

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
General Purpose Financial Report
As at 31 December 2016**

CONTENTS

Investment and Corporate Finance Committee's Statement

Statement of Profit or Loss and Other Comprehensive Income

Statement of Financial Position

Statement of Cash Flows

Statement of Changes in Equity

Notes to the Financial Statements

Independent Audit Report

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND**

INVESTMENT AND CORPORATE FINANCE COMMITTEE'S STATEMENT

In the opinion of the Investment and Corporate Finance Committee,

- (i) The financial report presents fairly the financial position of the Uniting Church in Australia Synod of Western Australia Investment Fund ("the Investment Fund") at 31 December 2016 and the results of its operations and cash flows for the year ended on that date;
- (ii) The operations of the Investment Fund have been carried out in accordance with the Synod's Constitution; and
- (iii) At the date of this statement, there are reasonable grounds to believe that the Investment Fund will be able to pay its debts as and when they fall due.

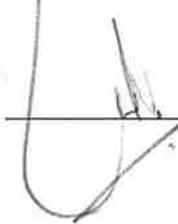
This statement is made in accordance with a resolution of the Investment and Corporate Finance Committee and is signed for and on behalf of the Investment and Corporate Finance Committee by:



Chairperson of the Investment and Corporate Finance Committee



General Secretary



General Manager – Resources

Dated: 19 June 2017

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016 \$	2015 \$
Interest revenue	3a	1,090,022	822,822
Investment revenue	3b	<u>8,385,006</u>	<u>3,510,575</u>
		<u>9,475,028</u>	<u>4,333,397</u>
Interest expense	3c	(1,373,253)	(1,530,232)
Other expenses	3d	<u>(3,169,928)</u>	<u>(3,046,179)</u>
		<u>(4,543,181)</u>	<u>(4,576,411)</u>
 NET SURPLUS/(DEFICIT) FOR THE YEAR		 4,931,847	 (243,014)
Other comprehensive income		-	-
 TOTAL COMPREHENSIVE INCOME FOR THE YEAR		 <u>4,931,847</u>	 <u>(243,014)</u>

The accompanying notes form part of this financial report

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND**

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 \$	2015 \$
ASSETS			
Cash and cash equivalents	5	18,212,246	27,327,030
Receivables	6	792,289	589,196
Financial assets	7	57,770,772	49,510,293
Loans and advances	8	464,521	506,441
TOTAL CURRENT ASSETS		77,239,828	77,932,960
Loans and advances	8	8,813,838	8,627,792
Investment properties	9	8,050,000	8,050,000
Property, plant and equipment	10	-	2,099,054
TOTAL NON CURRENT ASSETS		16,863,838	18,776,846
TOTAL ASSETS		94,103,666	96,709,806
LIABILITIES			
Deposits	11	73,215,423	80,753,410
Provisions	12	1,800,000	1,800,000
TOTAL CURRENT LIABILITIES		75,015,423	82,553,410
TOTAL LIABILITIES		75,015,423	82,553,410
NET ASSETS		19,088,243	14,156,396
EQUITY			
Retained surplus		19,088,243	14,156,396
TOTAL EQUITY		19,088,243	14,156,396

The accompanying notes form part of this financial report

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	2016 \$	2015 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Interest received from mortgages and investments		1,090,022	852,439
Interest paid to depositors		(1,373,253)	(1,530,232)
Investment income		5,950,702	3,729,579
Payments to suppliers		(1,282,455)	(1,129,550)
Grants paid		<u>(1,800,000)</u>	<u>(1,715,000)</u>
Net cash provided by operating activities	13 (b)	<u>2,585,016</u>	<u>207,236</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from plant and equipment sales		4,250,000	-
Net payments for equity investments		(144,125)	(784,585)
Net loans provided to customers		<u>(8,267,688)</u>	<u>(1,750,031)</u>
Net cash used in investing activities		<u>(4,161,813)</u>	<u>(2,534,616)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net (decrease)/increase in deposits		<u>(7,537,987)</u>	<u>15,086,169</u>
Net cash (used in)/provided by financing activities		<u>(7,537,987)</u>	<u>15,086,169</u>
Net (decrease)/increase in cash held		(9,114,784)	12,758,789
Cash at the beginning of the year		<u>27,327,030</u>	<u>14,568,241</u>
Cash at the end of the year	13 (a)	<u>18,212,246</u>	<u>27,327,030</u>

The accompanying notes form part of this financial report

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Retained Surplus \$	Total Equity \$
1 January 2015	14,399,410	14,399,410
Total comprehensive income for the year	(243,014)	(243,014)
31 December 2015	<u>14,156,396</u>	<u>14,156,396</u>
	Retained Surplus \$	Total Equity \$
1 January 2016	14,156,396	14,156,396
Total comprehensive income for the year	4,931,847	4,931,847
31 December 2016	<u>19,088,243</u>	<u>19,088,243</u>

The accompanying notes form part of this financial report

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

1. PRINCIPAL ACTIVITIES, CONSTITUTION AND BASIS OF PREPARATION

(a) Principal activities

The principal activities of the Investment Fund are to:

- Enlarge and extend the work of the Uniting Church in WA by:
 - (i) receiving deposits at varying rates of interests;
 - (ii) receiving gifts and bequests;
 - (iii) applying money on investments; and
 - (iv) applying surplus funds from operations to the wider work of the Uniting Church
- Encourage and foster a greater appreciation and understanding of Christian Stewardship.

(b) Constitution

The Investment Fund is an unincorporated divisional activity, conducted and ultimately controlled by, the Uniting Church in Australia Synod of Western Australia (the Synod), an entity constituted under the provisions of the Uniting Church in Australia Act, 1976. Under this legislation, all property both real and personal controlled by the Investment Fund as well as the cash, liquid assets and trading securities are vested in the Uniting Church in Australia Property Trust (WA).

The Investment Fund is a lender to other Divisions, Instrumentalities and Agencies of the Synod as disclosed in Note 8 and also borrows funds in the form of deposits received, as disclosed in Note 11.

(c) Basis of presentation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. The Investment Fund is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

New, revised or amending Accounting Standards and Interpretations adopted

The Investment Fund has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Investment Fund.

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

(b) Financial Assets

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: *Financial Instruments: Recognition and Measurement*. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Investment Fund's intention to hold these investments to maturity. Any held-to-maturity investments held by the Fund are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken to equity.

Financial liabilities

Non-derivative financial liabilities in the form of deposits are recognised at amortised cost, comprising original debt less principal payments and amortisation. Interest expense is recognised using the effective interest rate method.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Financial Assets (Cont'd)

Measurement basis

For investments carried at amortised cost, gains or losses are recognised in the statement of profit or loss and other comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments with no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, i.e. the date the Investment Fund commits to purchase or sell the asset.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Investment Fund and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

Depreciation is calculated on a straight line basis so as to write off the net costs of each asset over the expected useful life. Assets are depreciated from the date of acquisition.

Items of property, plant and equipment are depreciated as follows:

Building	5.00%
Furniture, fixtures and fittings	20.00%
Plant and equipment	20.00%

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(d) Impairment

At each reporting date, the Investment Fund reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

(e) Provisions

Provisions are recognised when the Investment Fund has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

(f) Revenue Recognition

Interest income

Interest income is recognised as it accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend income

Dividends are recognised as revenue when the right to receive payment is established.

Gain or loss on sale of assets

The gain or loss on the disposal of assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal, net of incremental disposal costs. This is recognised in the year in which the significant risks and rewards of ownership transfer to the buyer.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(g) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their best economic interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(h) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(i) Income Tax

The Uniting Church in Australia Synod of Western Australia is exempt from income tax under the provisions of Section 50-5 of the Income Tax Assessment Act 1997 and this exemption encompasses the operations of the Investment Fund.

(j) Comparative figures

Where necessary, the figures for the previous year have been reclassified to facilitate comparison.

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(k) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Investment Fund for the annual reporting period ended 31 December 2016. The Investment Fund's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Investment Fund, are set out below:

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Investment Fund will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the Investment Fund.

(l) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(l) Critical accounting judgements, estimates and assumptions (Cont'd)

Estimation of useful lives of assets

The Investment Fund determines the useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete and non-strategic assets that have been abandoned or sold will be written off or written down.

Fair Value Measurement Hierarchy

The Investment Fund is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Investment Fund can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Investment Fund assesses the impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Investment Fund and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

	2016	2015
	\$	\$
3. NET SURPLUS FOR THE YEAR		
REVENUE		
a) Interest		
Interest on loans and advances	517,647	468,955
Interest on mortgage securities	36,056	40,021
Interest on cash and deposits	536,319	313,846
INTEREST REVENUE	1,090,022	822,822
b) Investment		
Investment income	6,044,353	3,642,409
Property income	109,444	96,486
(Loss)/gain on sale of financial assets	(243,728)	535,506
Gain on sale of plant and equipment	2,238,418	-
Unrealised gain/(loss) on financial assets	236,519	(198,826)
Unrealised gain/(loss) on investment properties	-	(565,000)
NON INTEREST REVENUE	8,385,006	3,510,575
TOTAL	9,475,028	4,333,397
EXPENDITURE		
c) Interest		
Interest on deposits	1,373,253	1,530,232
d) Other		
Rental property expenses	211,064	149,371
Investment fees and charges	373,524	331,936
Management expenses	664,080	603,287
Grant to Synod	1,800,000	1,800,000
Depreciation	87,472	116,629
Administration expenses	33,788	44,956
OTHER EXPENSES	3,169,928	3,046,179
TOTAL	4,543,181	4,576,411

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

4. INTEREST REVENUE AND EXPENSE

The following tables show the average balance of each major categories of interest-bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate.

	Average Balance \$	Interest \$	Average Interest Rate %
Interest revenue 2016			
Loans and advances	8,635,906	515,632	5.97
Mortgage securities	570,391	36,056	6.32
Cash and deposit	22,769,638	536,320	2.36
		<u>1,088,008</u>	
Interest revenue 2015			
Loans and advances	7,681,063	466,511	6.07
Mortgage securities	578,155	40,021	6.92
Cash and deposit	20,947,636	313,846	1.50
		<u>820,378</u>	
Interest expense 2016			
Deposits	76,984,417	<u>1,373,253</u>	1.78
Interest expense 2015			
Deposits	73,210,326	<u>1,530,232</u>	2.09

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

	2016 \$	2015 \$
5. CASH AND CASH EQUIVALENTS		
Cash on hand and in banks	1,370,054	765,666
Short term investment	<u>16,842,192</u>	<u>26,561,364</u>
	<u>18,212,246</u>	<u>27,327,030</u>
6. RECEIVABLES		
Sundry debtors	785,128	584,830
GST receivable	<u>7,161</u>	<u>4,366</u>
	<u>792,289</u>	<u>589,196</u>
7. FINANCIAL ASSETS		
<i>Financial assets at fair value through profit or loss</i>		
Current		
Listed shares	31,472,280	20,194,417
Listed fixed income securities	15,227,831	12,678,725
Listed property trusts	3,315,962	2,952,645
Managed funds	<u>7,754,699</u>	<u>13,684,506</u>
	<u>57,770,772</u>	<u>49,510,293</u>
8. LOANS AND ADVANCES		
Current	464,521	506,441
Non-Current	<u>8,813,838</u>	<u>8,627,792</u>
	<u>9,278,359</u>	<u>9,134,233</u>
Loans to Divisions, Instrumentalities and Agencies of Synod	8,726,215	8,545,597
Mortgage securities	518,860	541,498
Others	<u>33,284</u>	<u>47,138</u>
	<u>9,278,359</u>	<u>9,134,233</u>
Maturity analysis		
No longer than 3 months	2,577	-
Longer than 3 and not longer than 12 months	461,945	506,441
Longer than 1 year and not longer than 5 years	786,322	725,846
Longer than 5 years	<u>8,027,515</u>	<u>7,901,946</u>
	<u>9,278,359</u>	<u>9,134,233</u>

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

8. LOANS AND ADVANCES (Cont.)

Loans to Divisions, Instrumentalities and Agencies to Synod are generally made against a Letter of Undertaking. In most cases, there is no registered mortgage.

Advances on mortgage securities are normally for fixed terms and limited to two thirds of sworn valuation but in exceptional cases, the loan to valuation ratio may be increased, provided adequate Mortgage Guarantee Insurance is effected. All mortgages become payable on demand in the event of the mortgagee's default.

	2016	2015
	\$	\$
9. INVESTMENT PROPERTIES		
(a) Land and buildings – at independent valuation		
- Land and buildings	8,050,000	8,050,000
	8,050,000	8,050,000
(b) Movements in Carrying Amounts		
Movement in the carrying amounts between the beginning and the end of the financial year		
Carrying amount at beginning of the year	8,050,000	8,615,000
Revaluation	-	(565,000)
Carrying amount at end of the year	8,050,000	8,050,000

Independent valuations were performed by a licensed valuer, Pember Wilson and Eftos in December 2016 and December 2015. Valuations were on the basis of estimated current market values, based on the properties being sold on the open market at the date of valuation.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

	2016 \$	2015 \$
10. PROPERTY, PLANT AND EQUIPMENT		
Land – at cost	-	1,000,000
Building – at cost	-	1,686,779
Less accumulated depreciation	-	(716,885)
	-	969,894
Furniture, fixtures and fittings – at cost	-	800,000
Less accumulated depreciation	-	(800,000)
	-	-
Plant and equipment – at cost	-	161,450
Less accumulated depreciation	-	(32,290)
	-	129,160
	-	-
TOTAL	-	2,099,054

(a) Movements in Carrying Amounts

Movement in the carrying amounts between the beginning and the end of the financial year

<i>Land</i>		
Carrying amount at the beginning of the year	1,000,000	1,000,000
Disposals	(1,000,000)	-
Carrying amount at the end of the year	-	1,000,000
<i>Building</i>		
Carrying amount at beginning of the year	969,894	1,054,233
Depreciation	(63,254)	(84,339)
Disposals	(906,640)	-
Carrying amount at end of the year	-	969,894

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

	2016 \$	2015 \$
10. PROPERTY, PLANT AND EQUIPMENT (Cont.)		
(a) Movements in Carrying Amounts (Cont.)		
<i>Furniture, fittings and fixtures</i>		
Carrying amount at beginning of the year	-	800,000
Depreciation	-	(800,000)
	-	-
Carrying amount at end of the year	-	-
	-	-
<i>Plant and Equipment</i>		
Carrying amount at beginning of the year	129,160	161,450
Depreciation	(24,218)	(32,290)
Disposals	(104,942)	-
	-	-
Carrying amount at end of the year	-	129,160
	-	129,160
Total	-	2,099,054
	-	2,099,054
11. DEPOSITS		
Synod funds	33,005,803	29,421,484
Parish and related instrumentalities	34,192,981	44,802,418
Private investors	5,892,123	6,379,585
Accrued interest	124,516	149,923
	73,215,423	80,753,410
Maturity analysis		
No longer than 3 months	61,441,761	68,940,287
Longer than 3 and not longer than 12 months	11,773,662	11,813,123
	73,215,423	80,753,410
	73,215,423	80,753,410

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

		2016 \$	2015 \$
12.	PROVISIONS		
	Grants to WA Synod	<u>1,800,000</u>	<u>1,800,000</u>
13.	NOTES TO THE STATEMENT OF CASH FLOWS		
	(a) Reconciliation of cash		
	Cash at the end of the financial year is shown in the Statement of Cash Flows and is reconciled to the related items in the Statement of Financial Position as follows:		
	Cash on hand and at banks	1,370,054	765,666
	Short term investment	<u>16,842,192</u>	<u>26,561,364</u>
		<u>18,212,246</u>	<u>27,327,030</u>
	(b) Reconciliation of net cash used in operating activities to net surplus		
	Net surplus/(deficit)	4,931,847	(243,014)
	Loss/(profit) on sale of investments	243,728	(535,505)
	Profit on sale of plant and equipment	(2,238,418)	-
	Unrealised gain on investments	(236,519)	198,826
	Unrealised gain on investment properties	-	565,000
	Depreciation	87,472	116,629
	Movement in assets and liabilities		
	(Increase)/decrease in receivables	(203,094)	20,300
	Increase in provisions	-	85,000
		<u>2,585,016</u>	<u>207,236</u>
	Net cash used in operating activities		

14. **CONTINGENCIES**

There were no contingent liabilities or assets as at 31 December 2016.

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

15. COMMITMENTS

Total Mortgage Loans committed but not yet drawn at balance date amounted to \$1,000,062 (2015: \$623,000). This consisted of \$1,000,062 to Uniting Church Agencies (2015: \$623,000 to Uniting Church Agencies). All commitments are due to be drawn within one year.

16. RELATED PARTY TRANSACTIONS

(a) Members of the Investment and Corporate Finance Committee

Members of the Committee during the year were:

G Howlett (Chair)
M Artus
B Carey
D Gray
G Reynolds
R Locke
D de Kock

(b) Advances and deposits

During the year, advances have been made to and deposits received from Divisions, Instrumentalities and Agencies of Synod. These are identified in Notes 8 (Loans and Advances) and 11 (Deposits).

Interest paid and received on these Synod activities is made under the same terms and conditions as other parties and amounted to \$1,231,452 paid (2015: \$1,350,159) and \$515,632 (2015: \$466,512) received for the financial year.

(c) Mortgage loans

Mortgage loans have been made to management, employees and their relatives under similar terms and conditions as other parties.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

17. FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

The Investment Fund's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date are as follows:

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
(i) Financial Asset			
Cash	5	Cash includes cash at bank readily convertible into cash.	N/A
Short term investment	5	Short term investment is stated at the lower of cost and net realisable value. Interest is recognised in the income statement when earned.	Short term investment is held on an on-call basis.
Receivables	6	Receivables are recognised for amounts to be received in the future in connection with refundable franking credits.	N/A
Listed shares	7	Listed shares are carried at market value. Dividend income is recognised when the dividends are received.	N/A
Listed fixed income securities	7	Listed fixed income securities are carried at market value. Income is recognised as revenue as it is accrued.	N/A
Listed property trusts	7	Listed property trusts are carried at market value. Income is recognised as revenue as it is accrued.	N/A
Managed funds	7	The managed funds are carried at market value. Income is recognised as revenue as it is accrued.	N/A
Loans to divisions, instrumentalities and agencies of Synod	8	Amounts receivable from related parties/entities are carried at nominal amounts due. Where a loan is known to be doubtful, a specific provision may be made.	Advances are generally made against a Letter of Undertaking. In most cases, there is no registered mortgage.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

17. FINANCIAL INSTRUMENTS (cont)

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
(i) Financial Asset			
Mortgage Securities	8	First mortgage securities are carried at nominal amounts due. Where a loan is known to be doubtful, a specific provision may be made.	Advances on mortgages are normally for fixed terms and limited to two thirds of sworn valuation but in exceptional cases the loan to valuation ratio may be increased provided adequate Mortgage Guarantee Insurance is effected. All mortgages become payable on demand in the event of mortgagor default.
(i) Financial Liabilities			
Deposits	11	Deposits are carried at principal amounts plus interest accrued. Interest is recognised as it is accrued.	Interest is calculated in accordance with the terms of each contract.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

17. FINANCIAL INSTRUMENTS (cont)

Financial risk management

The main risks arising from the Investment Fund's financial instruments are interest rate risk, liquidity risk, credit risk and market price risk. The Investment Fund does not hold financial instruments denominated in foreign currencies and does not use derivative instruments to manage risks associated with its financial instruments.

(b) Interest rate risk

The Investment Fund is exposed to interest rate fluctuations on its cash at bank, short term investment, loans and advances, and deposits. The Investment Fund actively monitors interest rates for cash at bank and short term investment to maximise interest income. The Investment Fund also actively monitors interest rates for loans and advances, and deposits in order to provide competitive rates, which has the resultant effect of ensuring funds are available for investment purposes to attract higher returns to finance the Uniting Church in Australia activities and for Uniting Church related entities to access funds for their objectives.

The Investment Fund's exposure to interest rate risk and the effective weighted interest rates on those financial assets and financial liabilities are as follows:

2016

Financial Instrument	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate			Non-interest bearing	Total
			1 year or less	1 to 5 years	More than 5 years		
(i) Financial Asset							
Cash	0.01	1,370,054	-	-	-	-	1,370,054
Short term investments	2.36	-	16,842,192	-	-	-	16,842,192
Receivables	-	-	-	-	-	792,289	792,289
Financial assets	-	-	-	-	-	57,770,772	57,770,772
Loans and advances	6.15	-	464,522	786,322	8,027,516	-	9,278,360
Total financial assets		1,370,054	17,306,714	786,322	8,027,516	58,563,061	86,053,667
(ii) Financial Liabilities							
Deposits	1.78	-	73,215,423	-	-	-	73,215,423
Total financial liabilities		-	73,215,423	-	-	-	73,215,423
Net financial assets/(liabilities)		1,370,054	(55,908,709)	786,322	8,027,516	58,563,061	12,838,244

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

17. FINANCIAL INSTRUMENTS (Cont)

2015

Financial Instrument	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate			Non-interest bearing	Total
			1 year or less	1 to 5 years	More than 5 years		
(i) Financial Asset							
Cash	0.01	765,666					765,666
Short term investments	1.50		26,561,364				26,561,364
Receivables	-					589,196	589,196
Financial assets	-					49,510,294	49,510,294
Loans and advances	6.50		506,441	725,846	7,901,946		9,134,233
Total financial assets		765,666	27,067,805	725,846	7,901,946	50,099,490	86,560,753
(ii) Financial Liabilities							
Deposits	2.09		80,753,410				80,753,410
Total financial liabilities			80,753,410				80,753,410
Net financial assets/(liabilities)		765,666	(53,685,605)	725,846	7,901,946	50,099,490	5,807,343

Interest rate sensitivity

At 31 December 2016, if interest rates had changed by +/- 100 basis points (2015: +/- 100 basis points) from the year end rates with all other variables held constant, surplus for the year (2015: deficit for the year) would have been higher/lower by \$457,248 (2015: lower/higher by \$442,921) mainly as a result of lower/higher interest expense for deposits.

UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

17. FINANCIAL INSTRUMENTS (Cont.)

(c) Market Price Risk

The Investment Fund is exposed to equity securities price risk. This arises from investments held and classified on the statement of financial position as available for sale financial assets. The Investment Fund is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Investment Fund diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Investment Fund. The majority of the Investment Fund's equity and equity-related investments are publicly traded and are included either in the ASX 300 index or are publicly traded in Australia, totalling \$50,016,073 or 86% of total financial assets (2015: \$39,338,428 or 79%). The balance pertains to investments in international equities through managed funds, totalling \$7,663,999 or 13% of total financial assets (2015: \$10,078,263 or 20%) and unlisted investments, totalling \$90,700 or under 1% of total financial assets (2015: \$93,600 or 1%).

At 31 December 2016, if the market price of publicly traded Australian securities changed by +/- 15% (2015: +/- 15%) from the year end with all other variables held constant, surplus for the year (2015: deficit for the year) would have been higher/lower by \$7,502,411 (2015: lower/higher by \$5,900,764).

(d) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions to fulfil deposit redemptions, both foreseen and unforeseen. The Investment Fund manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets or liabilities.

When necessary, cash for unforeseen events may be sourced from liquidation of financial assets at fair value through profit and loss. For the maturity and composition of the deposits, please see Note 11.

(e) Credit Risk

Credit risk arises from cash deposited with banks and financial institutions as well as credit exposures from loans and advances. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Loans to divisions, instrumentalities and agencies to Synod are generally made against a Letter of Undertaking. In most cases, there is no registered mortgage as the owner of the property available as security is the Trustee of the Investment Fund. Monthly repayments are monitored strictly every month by the Investment Fund and action will be taken immediately for any payment arrears.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

17. FINANCIAL INSTRUMENTS (Cont.)

The Investment Fund minimises concentrations of credit risk in relation to mortgages and advances to divisions, instrumentalities and agencies of Synod by undertaking transactions with a large number of customers. The Investment Fund has implemented policies that limit loans to any one borrower to a maximum of 30% of total reserves and to any one sector to a maximum of 20% of total assets.

Advances on mortgage securities are normally for fixed terms and limited to two thirds of sworn valuation but in exceptional cases, the loan to valuation ratio may be increased, provided adequate Mortgage Guarantee Insurance is effected. All mortgages become payable on demand in the event of the mortgagee's default.

For the maturity and composition of loans and advances, please see Note 8.

18. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Investment Fund's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Financial assets at fair value through profit or loss	57,680,072	-	-	57,680,072
Unlisted fixed income securities	-	-	90,700	90,700
Investment properties		8,050,000		8,050,000
Total assets	<u>57,680,072</u>	<u>8,050,000</u>	<u>90,700</u>	<u>65,820,772</u>

2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Financial assets at fair value through profit or loss	49,416,693	-	-	49,416,693
Unlisted fixed income securities	-	-	93,600	93,600
Investment properties		8,050,000		8,050,000
Total assets	<u>49,416,693</u>	<u>8,050,000</u>	<u>93,600</u>	<u>57,560,293</u>

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

18. FAIR VALUE MEASUREMENT (Cont.)

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Cash and short term investments:

The carrying amounts approximate fair values because they are receivable on demand.

Receivables:

The carrying amount approximates fair value due to its short-term nature.

Financial assets:

These are carried at quoted market prices at the reporting date for listed securities or dealer quotes for unlisted securities.

Loans and advances:

The fair values are estimated using their carrying amounts due to their short term nature and market interest rates charged.

Customers' term deposits:

The fair values are estimated using their carrying amounts due to their short term nature.

Valuation techniques for fair value measurements categorised within level 3
Unlisted investments in equities securities are not material to the Fund.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA
INVESTMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016**

19. SUBSEQUENT EVENTS

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Investment and Corporate Finance Committee, to affect substantially the operations of the Investment Fund in subsequent financial years.

20. INVESTMENT FUND DETAILS

The principal place of business of the Investment Fund is:

Uniting Church in Australia
85 – 89 Edward St
EAST PERTH WA 6001



RSM Australia Pty Ltd

8 St Georges Terrace Perth WA 6000

GPO Box R1253 Perth WA 6844

T +61(0) 8 9261 9100

F +61(0) 8 9261 9111

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT

To the Members of the Uniting Church in Australia Synod of Western Australia

Opinion

We have audited the financial report of the Uniting Church In Australia Synod of Western Australia Investment Fund ('the Investment Fund'), which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Investment and Corporate Finance Committee ("the Committee Statement").

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Investment Fund as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

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 Investment Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 Committee is responsible for the other information. The other information comprises the information included in the Investment Fund's annual report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

Responsibilities of Management and The Committee for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Investment Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Investment Fund or to cease operations, or has no realistic alternative but to do so.

The Committee is responsible for overseeing the Investment Fund's financial reporting process.

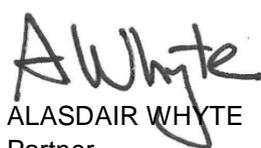
Auditor's Responsibilities for the Audit of the Financial Report

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx>. This description forms part of our auditor's report.



RSM AUSTRALIA PTY LTD


ALASDAIR WHYTE
Partner

Perth, 20 June 2017