

Uniting Ethical Investors Limited

ABN 46 102 469 821

Annual Report for the year ended 30 June 2024

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

Auditor:

Deloitte Touche Tohmatsu
477 Collins Street
Victoria 3000
Australia

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 2024 (the "reporting period").

The Company became a registered company under the *Corporations Act 2001* on 10 October 2002. 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

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
- provide ethical investment products and services, and
- provide investment advice to selected wholesale clients.

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

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:

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

Dividends

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

Community contribution

Pursuant to the Constitution, the company paid \$500,000 (2023: \$1,100,000) grant to The Uniting Church Synod of Victoria and Tasmania – related party in relation to the 2024 financial year.

Review of Operations

Net profit of the Company for the year was \$1,853,314 (2023: \$419,561) after the community contribution.

Significant changes in state of affairs

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

Environmental Regulation

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

Information on Directors

Mr Mathew Browning BSc GAICD

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

Mr Robin Burns FAICD

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

Ms Annette King BEc – Actuarial, FAICD, FIAA

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

Mr Lindsay Mann BA, FIAA, GAICD

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

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

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

Ms Zarmeen Pavri BCom, ACA, AAICD

Non-Executive Director. She brings over 28 years' financial services experience, specifically within the funds management industry, specialising in the areas of sustainability, responsible investments, ESG and impact investing with a particular focus on climate, indigenous and women's economic empowerment, where most recently she was a Partner and Chief Impact Officer at SDGx - a technology venture capital and impact advisory firm. She currently is the Managing Director of a Sustainability consulting business – Sustainable Contracting Services and is currently a director of the RMIT Accelerator Capital Fund and Chair of Apostle Funds Management's People and Planet Fund.

Her previous roles include being a member of JANA Investors Sustainability Council, Non-executive director of Magnis Energy Technologies (ASX: MNS) and was the Oceania Regional Senior Advisor to the Global Impact Investing Network. She is a qualified Australian Chartered accountant and has held several senior executive management roles as Executive Director – Strategy, Chief Operating Officer and Head of Product Development in leading boutique funds management businesses.

Ms Kris Peach AM MBA FCA GAICD

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

Ms Fiona Pearse B. Ec. MBA FCPA FAICD

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

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

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

Ms Kerrie Williams BSc, MBA, FFin, GAICD

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

Directors' shareholdings

No director holds shares in the Company.

Meetings of Directors

	Meeting of directors		Audit, risk and compliance committee		Investment committee		People and nominations committee	
	A	B	A	B	A	B	A	B
Mathew Browning	5	5	*	*	*	*	*	*
Robin Burns	5	4	*	*	4	4	5	3
Annette King	5	5	5	5	4	4	*	*
Lindsay Mann	5	5	*	*	4	4	5	5
Terry McCredden	2	2	*	*	2	2	2	2
Zarmeen Pavri	5	5	5	4	4	4	*	*
Kris Peach	5	5	5	5	*	*	1	0
Fiona Pearse	5	5	5	5	*	*	5	5
Mark Rearick	4	4	1	1	*	*	1	0
Kerrie Williams	5	5	4	4	4	4	5	5

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

B = Number of meetings attended

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

Matters subsequent to the end of the year

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

Likely developments and expected results

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

The results of the company's operations will be impacted by a number of factors including the investment returns of the funds managed by the Company as these drive the Management fees received by the company, and by the financial markets in which the Company directly invests.

Economic impact

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

At the same time, economic growth has started to slow and there remains a risk major developed economies will enter a recession over the next financial year. This may lead to weaker corporate earnings, which could impact equity securities. Geopolitical risks also remain elevated given ongoing conflict in Ukraine and the middle east. If we see a re-escalation of global inflation there is a risk of higher yields on fixed income securities and lower prices, as well as lower valuation multiples on equity securities.

Climate risk

Climate risk is managed as follows:

(i) Exclusions

Companies and securities issued by companies involved in fossil fuel activities—coal mining, oil and gas production, power generation and equity ownership in any of the former—are excluded from U Ethical's investable universe where it is more than 5% of revenue or earnings.

(ii) Company / issuer and portfolio analysis

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

For equity portfolios, U Ethical specifically monitors climate value-at-risk, which covers physical risks, transition risks and technology opportunities.

As climate change risk disclosures continue to improve, U Ethical's ability to manage those risks, both at the security and portfolio level, will also improve.

(iii) Engagement and advocacy

U Ethical's engagement with portfolio companies and issuers on climate risk issues.

This engagement may be carried out directly or collaboratively with investment peers, industry bodies or civil society organisations, such as Climate Action100+, the UN Principles for Responsible Investment or the Responsible Investment Association of Australasia.

Indemnification and insurance of officers and auditors

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.

Auditor's Independence Declaration

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

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



L Mann
Director



M Browning
Director

Melbourne
1 October 2024

1 October 2024

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 60-40 of the *Australian Charities and Not-for-Profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Uniting Ethical Investors Limited.

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

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

Yours faithfully,



DELOITTE TOUCHE TOHMATSU



Lani Cockrem
Partner
Chartered Accountants

Directors' declaration

In the directors' opinion:

- (a) The financial statements and notes of Uniting Ethical Investors Limited are set out on pages 9 to 28:
 - (i) comply with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Regulations 2022* and other mandatory professional reporting requirements; and
 - (ii) gives true and fair view of the Company's financial position as at 30 June 2024 and its performance, as represented by the results of its operations, changes in equity and its cash flows, for the year ended on that date.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



L Mann
Director

Melbourne
1 October 2024



M Browning
Director

Uniting Ethical Investors Limited
Statement of Profit or Loss and Other Comprehensive income
For the year ended 30 June 2024

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2024 \$	2023 \$
Income			
Management fee income from related parties	3	9,760,068	9,620,118
Interest income		212,772	140,537
Distribution income from related party	3	84,863	13,661
Foreign exchange gain/(loss)		(6,662)	5,426
Other Income		622,862	-
Total income		10,673,903	9,779,742
Expenses			
Operating expenses			
Administrative expenses	11	7,482,135	7,311,899
Marketing expenses		192,542	229,511
Investment systems		592,934	661,265
Lease liability interest expenses		52,978	57,505
Total operating expenses		8,320,589	8,260,180
Community contribution to related parties			
Community contribution	3	500,000	1,100,000
Total expenses		8,820,589	9,360,181
Net profit/ for the year		1,853,314	419,561
Other comprehensive income for the year			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,853,314	419,561

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 2024

Statement of Financial Position

		2024	2023
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents	8a	5,632,220	4,365,878
Financial assets at fair value through profit or loss	4	1,493,843	1,216,696
Trade and other receivables from related parties	12	916,305	2,593,878
Prepayments	12	88,021	95,614
		8,130,389	8,272,066
Non-current assets			
Right-of-use asset	14	1,673,884	1,883,050
Office and computer equipment	10	35,902	30,796
Lease security bond		23,862	23,862
		1,733,648	1,937,708
Total assets		9,864,037	10,209,774
Liabilities			
Current liabilities			
Payables	13	1,706,684	3,807,914
Provision for employee entitlements	9	491,618	405,809
Lease liability-current	14	186,133	173,943
Total current Liabilities		2,384,435	4,387,666
Non-current liabilities			
Lease liability-non-current	14	1,695,995	1,882,199
Provision for long service leave	9	18,524	28,140
Total non-current liabilities		1,714,519	1,910,339
Total liabilities		4,098,954	6,298,005
Net assets		5,765,083	3,911,769
Equity			
Retained earnings		5,765,083	3,911,769
Total equity		5,765,083	3,911,769

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

Uniting Ethical Investors Limited
Statement of Cash flows
For the year ended 30 June 2024

Statement of Cash Flows

		2024	2023
	Notes	\$	\$
Cash flows from operating activities			
Interest received		212,771	140,537
Distributions received from related party		84,863	13,661
Management fees received from related parties		11,437,641	9,541,521
Community contribution paid		-	(2,100,000)
Operating expenses paid		(9,942,013)	(8,049,858)
Net cash inflow/(outflow) from operating activities	8c	1,793,262	(454,139)
Cash flows from investing activities			
Purchase of property, plant and equipment		(22,781)	(17,082)
Purchase of units in Financial Asset		(277,147)	(13,662)
Net cash used in investing activities		(299,928)	(30,744)
Cash flows from financing activities			
Payment of lease liabilities		(174,014)	(162,347)
Lease liability interest paid		(52,978)	(57,505)
Net cash used in financing activities		(226,992)	(219,852)
Net change in cash and cash equivalents		1,266,342	(704,733)
Cash and cash equivalents at beginning of the year		4,365,878	5,070,611
Cash and cash equivalents at end of the year		5,632,220	4,365,878

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 2024

Statement of Changes in Equity

	Retained Earnings	Total Attributable to Members
	\$	\$
Balance at 1 July 2022	3,492,208	3,492,208
Profit/(Loss) for the year	419,561	419,561
Balance at 30 June 2023	3,911,769	3,911,769
Profit/(Loss) for the year	1,853,314	1,853,314
Balance at 30 June 2024	5,765,083	5,765,083

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.

Note 2: Summary of material 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

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

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities held at fair value recognised through the Statement of Profit or Loss and Other Comprehensive Income.

(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 and Other Comprehensive Income 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	<p>The Company's principal activity is to act as corporate trustee or responsible entity and to provide investment management and administration services</p> <p>Management fees payable to the Company are calculated daily in each of the investment funds in accordance with the respective Product Disclosure Statements and remitted at the end of each month when the revenue for the month is then recognized in the Company's profit and loss.</p>	Over 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 – related party

The Company's investment in U Ethical Cash Management Trust – Wholesale – related party is an unregistered managed investment scheme that trades in cash, cash equivalents and term deposits.

The investment is generally available for redemption within 24 hours.

The valuation technique used is by marking the units held in the U Ethical Cash Management Trust – Wholesale to its Net Asset Value ("NAV"), which includes using the unit price of the said trust (calculated using its NAV) as at the year-end for the purposes of the valuation.

(d) Cash and cash equivalents

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

(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

The allowance for impairment losses is measured using the simplified approach based on its lifetime credit loss.

(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.

	2024	2023
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 reviews 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) Expenses

All expenses are recognized in the statement of profit or loss and other comprehensive income on an accruals basis.

(n) 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.

(o) New accounting standards and interpretations

i) New and amended standards adopted by the Company

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

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

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

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

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

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 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

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

(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.

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 0.30% to 1.265% per annum (2023: 0.15% to 1.265% per annum). In the prior financial year 1 July 2022 to 30 June 2023, in some instances, standard management fees were discounted reflecting the suppressed yield environment imposed by the Reserve Bank of Australia.

Management fees from related parties

	2024	2023
	\$	\$
U Ethical International Equities Trust - Wholesale	55,707	58,066
U Ethical Australian Equities Trust - Wholesale	4,099,026	3,745,816
UCA Growth Fund Limited	2,052,437	1,902,548
U Ethical Diversified Income Trust - Wholesale	250,395	237,292
U Ethical Enhanced Income Trust - Wholesale	1,770,264	2,289,545
U Ethical Cash Management Trust - Wholesale	254,778	144,063
U Ethical Australian Equities Trust#	916,461	906,425
U Ethical Cash Management Trust	363,350	340,140
U Ethical Funeral Fund	1,485	12,499
Management fee rebate	(3,835)	(16,276)
Total management fees earned from related parties	9,760,068	9,620,118

The difference in the amount shown in the prior year financial statement of the trust is a RITC GST adjustment.

As at year end, management fees receivable from related parties was \$901,339 (2023: \$826,074)

UCA Cash Management Fund Limited and U Ethical Property Trust – Wholesale are not available to external investors. Management fees are only charged directly to the trusts, companies and fund listed above and where appropriate, include the costs of only internal investments.

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

As at year end, the community contribution declared to be paid to related parties was \$500,000 (2023: \$1,100,000)

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

Investment in related party

	2024	Interest	2023	Interest
	\$	%	\$	%
<i>Investment in related party:</i>				
U Ethical Cash Management Trust - Wholesale	1,286,545	1	1,216,696	1
<i>Distribution paid/payable by related party:</i>				
U Ethical Cash Management Trust - Wholesale	84,863		13,661	

During the reporting period, the Company paid rent to a related party. Refer to Note 14 for further information.

Administrative expenses paid to related party

	2024	2023
	\$	\$
Accounting and payroll services	81,360	73,910
IT services	204,588	207,495
Personnel services	17,954	40,000
	303,902	321,405

UCA Growth Fund Limited and UCA Cash Management Fund Limited

As part of U Ethical's operations as an ethical fund manager, it set up two not for profit companies limited by guarantee, UCA Growth Fund Limited and UCA Cash Management Fund Limited and is each company's sole member. The purpose of these companies is to provide investment returns to the Uniting Church and its members. The Company does not consolidate these companies within its financial statements in accordance with AASB10, as all the exposures, rights and variable returns of both companies are attributed to their debenture holders.

Note 4: Financial Asset at Fair Value through profit and loss

	2024	2023
	\$	\$
Investment in U Ethical Cash Management Trust - Wholesale	1,286,545	1,216,696
Investment in ETF	207,298	-
Total	1,493,843	1,216,696

As at 30 June 2024, the Company has investments in listed exchange traded funds to hedge USD expenses through an ETF.

Note 5: 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:

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

Uniting Ethical Investors Limited
Notes to the Financial Statement
For the period ended 30 June 2024

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:

	2024	2023
	\$	\$
Income paid or payable to executive and non-executive directors of the Company by the Company and related parties		
Short-term employee benefits	645,034	606,943
Other long-term benefits - accrued long service leave entitlements	73,893	50,594
Post-employment benefits - superannuation	74,309	64,786
Total	793,236	722,323

Short term employee benefits include director fees, executive salary and executive performance bonus.

There are no 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 (2023: nil).

Note 6: Financial risk management

Categories of financial instruments

	2024	2023
	\$	\$
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	1,493,843	1,216,696
Financial assets at amortised cost	6,636,546	5,287,566
Total	8,130,389	6,504,262
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	1,706,684	3,807,914
Total	1,706,684	3,807,914

Financial Risk Management

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

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

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

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 \$987,836 (2023: \$955,635) throughout FY24 and FY23. For the 2024 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 assets (NTA) and minimum level of capital adequacy. The capital requirement also contains a minimum requirement for liquidity.

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 6(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 and liquidity risk .

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 – related party, 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:

2024	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
Cash and cash equivalents	5,632,220	-	-	5,632,220
Assets at Fair Value Through Profit & Loss	1,286,545	-	207,298	1,493,843
Trade and other receivables – related parties	-	-	916,305	916,305
	6,918,765	-	1,123,603	8,042,368
2023	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
Cash and cash equivalents	4,365,878	-	-	4,365,878
Assets at Fair Value Through Profit & Loss	1,216,696	-	-	1,216,696
Trade and other receivables – related parties	-	-	2,593,878	2,593,878
	5,582,574	-	2,593,878	8,176,452

The table in note 6(i) summarises the impact of an increase/decrease in interest rates on the Company's net assets. The analysis is based on the assumption that interest rates increase by 50 bps or decrease by 100bps with all other variables held constant. The possible movements in interest rates have been determined based on the Company's reasonable estimates having regard to a number of factors. However actual movements may be greater or less than anticipated. The Company's assessment of sensitivity can vary from year to year and is reflective of the market conditions in which the Company operates.

(b) Credit risk

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

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

The maximum credit risk on Company financial assets is the carrying value of these assets on the Statement of Financial Position.

(c) Price risk

Price risk is the risk that the value of an investment will fluctuate as a result of changes in unit prices caused by factors specific to individual investment.

As at 30 June 2024, the Company has investments in listed exchange traded funds and assessed that the price risk associated to the investment is immaterial.

(d) 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.

2024	Less than 1 month	1-6 Months	6-12 Months	1-2 years
	\$	\$	\$	\$
Payables	1,706,684	-	-	-
Provision for other employee entitlements	-	112,869	-	-
Provision for annual leave	-	253,602	-	-
Provision for long service leave	-	-	125,147	-
Provision for long service leave	-	-	-	18,527
	1,706,684	366,471	125,147	18,527

2023	Less than 1 month	1-6 Months	6-12 Months	1-2 years
	\$	\$	\$	\$
Payables	3,807,914	-	-	-
Provision for other employee entitlements	-	99,529	-	-
Provision for annual leave	-	227,727	-	-
Provision for long service leave	-	-	78,533	-
Provision for long service leave	-	-	-	28,140
	3,807,914	327,256	78,533	28,140

(e) Foreign exchange risk

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

	2024		2023	
	USD	AUD	USD	AUD
	\$	\$	\$	\$
Cash and cash equivalents	-	-	100,000	150,630
Total	-	-	100,000	150,630

The company holds cash in US dollars to hedge the rise or fall in the Australian dollar for the payment of creditors. The exposure to the volatility of the foreign exchange held is not considered significant.

(f) Climate risk

The United Nations Framework Convention on Climate Change defines:

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

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

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

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

Australia has passed the sustainability legislation in Parliament and is working to adopt disclosures aligned with the ISSB standards into the Australian Accounting Standards.

U Ethical's scope 1 and 2 emissions are negligible. However, it is exposed to the risks associated with scope 3 indirect emissions inherent in managing cash, fixed income and equity investment portfolios.

Asset class / valuation risk

Climate change risks and opportunities vary by asset class. They are heightened for longer duration securities, such as equities and longer-term fixed income.

Climate risk is managed as follows:

(i) Exclusions

Companies and securities issued by companies involved in fossil fuel activities—coal mining, oil and gas production, power generation and equity ownership in any of the former—are excluded from U Ethical's investable universe where it is more than 5% of revenue or earnings.

(ii) Company / issuer and portfolio analysis

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

For equity portfolios, U Ethical specifically monitors climate value-at-risk, which covers physical risks, transition risks and technology opportunities.

As climate change risk disclosures continue to improve, U Ethical's ability to manage those risks, both at the security and portfolio level, will also improve.

(iii) Engagement and advocacy

U Ethical's engages with portfolio companies and issuers on climate risk issues.

This engagement may be carried out directly or collaboratively with investment peers, industry bodies or civil society organisations, such as Climate Action100+, the UN Principles for Responsible Investment or the Responsible Investment Association of Australasia.

(g) Fair values

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

(h) Fair value measurement

30 June 2024	Total	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Financial assets at fair value through profit and loss				
Financial assets at fair value through profit or loss	1,493,843	207,298	1,286,545	-
Total	1,493,843	207,298	1,286,545	-
<hr/>				
30 June 2023	Total	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Financial assets at fair value through profit and loss				
Financial Assets at Fair Value Through Profit & Loss	1,216,696	-	1,216,696	-
Total	1,216,696	-	1,216,696	-

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 – related party.

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 – related party as Level 2 for 2023 and 2022 on the basis that the investment is unlisted.

(i) Sensitivity analysis

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

2024	Impact on profit/(loss) and net assets		
	Carrying Amount	Interest risk	
		\$	\$
		-100bps	+50bps
Cash & cash equivalents	5,632,220	(56,322)	28,161
Financial assets at fair value through profit or loss	1,286,545	(12,865)	6,433

Uniting Ethical Investors Limited
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For the period ended 30 June 2024

2023	Impact on profit/(loss) and net assets		
	Carrying Amount	Interest risk	
		\$	\$
		-100bps	+100bps
Cash & cash equivalents	4,365,878	(43,659)	43,659
Financial assets at fair value through profit or loss	1,216,696	(12,167)	12,167

Note 7: Auditor's remuneration

During the year, the following fees were paid or payable for services provided by the auditor for Uniting Ethical Investors Limited (exclusive of GST).

	2024	2023
	\$	\$
Audit services		
Audit of financial report (includes additional Costs)	55,350	70,950
Audit of the Australian Financial Services Licence	15,000	15,000
Australian Financial Services Licence – additional costs	-	1,733
Non audit services		
Consulting services	-	-
	70,350	87,683

Note 8: 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:

	2024	2023
	\$	\$
Cash at call	5,632,220	4,365,878
Total cash and cash equivalents	5,632,220	4,365,878

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

	2024	2023
	\$	\$
(Loss)/profit for the year	1,853,314	419,561
Depreciation of office and computer equipment	17,674	12,891
Depreciation of right-of-use assets	209,166	209,125
(Increase)/decrease in receivables	1,677,573	(78,596)
(Increase)/decrease in prepayments	7,593	(95,614)
Increase/(decrease) in other payables and provisions	(1,972,058)	(921,506)
Net cash inflow/(outflow) from operating activities	1,793,262	(454,139)

Note 9: Provision for employee entitlements

	Other entitlements \$	Annual leave \$	Long service leave* \$	Total \$
30 June 2023	99,529	227,728	106,693	433,950
Additional provisions	134,870	431,000	81,473	647,343
Amounts used	(121,531)	(405,125)	-	(526,656)
Amounts unused and reversed	-	-	(44,495)	(44,495)
30 June 2024	112,868	253,603	143,671*	510,142

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

* Long Service Leave is split up in the balance sheet between Current (2024: \$125,147) and Non Current (2024: \$18,524) Liabilities.

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:

	2024 \$	2023 \$
Other entitlements	121,531	93,512
Annual leave	405,125	369,724
Long service leave	-	26,428
Total amounts incurred and charged during the reporting period	526,656	489,664

Note 10: Office and computer equipment

	2024 \$	2023 \$
Balance at the beginning of financial year	30,796	26,605
Additions during the year	22,783	17,082
Write off during the year	-	-
Depreciation during the year	(17,674)	(12,891)
Balance at the end of financial year	35,905	30,796

Note 11: Administrative expenses

	2024 \$	2023 \$
Computer fees	168,218	214,959
Custodian and fund administration	613,156	570,216
Depreciation - right of use	209,167	209,125
Insurance	144,040	158,447
Legal fees	374,632	267,369
Personnel expenses	4,852,259	4,714,218
Professional fees	247,597	274,968
Unit registry	474,662	399,582
Other operating expenses	398,404	503,015
Total	7,482,135	7,311,899

Note 12: Trade and other receivables

	2024	2023
	\$	\$
Current financial assets		
Trade receivables – related parties	916,305	2,593,878
Allowance for expected credit loss	-	-
	916,305	2,593,878
Prepayments	88,021	95,614
Current trade and other receivables	1,004,326	2,689,492

No trade receivables were overdue.

Note 13: Payables

	2024	2023
	\$	\$
Community contribution	500,000	-
Other creditors	1,206,684	3,807,914
Balance at the end of financial year	1,706,684	3,807,914

Note 14: 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 payments were calculated using the initial lease term only as there are no factors indicating renewal is certain. The lease agreement commenced after 1 July 2020. Refer to Note 2 (k) for further disclosure details.

Right-of-use assets

	2024	2023
	\$	\$
Balance at the beginning of financial year	1,883,050	2,092,175
Additions during the year	-	-
Write off during the year	-	-
Depreciation during the year	(209,166)	(209,125)
Balance at the end of financial year	1,673,884	1,883,050

Lease liability

	2024	2023
	\$	\$
Current	186,133	173,943
Non-current	1,695,995	1,882,199
Total liability	1,882,128	2,056,142

There is no contingent rents payable.

Note 15: Events occurring after balance sheet date

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

Note 16: Contingent assets and liabilities and commitments

Up to 30 June 2019, employees of the Company were employed by The Uniting Church in Australia Synod of Victoria and Tasmania (Synod) to 30 June 2019. From 1 July 2019, all employees were transferred to the Company. Whilst employed by the Synod, payroll tax was exempt. Through an internal review, the Company identified that it was required to apply for a payroll tax exemption with the State Revenue Office of Victoria (SRO). The Company appointed an independent consultant to prepare and lodge an application with the SRO seeking exemption effective from 1 July 2019.

An SRO determination in April 2024 acknowledged the Company is a charity but denied the payroll tax exemption application based on the Company's employees not being predominantly engaged in charitable activities. The Company has lodged an objection to the SRO's decision. In the event the objection is denied, payroll tax will become payable to the SRO. Depending on the outcome of the objection the amount payable will range between nil and \$1m. Considering the facts of the case, precedent decisions, and expert advice, the Company has concluded it's not probable that a payroll tax payment will be required. Consequently, no provision has been recorded in the financial statements.

There were no contingent assets or commitments as at 30 June 2024 and 30 June 2023

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

Opinion

We have audited the financial report, of Uniting Ethical Investors Limited (the "Entity") which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the declaration by the Directors.

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

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

Basis for Opinion

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

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

Other Information

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

Independence

We confirm that the independence declaration required by the ACNC Act, which has been given to the Directors of the Entity, would be in the same terms if given to the Directors as at the time of this auditor's report.



DELOITTE TOUCHE TOHMATSU



Lani Cockrem
Partner
Chartered Accountants
Melbourne, 1 October 2024