

UCA FUNDS MANAGEMENT LIMITED

ABN 46 102 469 821

Annual report for the year ended 31 December 2013

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 2013

The Directors' present their report on the financial statements of the UCA Funds Management Limited (the "Company") for the year ended 31 December 2013. 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 Chairperson – Remuneration & Nomination Committee
J Etherington	Non-Executive Director Chairperson – Audit & Compliance Committee
D F Hawkey	Non-Executive Director
K A Howard	Non-Executive Director
T C McCredden	Non-Executive Director – Appointed 1 December 2013
R G Moore	Non-Executive Director
S C Norman	Executive Director - Resigned 6 February 2013
J C Simkiss	Non-Executive Director Chairperson – Investment Committee – Retired 10 December 2013
S J Taylor	Non-Executive Director - Chairperson – Investment Committee
M Walsh	Executive Director - Appointed 4 February 2013
G E Wilson	Non-Executive Director

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 and Funeral 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 nil (2012: nil). The Company earned income from the Uniting Growth Fund of \$380,146 (2012: \$321,373) and paid management fees of \$380,146 (2012: \$321,373) 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 \$500 (2012: \$500) on an investment which was donated to Uniting Care Share Australia.

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 2013 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

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 CitWA, B Com, FTSE, FAusIMM, FAIM, FAICD

Non-executive Director and Chairperson. He is the 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, Chair of Consolidated Minerals Ltd, Macmahon Holdings Ltd, Tigor 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 Ewing Memorial UC, East Malvern and an elected member of the Synod of Victoria and Tasmania Standing Committee.

Mr John Etherington B Ec, FCA, FAICD

Non-executive Director. He is a Partner of Non Executive Management, a Director of Pental Limited, a Director and Treasurer of the National Heart Foundation of Australia (Victorian Division), a member of the Finance Committee of The Uniting Church in Australia (Synod of Victoria and Tasmania), a member of the Audit Committee of the University of Melbourne 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 Chair of UnitingCare Prahran Mission. He is 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 Limited, Intech Fiduciaries Limited, the Financial Services Council (FSC), the Financial Industry Complaints Service Limited 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 Forest Hill Church Council and the Finance & Property Committee.

Ms Kerrie Howard BA, LLB, MBA, MLIV, MACLA, MAICD

Non-executive Director. She currently is General Counsel and Secretary of Victorian Funds Management Corporation. She was a former Director of Yarra Bend Park Trust, BlackRock Investment Management (Australia) Ltd, Foundation Boroondara, Housing Guarantee Fund Limited, National Foundation for Australian Women, Investment Funds Association and Merrill Lynch Staff Super Fund. She was also a Regulatory Affairs Board Committee Member of Investment and Financial Services Association (now Financial Services Council).

Mr Terry C McCredden B Com (Honours) (Appointed 1 December 2013)

Undertaken management courses at Wharton Business School USA & London Business School.

Non-executive Director. Terry is a former CEO of UniSuper and Telstra Super. He is a Council Member of the Churches of Christ and Chairperson of its Property Corporation and Chairman of Infradebt, a start-up investment management company and is an independent director on 3 Trustee Boards within the NAB /MLC wealth business.

Mr Richard G Moore BA Hons, FCA

Non-executive Director. He is Chair of the City of Melbourne Audit Committee, a member of the Audit Committee of the Salvation Army Southern Territory, an external Consultant member of the Audit and Risk Committee of the Rural Workforce Agency Victoria Limited, the former Consulting Director at Grant Thornton, the former Group General Manager, Audit of Australia and New Zealand Banking Group Limited and a former non-executive Director of ANZ Pension (UK) Limited. He is a former partner of PricewaterhouseCoopers, where he specialised in Corporate Governance, Risk Management and Internal Audit advisory services.

Ms Suzanne C Norman BBus, BA, CPA, FAICD (Resigned 6 February 2013)

Executive Director. She was responsible for the management of the day to day operations of UCA Funds Management. She is a director of Wesley Mission Victoria, a member of the MCD University of Divinity Council, and a Trustee of Environment Victoria Trust.

Mr John C Simkiss BCom, CA, FCPA, SA Fin (Retired 10 December 2013)

Non-executive Director. He is a Director of Prime Value Asset Management Ltd, a former Investment Manager of Telstra Super Pty Ltd, a former Director of the Potter Warburg Group and former Group Treasurer of CRA. He is a former External Consultant member of the Investment Committee of EquipSuper.

Mr Stephen J Taylor B Ec, CFA

Non-executive Director. He is also a Director of the Goodman Australia Industrial Fund, and was formerly CEO of Victorian Funds Management Corporation and JP Morgan Investment Management Australia. He is a past president of the Melbourne Society of Financial Analysts and has experience with a number of investment institutions in Australia and overseas.

Mr Michael Walsh M Com (Appointed 4 February 2013)

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 35 years combined business and financial services experience and possesses more than 14 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 and Executive Director of Lifecraft Pty Ltd.

Ms Gayle Wilson MBus Mktg, Grad Dip Mktg, Dip T Non-executive Director. She was a former Chief Executive Officer of Berndale Securities Limited (a subsidiary of Merrill Lynch Australia), former Director of Merrill Lynch Australia and Citigroup Australia. She is a member of the Finance and Investment Committee for the Brotherhood of St Laurence.

DIRECTORS' SHAREHOLDINGS

No director holds shares in the Company.

MEETINGS OF DIRECTORS

	Meeting of Directors		Audit & Compliance Committee		Investment Committee		Remuneration & Nominations Committee	
	A	B	A	B	A	B	A	B
R J Carter	6	6	*	*	5	5	4	4
J Etherington	6	6	4	4	*	*	*	*
D F Hawkey	6	5	4	3	*	*	4	3
K A Howard	6	5	4	2	*	*	*	*
T C McCredden	1	1	*	*	*	*	*	*
R G Moore	6	6	4	4	*	*	*	*
S C Norman	*	*	*	*	*	*	1	1
J C Simkiss	6	6	*	*	5	5	*	*
S J Taylor	6	6	*	*	5	4	4	3
M Walsh	6	6	*	*	*	*	4	4
G E Wilson	6	5	*	*	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

INFORMATION ON COMPANY SECRETARIES

Mr John W K Taylor FCPA, AACI, Grad Dip Compliance

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

Ms Leeanne Lukaitis B Bus, ASA

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

INSURANCE OF OFFICERS

During the year the Uniting Church in Australia, Synod of Victoria and Tasmania paid a premium of \$122,000 (2012: \$122,000) to insure all officers of the Church of which the officers of the Company and related bodies corporate form a part.

The officers of the Company covered by the insurance policy include the directors: R J Carter, J Etherington, D F Hawkey, K A Howard, T C McCredden, R G Moore, S C Norman, J C Simkiss, S J Taylor, M Walsh and G E Wilson. All employees of the Company (employed by the Synod of Victoria and Tasmania) are covered by the insurance policy. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against liability incurred as an officer or auditor.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or a related body corporate.

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 29 April 2014 in accordance with a resolution of directors'.

A handwritten signature in cursive script, appearing to read 'R J Carter'.

R J Carter
Director

A handwritten signature in cursive script, appearing to read 'M Walsh'.

M Walsh
Director

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 2013, 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 12 to 21.

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 2013 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, 29 April 2014

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

29 April 2014

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 2013, 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

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 21:
 - (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 2013 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

29 April 2014

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

For the year ended 31 December 2013

	Notes	2013 \$	2012 \$
Income			
Interest received		500	617
Management fee received from related party	3	380,146	321,373
Total income		380,646	321,990
Expenses			
Donation to Uniting Care Share Australia		500	617
Management fee paid to related party	3	380,146	321,373
Total expenses		380,646	321,990
Net profit for the year		-	-
Other comprehensive income for the year			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-

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 2013

	Notes	2013 \$	2012 \$
Assets			
Cash and cash equivalents		10,000	10,000
Total Assets		10,000	10,000
Liabilities			
Subordinated Loan from related party	3	10,000	10,000
Total Liabilities		10,000	10,000
Net assets		-	-
Equity		-	-

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 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Interest received		500	617
Donation paid to Uniting Care Share Australia		(500)	(617)
Management fee received from related party		418,161	353,510
Management fee paid from related party		(418,161)	(353,510)
Net cash flow from operating activities		-	-
Net change in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		10,000	10,000
Cash and cash equivalents at end of year	7	10,000	10,000

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 2013

	2013 \$	2012 \$
Total equity at the beginning of the year	-	-
Net profit	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Total equity at the end of the year	-	-

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 29 April 2014. 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.

(c) 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.

(d) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

- (e) **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.
- (f) **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.
- (g) **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.
- AASB 13 'Fair Value Measurement'** and related AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13' Effective from 1 January 2013. There was no significant impact on the adoption of this standard.
- 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 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
- (h) **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 retail fund, Uniting Growth Fund, are charged a fee of 1.255% per annum. This fee is collected by UCA Funds Management Limited and transferred (in full) to The Uniting Church in Australia Synod of Victoria and Tasmania as a fee for administration and investment services, in accordance with the management agreement between these parties, dated 4 April 2003. All transactions between the three entities are considered to be related party transactions.

The loan of \$10,000 from UCA Growth Fund Limited is a set amount 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 is interest free and is invested in a term deposit with Westpac Banking Corporation.

	2013	2012
	\$	\$
Management fee received from Uniting Growth Fund	380,146	321,373
Management fee paid to The Uniting Church in Australia Synod of Victoria and Tasmania	380,146	321,373

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 Chairperson – Remuneration & Nomination Committee
J Etherington	Non-Executive Director Chairperson – Audit & Compliance Committee
D F Hawkey	Non-Executive Director
K A Howard	Non-Executive Director
T C McCredden	Non-Executive Director – Appointed 1 December 2013
R G Moore	Non-Executive Director
S C Norman	Executive Director - Resigned 6 February 2013
J C Simkiss	Non-Executive Director Chairperson – Investment Committee – Retired 10 December 2013
S J Taylor	Non-Executive Director - Chairperson – Investment Committee
M Walsh	Executive Director - Appointed 4 February 2013
G E Wilson	Non-Executive Director

Since 1 January 2013, no director of the Company has received or has become entitled to receive, a benefit (other than a remuneration benefit included in this note) because of a contract that the director, a firm of which the director is a member, or an entity in which the director has a substantial interest, has made (during the year ended 31 December 2013 or any other time) with the Company.

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 and Funeral Fund.

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

	2013 \$	2012 \$
Income paid or payable to directors of the company by the company and related parties		
Short-term employee benefits	347,604	325,640
Other long-term benefits	4,147	770
Total	351,751	326,410

Short term employee benefits include salary, superannuation, the value of a motor vehicle inclusive of fringe benefits tax (FBT), 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

Except for UCA Funds Management Limited, 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 (2012: nil).

NOTE 5: FINANCIAL RISK MANAGEMENT

The Company is exposed to interest rate risk, credit risk and liquidity risk. The Company's only assets are invested in a term deposit with Westpac Banking Corporation.

The objective of the Company is to act as a Trustee for Uniting Growth Fund. As a condition of holding Australian Financial Services Licence Number 294147, the Company holds a term deposit with Westpac Banking Corporation. The Company also holds a financial liability of an equal amount as a result of a subordinated loan provided by UCA Growth Fund Limited (as outlined in Note 3).

(a) Interest rate risk

The Company's financial assets are interest-bearing, which 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. As the interest is donated to the Uniting Care Share Appeal, changes in interest received will not have any impact on the Company's net profit. The loan from UCA Growth Fund Limited is non-interest bearing, so that changes in interest rates will not have an impact on the Company's

financial position. Consequently the Company does not bear any significant interest rate risk.

(b) Credit risk

The Company is exposed to credit risk through its term deposit with Westpac Banking Corporation, which is rated AA- by Standard and Poor's

(c) Liquidity risk

The deposit with Westpac Banking Corporation is invested for a term of 12 months. The loan from UCA Growth Fund Limited is for an indefinite term. Should the Company be required to repay the loan, the term deposit could be redeemed on demand with a penalty. The penalty is calculated on the portion of the term completed and the rate earned can be reduced by up to 3%.

2013	Impact on operating profit/ net assets attributable to investors		
	Carrying Amount \$	Interest Rate Risk	
		\$ -75 bps	\$ +75bps
Cash & cash equivalents	10,000	(75)	75

2012	Impact on operating profit/ net assets attributable to investors		
	Carrying Amount \$	Interest Rate Risk	
		\$ -75 bps	\$ +75bps
Cash & cash equivalents	10,000	(75)	75

(d) Fair values

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

NOTE 6: AUDITORS' REMUNERATION

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

	2013 \$	2012 \$
<i>Audit Services</i>		
Audit of financial report	5,928	5,734
Audit of the Australian Financial Services Licence	2,912	2,860
	8,840	8,594

The auditor for the year was Deloitte Touche Tohmatsu. The audit fees were paid by UCA Growth Fund Limited, on behalf of UCA Funds Management Limited.

NOTE 7: NOTE TO CASH FLOW STATEMENT
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:

	2013	2012
	\$	\$
Term deposits	10,000	10,000
Total cash & cash equivalents	10,000	10,000

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 2013, 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 2013 or 31 December 2012.