

UCA FUNDS MANAGEMENT LIMITED

ABN 46 102 469 821

Annual report for the year ended 31 December 2015

UCA FUNDS MANAGEMENT LIMITED

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

The company is incorporated in Australia.

**The registered office is: 130 Little Collins Street
Melbourne
Victoria
Australia 3000**

**Auditor: Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne
Victoria
Australia 3000**

UCA FUNDS MANAGEMENT LIMITED

ABN 46 102 469 821

DIRECTORS' REPORT

for the year ended 31 December 2015

The Directors' present their report on the financial statements of the UCA Funds Management Limited (the "Company") for the year ended 31 December 2015. The Company has no share capital since it is incorporated as a company limited by guarantee.

DIRECTORS

The following persons were directors of the Company during the whole of the year and up to the date of this report:

R J Carter	Non-Executive Director – Chairperson, Board of Directors
J C Bell	Non-Executive Director
D Cousins	Non-Executive Director – Appointed 1 February 2016
J Etherington	Non-Executive Director - Deputy Chairperson, Board of Directors Chairperson – Audit, Risk & Compliance Committee Chairperson – Remuneration & Nomination Committee
D F Hawkey	Non-Executive Director
L R Mann	Non-Executive Director – Chairperson, Due Diligence Committee
T C McCredden	Non-Executive Director
R G Moore	Non-Executive Director – Retired 1 December 2015
M Walsh	Executive Director
D A Watson	Non-Executive Director – Appointed 1 February 2016
G E Wilson	Non-Executive Director – Chairperson, Investment Committee

PRINCIPAL ACTIVITIES

The Company's principal activity is to act as corporate trustee for the Uniting Growth Fund, which has a financial year ending 30 June and to provide investment management and administration services for UCA Cash Management Fund Limited, UCA Growth Fund Limited, Uniting Growth Fund, Development Fund, Funeral Fund and Ministers Home Endowment Fund. The Company holds an Australian Financial Services Licence (AFSL).

DIVIDENDS

The Company cannot pay dividends, hence no dividends were paid during the year and no dividends have been recommended for payment at year end.

REVIEW OF OPERATIONS

Net profit of the Company was \$377,352 (2014: \$16,448). The Company earned management fees from the UCA Cash Management Fund Limited, UCA Growth Fund Limited, Uniting Growth Fund, Development Fund, Funeral Fund and Ministers Home Endowment Fund of \$7,840,073 (2014: \$417,354) and paid of \$7,372,061 (2014: \$417,354) to The Uniting Church in Australia, Synod of Victoria and Tasmania for administration and investment services provided to the Company. In addition, the Company earned interest of \$44,259 (2014: \$45,682) on investments and made a net loss on financial assets at fair value through profit and loss of \$87,529 (2014: \$16,448 gain).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of directors, 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.

MATTERS SUBSEQUENT TO THE END OF THE YEAR

No matter or circumstance has arisen since 31 December 2015 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. In early 2016 UCA Funds Management Limited applied to the Australian Securities and Investments Commission (ASIC) for a full AFSL which was granted on 18 January 2016 in preparation for the lodgement of two Managed Investment Schemes (Uniting Ethical Enhanced Cash Trust and Uniting Ethical Australian Equities Trust).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Further information on likely developments in the operations of the Company and the expected results of operations of the Company has not been included in this report as it would be likely to result in unreasonable prejudice to the Company.

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 Richard John Carter AM CitWA, B Com, FTSE, FAusIMM, FAIM, FAICD

Non-executive Director and Chairperson. He is a former Chair of Prahran Mission-UnitingCare, a former Director of BHP Gold Mines Ltd, North Ltd, Orbital Engine Group, Marion Energy Ltd and ERA Ltd, former Chair of Consolidated Minerals Ltd, Macmahon Holdings Ltd, Ticor Ltd and a former Chief Executive Officer of BHP Minerals. He is an active member of The Uniting Church in Australia and is Chair of the Church Council at Stonnington Community UC, East Malvern and an elected member of the Synod of Victoria and Tasmania Standing Committee.

Ms Jane C Bell B Ec, LLB, LLM, FAICD

Non-executive Director. She is a banking and finance lawyer with more than 22 years' experience in senior roles in leading law firms, financial services and corporate treasury operations gained living in Australia, UK, Canada and USA. Since 2002, she has held a number of directorship positions, and is currently a Non-executive Director Royal Melbourne Hospital (Melbourne Health) and a former Non-executive Director of Worksafe Victoria and Monash Institute of Medical Research-Prince Henry's Institute of Medical Research.

Dr David Cousins AM PhD – appointed 1 February 2016

Non-executive Director. He is an economist and Adjunct Professor with the Centre for Regulatory Studies, Faculty of Law, Monash University, was recently Commissioner of the Taxi Industry Inquiry and has served as Director of Consumer Affairs Victoria. Prior to this he served as a Commissioner of the Australian Competition and Consumer Commission and Chairman and Member of the Prices Surveillance Authority. He has worked in private consulting as a Director of KPMG Consulting. He is an active member of The Uniting Church in Australia.

Mr John Etherington B Ec, FCA, FAICD

Non-executive Director. He is a Director of Pental Limited, a Director of the National Heart Foundation and President of its Victorian Division, a member of the Finance Committee of The Uniting Church in Australia (Synod of Victoria and Tasmania) and a co-trustee of the Ian Rollo Currie Foundation. He is a former Assurance and Advisory Partner of Deloitte.

Mr Daryl F Hawkey FFin

Non-executive Director. He is the former Chair of UnitingCare Prahran Mission, a former Executive Director of Rothschild Australia Asset Management Limited, a former principal of Cameron Ralph Pty Ltd and a former Director of Hancock Natural Resources Group Australasia Pty Ltd, Intech Fiduciaries Limited, the Financial Services Council, the Financial Industry Complaints Service Ltd and State Trustees Limited. He is also a former member of the Compliance Committees of Antares Capital Partners Ltd, Principal Global Investors (Australia) Limited and Spark Infrastructure Group and Chair of the BlackRock Investment Management (Australia) Limited, Compliance Committee. He is an active member of The Uniting Church in Australia, a member of the Synod of Victoria and Tasmania and a member of the Forest Hill Church Council.

Mr Lindsay R Mann BA, FIAA, GAICD

Non-executive Director. He is a Fellow of the Actuaries Institute and brings 40 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 currently holds a directorship with WAM Capital Limited and is a member of the AMP Capital China Growth Fund Advisory Committee.

Mr Terry C McCredden B Com (Honours)

Non-executive Director. He has undertaken management courses at Wharton Business School USA & London Business School. He is a former CEO of UniSuper and Telstra Super. He is Chairman of Infradebt, an infrastructure debt manager and is an independent director on 3 Trustee Boards of the NAB/MLC group. He is also a member of an international advisory board for DC Placement Advisers Ltd based in Munich, Germany. He is Chair of the Leadership Group of Northern Community Church of Christ, his local church.

Mr Richard G Moore BA Hons, FCA – retired 1 December 2015

Non-executive Director. He is Chair of the City of Melbourne Audit Committee, a member of the Audit and Risk Committee of the Salvation Army Southern Territory, an external Consultant member of the Audit and Risk Committee of the Rural Workforce Agency Victoria Limited. Formerly, he was the Group General Manager, Audit of the Australia and New Zealand Banking Group Limited and prior to that a partner of PricewaterhouseCoopers, where he specialised in Corporate Governance, Risk Management and Internal Audit advisory services.

Mr Michael Walsh M Com

Executive Director, Chief Executive Officer. He is the former Risk Manager, Head of Responsible Investment Research and Interim Chief Executive Officer of Hunter Hall International Limited. He has over 40 years combined business and financial services experience and possesses more than 15 years in the responsible investment sector as a consultant, publisher, director and senior executive. He is a Non-executive Director of Smallco Investment Manager Limited.

Mr David A Watson B Com FCA GAICD – appointed 1 February 2016

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).

Ms Gayle Wilson MBus Marketing, Grad Dip Marketing, Dip T

Non-executive Director. She is currently a Director of the Kagus Group Pty Ltd. Formerly, she was CEO of Berndale Securities Ltd, a Director of Merrill Lynch and Citigroup, and a former member of the Finance & Investment Committee for the Brotherhood of St Laurence.

DIRECTORS' SHAREHOLDINGS

No director holds shares in the Company.

MEETINGS OF DIRECTORS

	Meeting of Directors		Audit, Risk & Compliance Committee		Investment Committee		Remuneration & Nominations Committee		Due Diligence Committee	
	A	B	A	B	A	B	A	B	A	B
R J Carter	7	7	*	*	4	3	5	5	*	*
J C Bell	7	6	5	5	*	*	*	*	5	5
D Cousins	*	*	*	*	*	*	*	*	*	*
J Etherington	7	7	5	5	*	*	1	1	*	*
D F Hawkey	7	6	5	4	*	*	5	4	*	*
L R Mann	7	6	*	*	4	4	*	*	5	5
T C McCredde	7	7	*	*	4	3	*	*	*	*
R G Moore	6	6	5	5	*	*	*	*	5	5
M Walsh	7	7	*	*	*	*	5	5	*	*
D Watson	*	*	*	*	*	*	*	*	*	*
G E Wilson	7	5	*	*	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 financial year

B = Number of meetings attended

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

INFORMATION ON COMPANY SECRETARIES

Ms Leeanne Lukaitis B Bus, ASA

Joint Company Secretary. Ms Lukaitis also fills the role of Financial Accountant.

Mr John Dennison Graduate Certificate in Compliance Management and Associate Diploma of Business (Accounting)

Joint Company Secretary. Mr Dennison also fills the role of Risk & Compliance Manager.

INSURANCE OF OFFICERS

Under clause 4.11.2 of the Regulations, 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 wilful misconduct.

As a matter of commercial prudence the Church has paid a premium in respect of an Directors and Officers Insurance contract that covers a "member" as defined, in respect to clause 4.11.2, in the Regulations, against any liability arising in or out of the conduct of the business of the Church and the proper performance of any duty of that "member". Due to confidentiality undertakings of the policy, no further details in respect of the premium or the policy can be disclosed.

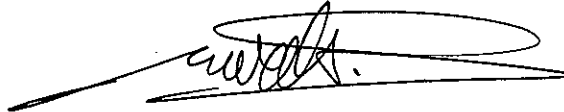
AUDITORS' INDEPENDENCE DECLARATION

The Auditors Independence Declaration as required by Section 307C of the *Corporations Act 2001* is set out on page 8.

Signed in Melbourne on 19 April 2016 in accordance with a resolution of directors'.



R J Carter
Director



M Walsh
Director

The Board of Directors
UCA Funds Management Limited
130 Little Collins Street
MELBOURNE VIC 3000

19 April 2016

Dear Board Members

UCA Funds Management 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 UCA Funds Management Limited.

As lead audit partner for the audit of the financial statements of UCA Funds Management Limited for the financial year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit and
- (ii) any applicable code of professional conduct in relation to the audit .

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants

Independent Auditor's Report to the Members of UCA Funds Management Limited

We have audited the accompanying financial report of UCA Funds Management Limited (the "Company"), which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 11 to 24.

Directors' Responsibility 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 *Corporations Act 2001* 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 Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the Company's preparation of the financial report that gives a true and fair view, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of UCA Funds Management Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

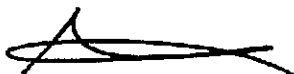
Opinion

In our opinion:

- (a) the financial report of UCA Funds Management Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.



DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants
Melbourne, 19 April 2016

UCA FUNDS MANAGEMENT LIMITED

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes of the Company set out on pages 12 to 23:
 - (i) comply with Australian Accounting Standards, the Corporations Act 2001, and other mandatory professional reporting requirements;
 - (ii) present fairly the Company's financial position as at 31 December 2015 and its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and
 - (iii) comply with International Financial Reporting Standards.
- (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.

This declaration is made in accordance with a resolution of the directors.



R J Carter
Director



M Walsh
Director

Melbourne

19 April 2016

UCA FUNDS MANAGEMENT LIMITED
Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 \$	2014 \$
Income			
Interest received		44,259	45,682
Net gain/(loss) on financial assets at fair value through profit and loss		(87,529)	16,448
Distribution received		73,289	17,610
Management fees received from related party	3	7,840,073	417,354
Total income		<u>7,870,092</u>	<u>497,094</u>
Expenses			
Donation to Uniting Care Share Australia		-	377
Donation paid to The Uniting Church in Australia, Synod of Victoria and Tasmania		-	62,915
Management fee paid to related party	3		417,354
Expense reimbursement		4,182,871	-
Grants paid		3,189,190	-
Other expenses		120,679	-
Total expenses		<u>7,492,740</u>	<u>480,646</u>
Net profit for the year		<u>377,352</u>	<u>16,448</u>
Other comprehensive income for the year			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>377,352</u>	<u>16,448</u>

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

UCA FUNDS MANAGEMENT LIMITED
Statement of Financial Position

As at 31 December 2015

	Notes	2015 \$	2014 \$
Assets			
Cash and cash equivalents		1,518,968	622,516
Term Deposits		-	350,000
Investment in UCA Cash Management Fund Limited		577,790	139,182
Financial assets at fair value through profit or loss			
Unlisted equity trust		704,297	759,304
Other		3,953	-
Total Assets		2,805,008	1,871,002
Liabilities			
Subordinated Loan from related party	3	-	10,000
Payables – related party		566,654	-
Total Liabilities		566,654	10,000
Net assets		2,238,354	1,861,002
Contributed equity		-	-
Capital reserve		2,238,354	1,861,002
Total equity		2,238,354	1,861,002

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

UCA FUNDS MANAGEMENT LIMITED
Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Interest received		44,259	45,682
Distribution received		73,289	17,610
Donation paid to Uniting Care Share Australia		-	(377)
Donation paid to The Uniting Church in Australia, Synod of Victoria and Tasmania		-	(62,915)
Management fee received from related party		7,836,120	417,354
Management fees paid to related party		-	(417,354)
Expense reimbursement		(3,616,217)	
Grants paid		(3,189,190)	
Other operating expenses		(120,679)	-
Proceeds from sale/purchase of financial assets		(121,130)	-
Net cash flow from operating activities	7	906,452	-
Cash flows from financing activities			
Cash capital reserve received from The Uniting Church in Australia, Synod of Victoria and Tasmania		-	612,516
Repayment of loan to related party		(10,000)	-
Net cash (outflow)/inflow from financing activities		(10,000)	612,516
Net change in cash and cash equivalents		896,452	612,516
Cash and cash equivalents at beginning of year		622,516	10,000
Cash and cash equivalents at end of year	7	1,518,968	622,516

Non-cash financing and investing activities

During the 2014 year an in specie transfer of assets between The Uniting Church in Australia Synod of Victoria and Tasmania and UCA Funds Management totalling \$1,248,486 occurred. The funds were used for investments in BankWest, UCA Cash Management Fund Limited and Warakirri Asset Management.

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

UCA FUNDS MANAGEMENT LIMITED
Statement of changes in equity

For the year ended 31 December 2015

	2015	2014
	\$	\$
Total equity at the beginning of the year	1,861,002	-
Net profit for the year	377,352	16,448
Transfer of capital reserve from The Uniting Church in Australia, Synod of Victoria and Tasmania	-	1,844,554
	<hr/>	<hr/>
Total equity at the end of the year	2,238,354	1,861,002

The Capital Reserve is an accumulation of undistributed operating surpluses generated over a number of years within The Uniting Church in Australia, Synod of Victoria by the UCA Funds Management business and earmarked for the future use of UCA Funds Management Limited to meet working capital and regulatory requirements. The primary purpose for the Capital is to meet AFS licencing requirements as set by the Australian Securities and Investment Commission.

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

Note 1: GENERAL INFORMATION

This general purpose financial report covers UCA Funds Management Limited (the "Company") as an individual entity.

The financial statements were authorised for issue by the Directors on 19 April 2016. The Directors have the power to amend and reissue 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 Accounting Standards and Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with International Financial Reporting Standards (IFRS)

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the Company, comprising the financial statements and notes hereto complies with International Financial Reporting Standards (IFRS).

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 comprehensive income.

(b) Investment Income

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. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, management of the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

(c) Financial Assets held at fair value through profit and loss

Classification

The Company investments are classified as financial instruments designated at fair value through profit and 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 and loss at inception are those that are managed and their performance evaluated on a fair value basis.

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 comprehensive income. The following represents the basis of valuation for financial reporting purposes:

Investment in UCA Cash Management Fund Limited

The Company's investment in UCA Cash Management Fund Limited is available within 24 hours.

Investment in unlisted equity trust

Securities that are unlisted are fair valued based on the market value quoted by the asset manager.

(d) Receivables

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.

(e) 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 balance sheet. Cash flows relating to GST are included in the cash flow statement on a gross basis.

(f) Income Tax

UCA Funds Management Limited is exempt from Income Tax under Section 50-5 of the Income Tax Assessment Act 1997.

(g) 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.

(h) 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.

(i) Use of estimates

There have not been any critical accounting judgements or estimations made in the preparation of the financial statements for the year ended.

(j) New accounting standards and interpretations

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operation and that are effective for the current reporting period. The adoption of these Standards has not had a material impact on the Company.

New Accounting Standards that have been issued but are not yet effective have not been adopted during the reporting period.

A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current year end. The reported results and position of the Company will not change on adoption of these pronouncements as they do not result in any changes to the Company's existing policies. The Company does not intend to adopt any of these pronouncements before their effective dates. These include;

AASB 9 'Financial Instruments'(December 2009) and AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 8 and Transition Disclosure', AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' Effective from 1 January 2017

AASB 15 'Revenue from Contracts with Customers' (December 2014) and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15' Effective from 1 January 2017

AASB 9 'Financial Instruments'(December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 8 and Transition Disclosure', AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' Effective from 1 January 2017

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

There have not been any critical accounting judgements or estimations made in the preparation of the financial statements for the year ended.

Note 3: RELATED PARTIES

Investors in the funds are charged management fees for administration and investment services. During the period the funds were charged fees ranging from 0.65% per annum to 1.265% per annum.

During 2015 all management fees were paid to UCA Funds Management Limited (previously the Funds, other than the Uniting Growth Fund, paid the management fee directly to the Synod).

	2015 \$	2014 \$
Management fees received:		
Uniting Growth Fund	387,482	417,354
UCA Cash Management Fund Limited	4,883,999	-
UCA Growth Fund Limited	2,402,721	-
Development Fund	103,057	-
Ministers Home Endowment Fund	60,463	-
Funeral Fund	2,351	-
Total management fee received from related party	7,840,073	417,354
Management fees paid to The Uniting Church in Australia Synod of Victoria and Tasmania		417,354
Expense reimbursement	4,182,871	
Grants paid	3,189,190	

UCA Funds Management Limited invests part of its capital with UCA Cash Management Fund Limited.

	2015	2014
	\$	\$
Investment in UCA Cash Management Fund Limited	577,790	139,182
Interest received	16,304	45,193

The loan of \$10,000 from UCA Growth Fund Limited was established in order to comply with the Australian Financial Services Licence Number 294147, which was granted to the Company by the Australian Securities and Investments Commission on 11th November 2005. The loan was interest free and was invested in a term deposit with Westpac Banking Corporation. In 2015, UCA Funds Management Limited lodged an application with ASIC to vary its license in order to establish two managed investment schemes. The amount of capital required to meet the new licence exceeded \$10,000. UCA Funds Management repaid the loan during 2015.

Note 4: Key Management Personnel Compensation

The Company has no employees. All key management personnel are employed by the Uniting Church in Australia, Synod of Victoria and Tasmania.

(a) Directors

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

R J Carter	Non-Executive Director Chairperson – Board of Directors
J C Bell	Non-Executive Director
D Cousins	Non-Executive Director – appointed 1 February 2016
J Etherington	Non-Executive Director
	Chairperson – Audit, Risk & Compliance Committee
	Chairperson – Remuneration & Nomination Committee
D F Hawkey	Non-Executive Director
L R Mann	Non-Executive Director
T C McCredden	Non-Executive Director
R G Moore	Non-Executive Director – retired 1 December 2015
M Walsh	Executive Director
D A Watson	Non-Executive Director – appointed 1 February 2016
G E Wilson	Non-Executive Director – Chairperson, Investment Committee

Directors' remuneration is paid by The Uniting Church in Australia, Synod of Victoria and Tasmania for the management of UCA Funds Management, which in turn provides management services to UCA Cash Management Fund Limited, UCA Growth Fund Limited, UCA Funds Management Limited, Uniting Growth Fund, Development Fund, Funeral Fund and Ministers Home Endowment Fund.

The remuneration of the executive director and non-executive directors of UCA Funds Management Limited is set out in the following table:

	2015 \$	2014 \$
Income paid or payable to directors of the company by the company and related parties		
Short-term employee benefits	397,384	360,277
Other long-term benefits	14,166	9,019
Total	411,550	369,296

Short term employee benefits include director fees, executive salary, 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 planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year. During the reporting period, no Director held a financial interest in the Company (2014: nil).

NOTE 5: FINANCIAL RISK MANAGEMENT

The Company is exposed to interest rate risk, credit 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 on the term deposit, investment in UCA Cash Management Fund Limited and the bank account.

2015	Impact on operating profit/ net assets		
	Carrying Amount \$	Interest Rate Risk	
		\$ -75 bps	\$ +75bps
Cash & cash equivalents	1,518,968	(11,392)	11,392
Investment in UCA Cash Management Fund Limited	577,790	(4,333)	4,333
2014	Impact on operating profit/ net assets		
	Carrying Amount \$	Interest Rate Risk	
		\$ -75 bps	\$ +75bps
Cash & cash equivalents	622,516	(4,669)	4,669
Term Deposits	350,000	(2,625)	2,625
Investment in UCA Cash Management Fund Limited	139,182	(1,044)	1,044

(b)

Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part. Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved, and
- ensuring that transactions are undertaken with a number of counterparties.

The maximum credit risk on financial assets of UCA Funds Management Limited is the carrying value of these assets on the balance sheet.

The Company is exposed to credit risk through its term deposit with BankWest which is owned by the Commonwealth Bank, which is rated AA- by Standard and Poor's.

(c)

Liquidity risk

The \$725,000 term deposit with BankWest (classified as Cash and cash equivalents) is invested for three months.

The payable of \$566,654 represents a liability to a related party which is paid monthly in arrears.

(d)

Fair values

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

(e)

Fair value measurement

	Amount at 31 December 2015 \$	Level 1 \$	Level 2 \$	Level 3 \$
Financial assets at fair value through profit and loss				
Investment in UCA Cash Management Fund Limited	577,790	-	577,790	-
Financial assets at fair value through profit or loss:				
Unlisted equity trust	704,297	-	704,297	-
Total	1,282,087	-	1,282,087	-

	Amount at 31 December 2014 \$	Level 1 \$	Level 2 \$	Level 3 \$
Financial assets at fair value through profit and loss				
Investment in UCA Cash Management Fund Limited	139,182	-	139,182	-
Term Deposits	350,000	350,000	-	-
Financial assets at fair value through profit or loss:				
Unlisted equity trust	759,304	-	759,304	-
Total	1,248,486	350,000	898,486	-

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 UCA Cash Management Fund Limited and the unlisted equity trust which are financial instruments that trade in markets that are not considered active but the underlying asset values are based on quoted market prices.

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 Unlisted Equities Trust as Level 2 for 2015 and 2014 on the basis that the investment is unlisted.

(f) Market risk

Market risk is the risk that the value of the Company's equity securities will fluctuate as a result of changes in market values. The following table summarises the impact of increases / decreases and is based on the assumption that the market value increased / decreased by 10% with all other variables held constant.

2015	Impact on operating profit/ net assets attributable to investors		
	Carrying Amount	Market Risk	
	\$	\$ -10%	\$ +10%
Unlisted equity trust	704,297	(70,430)	70,430
2014	Impact on operating profit/ net assets attributable to investors		
	Carrying Amount	Market Risk	
	\$	\$ -10%	\$ +10%
Unlisted equity trust	759,304	(75,930)	75,930

NOTE 6: AUDITORS' REMUNERATION

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

	2015 \$	2014 \$
<i>Audit Services</i>		
Audit of financial report	6,106	6,106
Audit of the Australian Financial Services Licence	3,000	3,000
	<u>9,106</u>	<u>9,106</u>

The auditor for the year was Deloitte Touche Tohmatsu.

NOTE 7: NOTE TO CASH FLOW STATEMENT
(a) Reconciliation of Cash

For the purposes of the cash flow statement, 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:

	2015 \$	2014 \$
Cash	793,968	237,516
Term deposits (term 3 months)	725,000	385,000
Total cash & cash equivalents	1,518,968	622,516

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

	2015 \$	2014 \$
Profit/(loss) attributable to investors	377,352	-
Decrease/(increase) in term deposits	350,000	(350,000)
Decrease/(increase) in UCA Cash Management Fund Limited	(438,608)	(139,182)
Decrease/(increase) in financial assets at fair value	55,007	(759,304)
Decrease/(increase) in other assets	(3,953)	-
(Decrease)/increase in payables	566,654	-
In specie transfer of assets between The Uniting Church in Australia Synod of Victoria and Tasmania and UCA Funds Management	-	1,248,486
Net cash flow from operating activities	906,452	-

NOTE 8: EVENTS OCCURRING AFTER BALANCE SHEET DATE

No significant events have occurred since balance date which would impact on the financial position of the Company disclosed in the balance sheet at 31 December 2015, or the results and cash flows of the Company for the year ended on that date.

NOTE 9: CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There were no outstanding contingent assets and liabilities or commitments as at 31 December 2015 or 31 December 2014.