in accordance with the conditions that apply under the AFS licence. The requirement is to meet the minimum net tangible asset (NTA) and minimum level of capital adequacy. The capital requirement also contains a minimum requirement for liquidity.

The effects of the COVID-19 pandemic continued to be felt throughout the financial year. Financial risk has since abated, with the global and local economies entering a recovery phase supported by strong fiscal and monetary stimulus. However, while COVID-19 remains a lingering risk, it has been supplanted by the war in Ukraine and inflationary pressures as the key risk to investment markets and financial outcomes.

Subsequent to the end of the financial year, the pace of inflation, previously believed by central banks to be transitory, has persisted. The response has been larger and more frequent increases in interest rates. This in turn increases the risks of higher yields on fixed income securities and lower prices, as well as lower valuation multiples on equity securities and lower corporate earnings. It also raises the risk of slower economic growth.

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Credit risk also remains elevated exacerbated by rising interest rates

The Company earns management fees from the investment products it manages and administers. The investment products are subject to a variety of investment risks which can impact the net asset value of the products. As the management fees are generally a percentage of the net asset value of each product, this may in turn impact the management fees earned by the Company and therefore its financial position. The Company's approach to managing investment risk within each product is primarily through adjustments to asset allocation and security selection.

The underlying investments of the Company are denominated in Australian dollars and some are exposed to currency risk, refer to Note 5(d). The Company's liquidity profile is tested annually.

The Company uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

The Company is exposed to interest rate risk, credit risk, foreign currency risk, liquidity risk and market risk.

(a) 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. Changes in interest rates will have an impact on the income earned by U Ethical Cash Management Trust – Wholesale, which affects the unit price and distribution of the trust and the Company's cash and cash equivalent assets.

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

2022	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
Cash and cash equivalents	5,070,611	-	-	5,070,611
Investment in U Ethical Cash Management Trust - Wholesale	1,203,035	-	-	1,203,035
Trade and other receivables	-	-	747,478	747,478
	<u>6,273,646</u>	<u>-</u>	<u>747,478</u>	<u>7,021,124</u>

2021	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
Cash and cash equivalents	4,486,942	-	-	4,486,942
Investment in U Ethical Cash Management Trust - Wholesale	1,188,955	-	-	1,188,955
Trade and other receivables	-	-	784,116	784,116
	<u>5,675,897</u>	<u>-</u>	<u>784,116</u>	<u>6,460,013</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 does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counter parties having similar characteristics. The main concentration of credit risk, to which the Company is exposed, arises from cash and cash equivalents. None of these assets are impaired nor past their due date. The maximum exposure to credit risk at the reporting date is the amount of cash and cash equivalents.

The Company determines credit risk and measures expected losses for financial assets at amortised cost using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2022 and 30 June 2021, all receivables, amounts due from cash and short-term deposits are held with counterparties and are either callable on demand or due to be settled within 1 week. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as such impairment would be wholly insignificant to the Company.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has put in place a suitable risk management framework to manage the Company's short-, medium-, long-term funding and liquidity management requirements.

The Company manages liquidity risk by maintaining adequate reserves and banking facilities. The liquidity position of the Company is continuously monitored by management and the impact on liquidity of any significant transaction, such as payment of a community contribution, acquisition of a new business, and purchase of capital assets, is considered before the transaction is approved.

Uniting Ethical Investors Limited
Notes to the Financial Statement
For the period ended 30 June 2022

2022	Less than 1 month	1-6 Months	6-12 Months	1-2 years
	\$	\$	\$	\$
Payables	2,155,687	-	-	-
Non-financial				
Provision for other employee entitlements	-	130,414	-	-
Provision for annual leave	-	274,315	-	-
Provision for long service leave	-	-	101,945	-
Provision for long service leave	-	-	-	20,437
	2,155,687	404,729	101,945	20,437

2021	Less than 1 month	1-6 Months	6-12 Months	1-2 years
	\$	\$	\$	\$
Payables	1,696,161	-	-	-
Non-financial				
Provision for other employee entitlements	-	104,474	-	-
Provision for annual leave	-	281,267	-	-
Provision for long service leave	-	-	100,767	-
Provision for long service leave	-	-	-	25,630
	1,696,161	385,741	100,767	25,630

(d) Foreign exchange risk

The below table summarises the Company's exposure to foreign currency risk.

	2022	2021
	USD	USD
	AUD\$	AUD\$
Cash and cash equivalents	145,159	138,889
Total	145,159	138,889

(e) Fair values

The carrying amounts of the Company's assets and liabilities at the balance sheet date approximate their fair values.

(f) Fair value measurement

30 June 2022	Total	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Financial assets at fair value through profit and loss				
U Ethical Cash Management Trust - Wholesale	1,203,035	-	1,203,035	-
Total	1,203,035	-	1,203,035	-

30 June 2021	Total	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Financial assets at fair value through profit and loss				
U Ethical Cash Management Trust - Wholesale	1,188,955	-	1,188,955	-
Total	1,188,955	-	1,188,955	-

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date, without any deduction for transaction costs.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Financial instruments that trade in markets that are not considered active but values are based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified with Level 2. These include the Investment in U Ethical Cash Management Trust – Wholesale.

Level 3 fair value measurements are those derived from valuation techniques that included inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The Directors have classified the Investment in the U Ethical Cash Management Trust – Wholesale as Level 2 for 2022 and 2021 on the basis that the investment is unlisted.

(g) Sensitivity analysis

The following table summarises the impact of increases/decreases in interest rates on the Company's assets attributable to investors at 30 June 2022 and 30 June 2021:

2022	Impact on profit/(loss) and net assets		
	Carrying Amount	Interest risk	
		\$	\$
		-250bps	+250bps
Cash & cash equivalents	5,070,611	(126,765)	126,765
U Ethical Cash Management Trust - Wholesale	1,203,035	(30,076)	30,076

2021	Impact on profit/(loss) and net assets		
	Carrying Amount	Interest risk	
		\$	\$
		-75bps	+75bps
Cash & cash equivalents	4,486,942	(33,652)	33,652
U Ethical Cash Management Trust - Wholesale	1,188,955	(8,917)	8,917

Note 6: Auditor's remuneration

During the year, the following fees were paid or payable for services provided by the auditor.

	2022	2021
	\$	\$
Audit services		
Audit of financial report	18,500	13,772
Audit of financial reports – additional costs	22,000	27,520
Audit of the Australian Financial Services Licence	10,300	10,000
Consulting services	28,460	-
	<u>79,260</u>	<u>51,292</u>

Note 7: 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:

	2022	2021
	\$	\$
Cash at call	5,070,611	4,486,942
Total cash and cash equivalents	5,070,611	4,486,942

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

	2022	2021
	\$	\$
(Loss)/profit for the year	(6,442)	377,163
Gain from sale of units in U Ethical Enhanced Income Trust - Wholesale	-	(9,106)
Depreciation of office and computer equipment	59,788	55,755
Depreciation of right-of-use assets	209,124	209,202
(Increase)/decrease in receivables	36,638	34,867
Decrease/(increase) in lease security bond	-	(23,862)
(Increase)/decrease in other payables and provisions	474,510	971,996
Net cash inflow/(outflow) from operating activities	773,618	1,616,015

Note 8: Provision for employee entitlements

	Other entitlements	Annual leave	Long service leave	Total
	\$	\$	\$	\$
30 June 2021	104,474	281,267	126,397	512,138
Additional provisions	138,368	309,638	73,376	521,382
Amounts used	(112,428)	(316,590)	(24,904)	(453,922)
Amounts unused and reversed	-	-	(52,487)	(52,487)
30 June 2022	130,414	274,315	122,382	527,111

Other entitlements include performance pay, fringe benefits tax, superannuation and workcover payable.

Amounts that are incurred and charged against a provision are recognised through the statement of profit or loss and other comprehensive income.

The following amounts were incurred and charged against the provisions above as follows:

	2022	2021
	\$	\$
Other entitlements	112,428	223,978
Annual leave	316,590	215,006
Long service leave	24,904	11,713
Total amounts incurred and charged during the reporting period	453,922	450,697

Note 9: Office and computer equipment

	2022	2021
	\$	\$
Balance at the beginning of financial year	61,874	111,152
Additions during the year	24,520	6,477
Write off during the year	-	-
Depreciation during the year	(59,789)	(55,755)
Balance at the end of financial year	<u>26,605</u>	<u>61,874</u>

Note 10: Administrative expenses

	2022	2021
	\$	\$
Personnel expenses	4,529,309	3,758,593
Custodian fees	631,875	521,345
Investment systems	573,744	323,944
Unit registry	414,721	-
Computer systems	293,833	296,569
Other operating expenses	1,622,289	2,146,454
Balance at the end of financial year	<u>8,065,771</u>	<u>7,046,906</u>

Note 11: Trade and other receivables

	2022	2021
	\$	\$
Current financial assets		
Trade receivables	747,478	781,411
Allowance for expected credit loss	-	-
	<u>747,478</u>	<u>781,411</u>
Accrued income	-	152
Prepayments	-	2,553
Current trade and other receivables	<u>747,478</u>	<u>784,116</u>

(a) Movement in the allowance for expected credit loss in respect of:

	2022	2021
	\$	\$
Balance at beginning of the financial year	-	-
Impaired losses recognised	-	-
Impairment losses written-off	-	-
Balance at end of financial year	<u>-</u>	<u>-</u>

(b) Trade receivables past due but not impaired:

	2022	2021
	\$	\$
< 30 days	-	-
31-60 days	-	-
61-90 days	-	-
91-120 days	-	-
+ 121 days	-	-
	<u>-</u>	<u>-</u>

These amounts were due from a related party the Company manages. In evaluating the recoverability of these amounts, the Company has considered the credit risk associated with the related party and determined these amounts are not impaired.

Note 12: Payables

	2022	2021
	\$	\$
Community contribution	1,000,000	1,200,000
Other creditors	1,155,687	496,151
Balance at the end of financial year	<u>2,155,687</u>	<u>1,696,151</u>

Note 13: Lease

The Company has signed a 12 year lease agreement with The Uniting Church in Australia Property Trust (Victoria) for office space. The lease includes 8 extension options, each for a further 5 years. The lease agreement commenced after 1 July 2020. Refer to Note 2 (k) for further disclosure details.

Right-of-use assets

	2022	2021
	\$	\$
Balance at the beginning of financial year	2,301,299	-
Additions during the year	-	2,510,501
Write off during the year	-	-
Depreciation during the year	<u>(209,124)</u>	<u>(209,202)</u>
Balance at the end of financial year	<u>2,092,175</u>	<u>2,301,299</u>

Lease liability

	2022	2021
	\$	\$
Current	162,273	151,265
Non-current	<u>2,056,216</u>	<u>2,218,573</u>
Total liability	<u>2,218,489</u>	<u>2,369,838</u>

There is no contingent rents payable.

Note 14: Government grants – Job keeper

To contain the spread of COVID-19, the Australian Government provided various stimulus relief packages including 'Job Keeper' wage subsidy payments to eligible companies affected by the government COVID-19 measures.

The Company was not eligible in the current reporting period for Job Keeper wage subsidies relating to the government relief packages (eligible 2021: \$61,500). In the prior year, the government support payments are included on a gross basis within Income in the Statement of Profit or Loss and Other

Comprehensive Income is in accordance with the AASB 1058 Income of Non-for-Profit Entities.

Note 15: Events occurring after balance sheet date

No significant events have occurred to date which would impact the financial position of the Company disclosed in the Statement of Financial Position at 30 June 2022, or the results and cash flows of the Company for the year ended on that date.

Note 16: Contingent assets and liabilities and commitments

There were no outstanding contingent assets and liabilities or commitments as at 30 June 2022 and 30 June 2021.

Independent Auditor's Report to the Investors of Uniting Ethical Investors Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Uniting Ethical Investors Limited (the "Company") which comprises the statement of financial position as at 30 June 2022, 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 directors' declaration.

In our opinion, the accompanying financial report of the Company 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 Company's financial position as at 30 June 2022 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 Regulation 2013*.

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 Company 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 Company are responsible for the other information. The other information comprises the directors report for the year ended 30 June 2022, 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 Directors for the Financial Report

The directors of the Company 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

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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 Company 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 Company 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 Company'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 Company'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 Company 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.


DELOITTE TOUCHE TOHMATSU



Mark Stretton
Partner
Chartered Accountants

Melbourne, 27 September 2022