

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
INVESTMENT FUND  
General Purpose Financial Report  
As at 31 December 2013**

**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 2013 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.

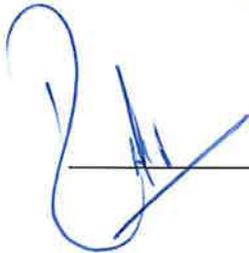
This statement is made in accordance with a resolution of the Investment and Corporate Finance Committee and is signed for and on behalf of the Investment and Corporate Finance Committee by:



Chairperson of the Investment and Corporate Finance Committee



General Secretary



Associate General Secretary – Resources

Dated: 20/5/2014

**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 2013**

	Note	2013 \$	2012 \$
Interest revenue	3a	1,130,545	2,038,056
Investment revenue	3b	9,355,736	4,611,127
		<u>10,486,281</u>	<u>6,649,183</u>
Interest expense	3c	(2,156,431)	(2,895,836)
Other expenses	3d	(2,973,694)	(2,297,660)
		<u>(5,130,125)</u>	<u>(5,193,496)</u>
 NET SURPLUS FOR THE YEAR		 5,356,156	 1,455,687
Other comprehensive income		-	-
 TOTAL COMPREHENSIVE INCOME FOR THE YEAR		 <u>5,356,156</u>	 <u>1,455,687</u>
 ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR		 7,124,148	 5,668,461
 ACCUMULATED SURPLUS AT END OF THE YEAR		 <u>12,480,304</u>	 <u>7,124,148</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 2013**

	Note	2013 \$	2012 \$
<b>ASSETS</b>			
Cash and cash equivalents	5	14,709,364	36,522,965
Receivables	6	450,945	575,801
Financial assets	7	46,129,648	19,944,206
Loans and advances	8	3,325,393	2,580,018
<b>TOTAL CURRENT ASSETS</b>		<b>64,615,350</b>	<b>59,622,990</b>
Loans and advances	8	4,797,042	4,734,351
Investment properties	9	8,485,000	8,080,000
Property, plant and equipment	10	2,138,572	2,222,911
<b>TOTAL NON CURRENT ASSETS</b>		<b>15,420,614</b>	<b>15,037,262</b>
<b>TOTAL ASSETS</b>		<b>80,035,964</b>	<b>74,660,252</b>
<b>LIABILITIES</b>			
Deposits	11	65,855,695	66,286,104
Payables and accruals	12	9,965	-
Provisions	13	1,690,000	1,250,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>67,555,660</b>	<b>67,536,104</b>
<b>TOTAL LIABILITIES</b>		<b>67,555,660</b>	<b>67,536,104</b>
<b>NET ASSETS</b>		<b>12,480,304</b>	<b>7,124,148</b>
<b>EQUITY</b>			
Accumulated surplus		<b>12,480,304</b>	<b>7,124,148</b>
<b>TOTAL EQUITY</b>		<b>12,480,304</b>	<b>7,124,148</b>

The accompanying notes form part of this financial report

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

**STATEMENT OF CASH FLOWS**

**For the year ended 31 December 2013**

	Note	2013 \$	2012 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Interest received from mortgages and investments		1,220,737	2,500,939
Interest paid to depositors		(2,156,431)	(2,895,836)
Investment income		3,247,795	1,487,654
Payments to suppliers		(1,189,391)	(953,862)
Grants paid		<u>(1,250,000)</u>	<u>(1,690,000)</u>
Net cash used in operating activities	14 (b)	<u>(127,290)</u>	<u>(1,551,105)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net (payments)/receipts for equity investments		(20,447,836)	14,286,985
Net loans to customers		<u>(808,066)</u>	<u>5,465,162</u>
Net cash (used in) / provided by investing activities		<u>(21,255,902)</u>	<u>19,752,147</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net decrease in deposits		<u>(430,409)</u>	<u>(911,142)</u>
Net cash used in financing activities		<u>(430,409)</u>	<u>(911,142)</u>
Net (decrease) / increase in cash held		(21,813,601)	17,289,900
Cash at the beginning of the year		<u>36,522,965</u>	<u>19,233,065</u>
Cash at the end of the year	14 (a)	<u>14,709,364</u>	<u>36,522,965</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 2013**

	<b>Accumulated Surplus \$</b>	<b>Total Equity \$</b>
1 January 2012	5,668,461	5,668,461
Total comprehensive income for the year	1,455,687	1,455,687
	<hr/>	<hr/>
31 December 2012	7,124,148	7,124,148

	<b>Accumulated Surplus \$</b>	<b>Total Equity \$</b>
1 January 2013	7,124,148	7,124,148
Total comprehensive income for the year	5,356,156	5,356,156
	<hr/>	<hr/>
31 December 2013	12,480,304	12,480,304

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 2013**

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 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, the land and buildings 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, 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 (including Australian Accounting Interpretations) of 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.

In the year ended 31 December 2013, the Investment Fund has reviewed all of the new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the Fund that there is no impact, material or otherwise, of the new Standards and Interpretations on its business and therefore no changes are required to its accounting policies. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
**INVESTMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2013**

1 PRINCIPAL ACTIVITIES, CONSTITUTION AND BASIS OF PREPARATION

*Going concern*

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial report, the Investment Fund had net cash outflows from operating activities of \$127,290 for the year ended 31 December 2013 (2012: \$1,551,105). As at that date, the Investment Fund had net current liabilities of \$2,940,310 (2012: \$7,913,114).

The Committee believes that it is reasonably foreseeable that the Investment Fund will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report, after considering that \$25,537,264 of current liability term deposits held with the Investment, are amounts deposited by the Uniting Church in Australia Synod and its divisions. Whilst the deposits have a maturity of less than 12 months, the Committee does not expect the majority of these deposits to be redeemed in the next 12 months, based on the withdrawal history of prior years.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
**INVESTMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted by the Committee in the preparation of this financial report:

(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 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 are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
**INVESTMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2013**

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%

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
**INVESTMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2013**

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) 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.

(g) 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 2013**

	2013 \$	2012 \$
3. NET SURPLUS FOR THE YEAR		
REVENUE		
a) Interest		
Interest on loans and advances	480,391	614,749
Interest on mortgage securities	113,683	115,545
Interest on cash and deposits	536,471	1,307,762
INTEREST REVENUE	1,130,545	2,038,056
b) Investment		
Investment income	3,129,924	1,987,532
Property income	83,190	65,037
Gain on sale of assets	1,660,534	1,818,605
Unrealised gain on investments	4,077,088	1,609,953
Unrealised gain/(loss) on investment properties	405,000	(870,000)
NON INTEREST REVENUE	9,355,736	4,611,127
TOTAL	10,486,281	6,649,183
EXPENDITURE		
c) Interest		
Interest on deposits	2,156,431	2,895,836
d) Other		
Rental property expenses	97,537	38,776
Investment fees and charges	401,471	105,604
Management expenses	646,424	654,524
Grant to Synod	1,690,000	1,250,000
Depreciation	84,339	164,339
Administration expenses	53,923	84,417
OTHER EXPENSES	2,973,694	2,297,660
TOTAL	5,130,125	5,193,496

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
INVESTMENT FUND  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2013**

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 2013			
Loans and advances	6,385,936	480,391	7.52
Mortgage securities	1,332,466	113,683	8.53
Cash and deposit	24,196,164	536,471	2.22
		<u>1,130,545</u>	
Interest revenue 2012			
Loans and advances	8,697,637	614,749	7.07
Mortgage securities	1,349,312	115,545	8.56
Cash and deposit	27,878,015	1,307,762	4.69
		<u>2,038,056</u>	
Interest expense 2013			
Term deposits	66,070,899	<u>2,156,431</u>	3.26
Interest expense 2012			
Term deposits	66,392,199	<u>2,895,836</u>	4.36

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
**INVESTMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2013**

	2013	2012
	\$	\$
5. CASH AND CASH EQUIVALENTS		
Cash on hand and at banks	375,088	2,464,914
Short term investment	14,334,276	34,058,051
	<u>14,709,364</u>	<u>36,522,965</u>
6. RECEIVABLES		
Sundry debtors	450,945	575,797
GST receivable	-	4
	<u>450,945</u>	<u>575,801</u>
7. FINANCIAL ASSETS		
<i>At fair value</i>		
Listed shares	22,154,950	1,886,519
Listed fixed income securities	10,351,116	2,753,305
Unlisted fixed income securities	533,050	533,050
Listed property trusts	2,573,357	156,692
Managed funds	11,653,175	15,750,640
Provision for impairment	(1,136,000)	(1,136,000)
	<u>46,129,648</u>	<u>19,944,206</u>
8. LOANS AND ADVANCES		
Current	3,325,393	2,580,018
Non-Current	4,797,042	4,734,351
	<u>8,122,435</u>	<u>7,314,369</u>
Loans to Divisions, Instrumentalities and Agencies of Synod	6,739,208	5,914,035
Mortgage securities	1,339,644	1,325,287
Others	43,583	75,047
	<u>8,122,435</u>	<u>7,314,369</u>
Maturity analysis		
No longer than 3 months	1,993,916	1,136,734
Longer than 3 and not longer than 12 months	1,331,477	1,443,284
Longer than 1 year and not longer than 5 years	616,008	477,491
Longer than 5 years	4,181,034	4,256,860
	<u>8,122,435</u>	<u>7,314,369</u>

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
INVESTMENT FUND  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2013**

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 mortgagor's default.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
9. INVESTMENT PROPERTIES		
(a) Land and buildings – at independent valuation		
- Land and Buildings	8,485,000	8,080,000
	8,485,000	8,080,000
 (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	8,080,000	8,950,000
Revaluation	405,000	(870,000)
Carrying amount at end of the year	8,485,000	8,080,000

Independent valuations were performed by a licensed valuer, Pember Wilson and Eftos in December 2013 and December 2012. 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 2013**

	2013 \$	2012 \$
10. PROPERTY, PLANT AND EQUIPMENT		
Land – at cost	1,000,000	1,000,000
Building – at cost	1,686,779	1,686,779
Less accumulated depreciation	(548,207)	(463,868)
	1,138,572	1,222,911
Furniture, fixtures and fittings	800,000	800,000
Less accumulated depreciation	(800,000)	(800,000)
	-	-
TOTAL	2,138,572	2,222,911

(a) Movements in Carrying Amounts

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

*Land*

Carrying amount at the beginning of the year	1,000,000	1,000,000
----------------------------------------------	-----------	-----------

Carrying amount at the end of the year	1,000,000	1,000,000
----------------------------------------	-----------	-----------

*Building*

Carrying amount at beginning of the year	1,222,911	1,307,250
Depreciation	(84,339)	(84,339)

Carrying amount at end of the year	1,138,572	1,222,911
------------------------------------	-----------	-----------

Land and building was independently valued by Pember Wilson and Eftos in April 2012. The fair value on an “As Is” basis was \$4,800,000.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
INVESTMENT FUND  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2013**

	2013 \$	2012 \$
10. PROPERTY, PLANT AND EQUIPMENT		
(a) Movements in Carrying Amounts (Cont'd)		
<i>Furniture, fittings and fixtures</i>		
Carrying amount at beginning of the year	800,000	800,000
Depreciation	<u>(800,000)</u>	<u>(800,000)</u>
Carrying amount at end of the year	-	-
	<hr/>	<hr/>
Total	2,138,572	2,222,911
	<hr/>	<hr/>
11. DEPOSITS		
Term deposits		
Synod funds	25,537,264	25,942,727
Parish and related instrumentalities	35,655,478	35,483,006
Private investors	4,440,278	4,605,335
Accrued interest	<u>222,675</u>	<u>255,036</u>
	<hr/>	<hr/>
	65,855,695	66,286,104
Maturity analysis		
No longer than 3 months	57,595,311	46,228,343
Longer than 3 and not longer than 12 months	<u>8,260,384</u>	<u>20,057,761</u>
	<hr/>	<hr/>
	65,855,695	66,286,104
	<hr/>	<hr/>

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
INVESTMENT FUND  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2013**

		2013 \$	2012 \$
12.	<b>PAYABLES</b>		
	Accruals	9,965	-
13.	<b>PROVISIONS</b>		
	Grants to WA Synod	1,690,000	1,250,000
14.	<b>NOTES TO THE STATEMENT OF CASH FLOWS</b>		
	(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	375,088	2,464,914
	Short term investment	14,334,276	34,058,051
		14,709,364	36,522,965
	(b) Reconciliation of net cash used in operating activities to net surplus		
	Net surplus	5,356,156	1,455,687
	Profit on sale of investments	(1,660,534)	(1,818,605)
	Unrealised gain on investments	(4,077,072)	(1,609,953)
	Unrealised (gain)/loss on investment properties	(405,000)	870,000
	Depreciation	84,339	164,339
	Movement in assets and liabilities		
	Decrease/(increase) in receivables	124,856	(102,032)
	(Decrease) in provisions	440,000	(440,000)
	Increase/(decrease) in accruals	9,965	(70,541)
		(127,290)	(1,551,105)
	Net cash used in operating activities		

15. **CONTINGENCIES**

There were no contingent liabilities or assets as at 31 December 2013.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
**INVESTMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2013**

16. COMMITMENTS

Total Mortgage Loans committed but not yet drawn at balance date amounted to \$350,000 (2012: \$200,000). This consisted of \$350,000 to Uniting Church Agencies (2012: \$200,000 to Uniting Church Agencies). All commitments are due to be drawn within one year.

17. 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  
G Reynolds  
R Locke

(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). In addition, advances of \$10,000 each were made to K Dowling and M Patchell in the prior periods at commercial rates. The balances outstanding as at 31 December 2013 were \$9,721 and \$4,694 respectively.

Interest paid and received on these Synod activities is made under the same terms and conditions as other parties and amounted to \$1,876,787 paid and \$476,981 received for the financial year.

(c) Mortgage loans

Mortgage loans have been made to employees, executives 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 2013**

18. 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:

<b>Recognised Financial Instruments</b>	<b>Balance Sheet Notes</b>	<b>Accounting Policies</b>	<b>Terms and Conditions</b>
<b>(i) Financial Asset</b>			
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
Unlisted fixed income securities	7	Unlisted fixed income securities are carried at fair 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 2013**

18. FINANCIAL INSTRUMENTS (cont)

<b>Recognised Financial Instruments</b>	<b>Balance Sheet Notes</b>	<b>Accounting Policies</b>	<b>Terms and Conditions</b>
<b>(i) Financial Asset</b>			
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.
<b>(i) Financial Liabilities</b>			
Term deposits	11	Term 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 2013**

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

**2013**

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		
<b>(i) Financial Asset</b>							
Cash	-	375,088	-	-	-	-	375,088
Short term investments	2.22	-	14,334,276	-	-	-	14,334,276
Receivables	-	-	-	-	-	450,945	450,945
Financial assets	-	-	-	-	-	46,129,648	46,129,648
Loans and advances	7.70	-	3,325,392	616,008	4,181,035	-	8,122,435
Total financial assets		375,088	17,659,668	616,008	4,181,035	46,580,593	69,412,392
<b>(ii) Financial Liabilities</b>							
Term deposits	3.26	-	65,855,695	-	-	-	65,855,695
Total financial liabilities		-	65,855,695	-	-	-	65,855,695
Net financial assets/(liabilities)		375,088	-48,196,027	616,008	4,181,035	46,580,593	3,556,697

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA  
INVESTMENT FUND  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2013**

18. FINANCIAL INSTRUMENTS (cont)

**2012**

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		
<b>(i) Financial Asset</b>							
Cash	-	2,464,914	-	-	-	-	2,464,914
Short term investments	4.69	-	34,058,051	-	-	-	34,058,051
Receivables	-	-	-	-	-	575,801	575,801
Financial assets	-	-	-	-	-	19,944,206	19,944,206
Loans and advances	7.27	-	2,580,018	477,491	4,256,860	-	7,314,369
<b>Total financial assets</b>		2,464,914	36,638,069	477,491	4,256,860	20,520,007	64,357,341
<b>(ii) Financial Liabilities</b>							
Term deposits	4.36	-	66,286,104	-	-	-	66,286,104
<b>Total financial liabilities</b>	-	-	66,286,104	-	-	-	66,286,104
<b>Net financial assets/(liabilities)</b>		2,464,914	(29,648,035)	477,491	4,256,860	20,520,007	(1,928,763)

*Interest rate sensitivity*

At 31 December 2013, if interest rates had changed by +/- 100 basis points from the year end rates with all other variables held constant, surplus for the year (2012: surplus for the year) would have been higher/lower by \$430,238 (2012 – +/- 100 basis points: \$224,487) mainly as a result of lower/higher interest expense for term deposits.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
**INVESTMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2013**

18. 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 financial assets at fair value through profit or loss. 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 \$35,195,623 or 76% of total financial assets (2012: \$19,435,046 or 92%). The balance pertains to investments in international equities through managed funds, totalling \$10,400,974 or 23% total financial assets (2012: \$1,112,110 or 5%) and investment in Collateralised Debt Obligations or equivalent, totalling \$533,050 or 3% of total financial assets (2012: \$533,050 or 3%).

At 31 December 2013, if the market price of publicly traded Australian securities changed by +/- 15% from the year end with all other variables held constant, surplus for the year would have been lower/higher by \$5,279,343 (2012 – +/- 15%; \$2,915,257).

(d) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions to fulfil term 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 term 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 2013**

18. 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 mortgagor's default.

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

(f) Net fair values of financial assets and liabilities

The aggregate net fair values of financial assets and financial liabilities at the balance date, are stated in the table at note 18(b).

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.

**UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**  
**INVESTMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2013**

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

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF**

### **UNITING CHURCH IN AUSTRALIA SYNOD OF WESTERN AUSTRALIA**

#### *Report on the Financial Report*

We have audited the accompanying financial report of the Uniting Church in Australia Synod of Western Australia ("the Synod") Investment Fund ("the Investment Fund"), which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Investment and Corporate Finance Committee ("the Committee") statement.

#### *The Investment Committee's Responsibility for the Financial Report*

The Committee is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the Committee determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(c), the Committee 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 about 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 entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, 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.

*Independence*

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

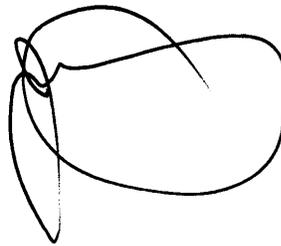
*Opinion*

In our opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the Investment Fund as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards; and
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1 (c).

*RSM Bird Cameron*

RSM BIRD CAMERON



Perth, WA  
Dated: 29 May 2014

J A KOMNINOS  
Director