Annual Report

Uniting Ethical Enhanced Cash Trust

ABN 70 824 960 122
ARSN 610 022 985

Annual Report for the period ended 30 June 2017

The Uniting Ethical Enhanced Cash Trust is a registered managed investment scheme, domiciled in the state of Victoria in Australia.

The Responsible Entity of the Trust is:
UCA Funds Management Limited
ABN 46 102 469 821
AFSL 294147

The Responsible Entity of the Trust is wholly owned by The Uniting Church in Australia Property Trust (Victoria) and The Uniting Church in Australia Property Trust (Tas.)

The Manager of the Trust is:
UCA Funds Management Limited
ABN 46 102 469 821

Responsible Entity’s registered office is:
Level 5, 130 Little Collins Street
Melbourne, Victoria, Australia, 3000

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

Custodian and Administrator:
Northern Trust Corporation
Level 47, 80 Collins Street
Melbourne, Victoria, Australia, 3000
Directors’ report

The directors of UCA Funds Management Limited, the Responsible Entity of the Uniting Ethical Enhanced Cash Trust (the Trust) present their report together with the financial report of the Trust for the period 18 January 2016 to 30 June 2017 (the period).

Principal activities

The Trust was registered with the Australian Securities and Investments Commission (ASIC) on the 18 January 2016 as a registered managed investment scheme, and prior to 18 January 2016 the Trust operated as an unregistered managed investment scheme known as the Development Fund under ASIC’s Class Order relief for charitable bodies.

The Trust invests in accordance with an Asset Allocation Range as set out in its current Product Disclosure Statement, Additional Information Booklet and in accordance with the provisions of its governing documents.

The Trust’s investment strategy is to invest directly into the UCA Enhanced Cash Portfolio, which aims to invest directly in a balanced mix of cash, cash equivalents, fixed interest securities (including hybrid securities, debentures, corporate bonds and mortgage backed securities), first mortgage loans and community impact loans.

Directors

The following persons held office as directors of the Responsible Entity of the Trust during the period and up to the date of this report.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>J Etherington</td>
<td>Non-Executive Director – Chairperson</td>
</tr>
<tr>
<td></td>
<td>Chairperson – Remuneration and Nomination Committee</td>
</tr>
<tr>
<td>R J Carter</td>
<td>Non-Executive Director – Retired 22 June 2016</td>
</tr>
<tr>
<td>K Allchin</td>
<td>Non-Executive Director – Appointed 13 September 2016</td>
</tr>
<tr>
<td>J C Bell</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>

Review of operations

Funds under management as at 30 June 2017 was $123,421,000. Interest was distributed to investors at the rate of 2.57 per cent per annum for the period. Distributions paid for the period to 30 June 2017 were $4,636,000. Profit attributed for the period ended 30 June 2017 was $4,636,000.

Significant changes in state of affairs

The Trust commenced operating as a registered Managed Investment Scheme effective from 18 January 2016. In the opinion of the directors, there were no other significant changes in the state of affairs of the Trust that occurred during the period under review.

Environmental regulation

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

Directors’ units

For information on director holdings of units in the Trust refer to Note 6 b).
Information on responsible entity secretaries

Ms Leanne Lukaitis
B Bus, ASA

Joint Company Secretary. Ms Lukaitis also fills the role of Manager Finance.

Mr John Dennison
Graduate Certificate in Compliance Management and Associate Diploma of Business (Accounting) – resigned 16 June 2017

Joint Company Secretary. Mr Dennison also filled the role of Risk and Compliance Manager.

Matters subsequent to the end of the period

No matter or circumstances have arisen since 30 June 2017 that have significantly affected, or may significantly affect:

i) the operations of the Trust in future financial years, or
ii) the results of those operations in future financial year, or
iii) the state of affairs of the Trust in future financial year.

Likely developments and expected results of operations

The results of the Trust’s operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. Since investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers and auditors

No insurance premiums are paid out of the assets of the Trust in relation to insurance cover provided to either the officers of the Responsible Entity of the Trust or the auditor of the Trust.

During the reporting period, the Responsible Entity paid a premium in respect of a contract insuring the directors of the Responsible Entity (as named above), the secretaries of the Responsible Entity and all officers of the Responsible Entity against a liability incurred as such a director, secretary or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.

Fees paid to and interests held in the Trust by the Responsible Entity of the Trust or its associates

Fees paid to the Responsible Entity of the Trust and its associates out of Trust property during the period are disclosed in the statement of comprehensive income and in Note 6 of the financial statements. No fees were paid out of Trust property to the directors during the period. Interests held in the Trust by the Responsible Entity of the Trust or its associates are disclosed in Note 6.

Interests in the Trust

The movement in units in the Trust during the period is set out below and in Note 4 of the financial statements:

Movements in investor funds during the period were:

<table>
<thead>
<tr>
<th>Period 18 January 2016 to 30 June 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Applications</td>
</tr>
<tr>
<td>Redemptions</td>
</tr>
<tr>
<td>Distributions reinvested</td>
</tr>
<tr>
<td>Closing balance</td>
</tr>
</tbody>
</table>

Value of assets
The value of the Trust’s total assets as at 30 June 2017 was $123,421,000 at fair value through profit and loss.

**Options granted**

No options were granted at the fund level during the reporting period.

**Rounding of amounts**

The Trust is a trust of the kind referred to in ASIC Corporations (Rounding in Financials/Directors’ Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors’ report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

**Auditors’ independence declaration**

Auditors’ Independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of directors of the Responsible Entity of the Trust, UCA Funds Management Limited.

**J Etherington**

Director

**M Walsh**

Director

Melbourne

19 September 2017
Auditors independence declaration

19 September 2017

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

Dear Board Members

Uniting Ethical Enhanced Cash Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of UCA Funds Management Limited, the Responsible Entity, regarding the financial report for Uniting Ethical Enhanced Cash Trust.

As audit partner for the audit of the financial statements of Uniting Ethical Enhanced Cash Trust for the period 18 January 2016 to 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu
ABN 74 490 121 060
550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia
Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Mark Stretton
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited
Independent Auditor’s Report to the Unitholders of Uniting Ethical Enhanced Cash Trust


Opinion

We have audited the financial report of Uniting Ethical Enhanced Cash Trust (the "Trust") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period 18 January 2016 to 30 June 2017, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion, the accompanying financial report of the Trust is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Trust’s financial position as at 30 June 2017 and of its financial performance for the period 18 January 2016 to 30 June 2017; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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 Trust in accordance with the auditor independence requirements of the Corporations Act 2001 and 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Trust, would be in the same terms if given to the directors as at the time of this auditor’s report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Trust’s annual report for the period ended 30 June 2017, but does not include the financial report and our auditor’s report thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
In preparing the financial report, the directors are responsible for assessing the ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

**Auditor’s Responsibilities for the Audit of the Financial Report**

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

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

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

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

Mark Stretton  
Partner  
Chartered Accountants  
Melbourne, 19 September 2017
Directors’ declaration
The directors of the Responsible Entity declare that:

a) In the directors’ opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;

b) In the directors’ opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements; and

c) In the directors’ opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Trust.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors of the Responsible Entity, UCA Funds Management Limited.

J Etherington  M Walsh
Director  Director

Melbourne
19 September 2017
### Statement of Profit or Loss and Other Comprehensive Income

**For the period ended 30 June 2017**

<table>
<thead>
<tr>
<th>Notes</th>
<th>$000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment income</strong></td>
<td></td>
</tr>
<tr>
<td>Interest income from UCA Cash Management Fund Limited</td>
<td>6 f)</td>
</tr>
<tr>
<td><strong>Total investment income</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Management fee – UCA Funds Management Limited</td>
<td>6 e)</td>
</tr>
<tr>
<td>Recoverable expenses – UCA Funds Management Limited</td>
<td>6 e)</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Profit attributable to investors</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Financing costs attributable to investors</strong></td>
<td></td>
</tr>
<tr>
<td>Distributions to investors</td>
<td>5</td>
</tr>
<tr>
<td><strong>Net profit for the period</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other comprehensive income for the period</strong></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income for the period</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td></td>
</tr>
</tbody>
</table>

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

### Statement of Financial Position as at 30 June 2017

<table>
<thead>
<tr>
<th>Notes</th>
<th>$000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Investment in UCA Cash Management Fund Limited</td>
<td>6 f)</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities (excluding net assets attributable to investors)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Net assets attributable to investors</strong></td>
<td>4</td>
</tr>
<tr>
<td>Liabilities attributable to investors</td>
<td></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
</tr>
</tbody>
</table>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.
Statement of Cash Flows for the period ended 30 June 2017

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>Period 18 January 2016 to 30 June 2017</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received from UCA Cash Management Fund Limited</td>
<td>5,193</td>
<td></td>
</tr>
<tr>
<td>Investment in UCA Cash Management Fund Limited</td>
<td>(39,278)</td>
<td></td>
</tr>
<tr>
<td>Proceeds from disposal of investment in UCA Cash Management fund Limited</td>
<td>43,918</td>
<td></td>
</tr>
<tr>
<td>Recoverable fee paid</td>
<td>6 e)</td>
<td>(94)</td>
</tr>
<tr>
<td>Management fee paid</td>
<td>6 e)</td>
<td>(463)</td>
</tr>
<tr>
<td><strong>Net cash inflow/(outflow) from operating activities</strong></td>
<td>9 a)</td>
<td>9,276</td>
</tr>
</tbody>
</table>

| Cash flows from financing activities                                       |                                       |       |
|----------------------------------------------------------------------------|                                       |       |
| Distributions paid to investors                                           | (882)                                 |       |
| Withholding tax deducted                                                   |                                       | 6     |
| (from distributions paid to investors)                                    |                                       | (1)   |
| Applications received from investors                                      | 6                                     | 45,765|
| Redemptions paid to investors                                              |                                       | (54,158) |
| **Net cash inflow/(outflow) from financing activities**                   |                                       | (9,276) |

| Net change in cash and cash equivalents                                   | –                                     |       |
| Cash and cash equivalents at beginning of the period                      | –                                     |       |
| Cash and cash equivalents at end of the period                            | –                                     |       |

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

Statement of Changes in Equity for the period ended 30 June 2017

| Total equity at the beginning of the period                                | –                                     |       |
|                                                                             |                                       |       |
| Net profit                                                                 | –                                     |       |
| Other comprehensive income for the period                                 | –                                     |       |
| **Total comprehensive income for the period**                            | –                                     |       |
| **Total equity at the end of the period**                                 | –                                     |       |

Under Australian Accounting Standards, ‘Net assets attributable to investors’ is classified as a financial liability rather than equity. As a result there was no equity at the start or end of the period.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.
Notes to and forming part of the Accounts for the period ended 30 June 2017

Note 1: General information

This general purpose financial report includes the financial statements and notes of the Uniting Ethical Enhanced Cash Trust (the Trust) for the period 18 January 2016 to 30 June 2017 (the period).

This financial report covers the Trust as an individual entity.

The Trust was registered with the Australian Securities and Investments Commission (ASIC) on the 18 January 2016 as a registered managed investment scheme, and prior to 18 January 2016 the Trust operated as an unregistered managed investment scheme known as the Development Fund under ASIC’s Class Order relief for charitable bodies. Therefore, no comparatives have been provided.

At the time of registration, $128,061,000 of net assets were transferred from the Development Fund to the Uniting Ethical Enhanced Cash Trust.

The Responsible Entity of the Trust is UCA Funds Management Limited (UCAFML). The Responsible Entity of the Trust’s registered office and principal place of business is Level 5, 130 Little Collins Street, Melbourne, Victoria 3000.

The financial statements were authorised by the directors of the Responsible Entity of the Trust on 19 September 2017.

The Trust does not guarantee an income stream or return on capital.

Investors

The Trust is designed for investors wishing to invest ethically and for whom considerations of profit are not of primary relevance in their decision to invest.

The Trust is an enhanced cash fund for retail and wholesale investors. It aims to provide a steady income stream to Trust investors by investing in the UCA Enhanced Cash Portfolio.

Note 2: Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

Compliance with International Financial Reporting Standards (IFRS)

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

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets held at fair value with changes in fair value recognised through the statement of profit and loss.

b) Investment income

Interest income is calculated using the effective interest rate basis. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

c) Financial assets held at fair value through profit or loss

Classification

The Trust’s investments are classified as financial instruments designated at fair value through profit or loss. These include financial assets that are not held for trading purposes and which may be sold. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust’s documented investment strategy.
Measurement
Financial assets held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income. The following represents the basis of valuation for financial reporting purposes:

Investment in UCA Cash Management Fund Limited
The Trust’s investment in UCA Cash Management Fund Limited is generally available within 24 hours.

Recognition/derecognition
The Trust recognises financial assets on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets from this date. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Trust has transferred substantially all risks and rewards of ownership.

d) Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call at banks and other short-term highly liquid investments.

Payments and receipts relating to the deposit of funds into UCA Cash Management Fund Limited are classified as cash flows from operating activities, as movements in the fair value in these securities represent the Trust’s main income generating activity.

e) Functional and presentation currency
Items included in the Trust’s financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). This is the Australian dollar, which reflects the currency of the economy in which the Trust operates. The Australian dollar is also the Trust’s presentational currency.

f) Distributions
The Trust fully distributes its distributable income to investors. The distributions are recognised as a finance cost in the statement of comprehensive income. Distributions are allocated and paid to investors on 30 June and 31 December each year.

g) Income Tax
The Trust is exempt from Income Tax under Section 50-5 of the Income Tax Assessment Act 1997.

h) Receivables
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The value of the receivable is measured at amortised cost using the effective interest rate method.

Interest income is accrued at the balance sheet date from the date of last payment, using the effective interest rate method.

i) Goods and services tax (GST)
Where applicable, GST incurred by the Trust, that is not recoverable from the Australian Taxation Office, has been recognised as part of the expense to which it applies. Receivables and payables are stated with any applicable GST in their value.

The amount of any GST recoverable from, or payable to, the Australian Taxation Office is included as a receivable or payable in the balance sheet. Cash flows relating to GST are included in the cash flow statement on a gross basis.

j) Recoverable fee
UCA Funds Management Limited is responsible for the administration of the Trust and pays all operational and regulatory expenses incurred by the Trust. The Constitution of the Trust allows for reasonable expenses incurred for the administration of the Trust to be deducted prior to the distribution of income to investors. The fee is capped at 0.05 per cent per annum.

k) Management fee
The management fee is calculated as the residual of the net amount of interest earned and the amount of interest distributed to investors.
l) Applications and redemptions
The application and redemptions prices are determined as the net asset value of the Trust adjusted for the estimated transaction costs, divided by the number of units on issue on the date of the application or redemption.

Units are redeemable at the investors’ option and are therefore classified as financial liabilities. The units can generally be redeemed by investors at 24 hours notice for cash equal to their proportionate share of the Trust’s net assets. The value of redeemable units is measured at the redemption amount that is payable (based on the redemption price) at the balance sheet date if investors exercised their right to redeem units.

m) Rounding off amounts to nearest thousand dollars
The Trust is a trust of the kind referred to in ASIC Corporations (Rounding in Financials/Directors’ Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors’ report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

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

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

These include:

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

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

- **AASB 2016-2 ‘Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107’**

o) Use of estimates
There have not been any critical accounting judgements or estimations made in the preparation of the financial statements for the period ended.

p) Critical accounting judgements and key sources of estimation uncertainty
There have not been any critical accounting judgements or estimations made in the preparation of the financial statements for the period ended.

Note 3: Trust operation
The Trust commenced operating on 18 January 2016 and therefore no comparatives have been provided. Prior to 18 January 2016 the Trust operated as an unregistered managed investment scheme known as the Development Fund.
**Note 4: Net assets attributable to investors**

Movements in investor funds during the period were:

<table>
<thead>
<tr>
<th>Period from 18 January 2016 to 30 June 2017</th>
<th>$000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>128,061</td>
</tr>
<tr>
<td>Applications</td>
<td>45,765</td>
</tr>
<tr>
<td>Redemptions</td>
<td>(54,158)</td>
</tr>
<tr>
<td>Distributions reinvested</td>
<td>3,753</td>
</tr>
<tr>
<td>Closing balance</td>
<td>123,421</td>
</tr>
</tbody>
</table>

During the period distributions to investors of $3,753,000 were satisfied through the distribution reinvestment plan, $882,000 was paid to investors and withholding tax deducted from distributions paid to investors was $1,000.

There were no distributions payable at 30 June 2017.

**Note 5: Distributions**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution for the period ended 30 June 2016</td>
<td></td>
<td>1,621</td>
</tr>
<tr>
<td>Distribution for the six months ended 31 December 2016</td>
<td></td>
<td>1,546</td>
</tr>
<tr>
<td>Distributions for the six months ended 30 June 2017</td>
<td></td>
<td>1,469</td>
</tr>
<tr>
<td><strong>Total distributions paid to investors</strong></td>
<td></td>
<td>4,636</td>
</tr>
</tbody>
</table>

**Note 6: Related parties**

**a) The Responsible Entity of the Trust**

The Responsible Entity of the Trust and Manager of the Trust is UCA Funds Management Limited (ABN 46 102 469 821 and AFSL 294147), a company wholly-owned by The Uniting Church in Australia Property Trust (Victoria) and The Uniting Church in Australia Property Trust (Tas.).

**b) Key management personnel**

The Trust does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Trust.

The names of the key management personnel of the Responsible Entity during the period were:

- J Etherington  > Non-Executive Director, Chairperson
  > Chairperson – Remuneration and Nomination Committee
- R Carter  > Non-Executive Director – Retired 22 June 2016
- K Allchin  > Non-Executive Director – Appointed 13 September 2016
- J Bell  > Non-Executive Director
- D Cousins  > Non-Executive Director – Appointed 1 February 2016
- D Hawkey  > Non-Executive Director – Retired 14 September 2016
- L Mann  > Non-Executive Director – Chairperson, Due Diligence Committee
- T McCredden  > Non-Executive Director
- M Walsh  > Executive Director
- D Watson  > Non-Executive Director – Appointed 1 February 2016
  > Chairperson, Audit, Risk and Compliance Committee
- G Wilson  > Non-Executive Director – Chairperson, Investment Committee

**Other key management personnel**

Except for UCA Funds Management Limited, there were no other persons with responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly during the financial period.
Key management personnel holdings

<table>
<thead>
<tr>
<th>30 June 2017</th>
<th>Amount held</th>
<th>Interest held</th>
<th>Distributions paid by the Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>D Cousins</td>
<td>$40,803</td>
<td>0.03%</td>
<td>$803</td>
</tr>
<tr>
<td>M Walsh</td>
<td>$524,158</td>
<td>0.42%</td>
<td>$60,810</td>
</tr>
</tbody>
</table>

c) Key management personnel compensation
Key management personnel are paid by The Uniting Church in Australia, Synod of Victoria and Tasmania. Payments made from the Trust to the Responsible Entity of the Trust do not include any amounts directly attributable to compensation of key management personnel.

d) Other transactions within the Trust
Apart from those details disclosed in this note, no key management personnel have entered into any material contract with the Trust since 18 January 2016 and there were no material contracts involving directors’ interests existing at period end.

e) Manager’s fees
UCA Funds Management Limited (UCAFML) is the Responsible Entity and the administrator of the Trust and is responsible for the management of all aspects of the Trust, including being responsible for, if considered to be appropriate, appointing an external party for custodial and administration support services. The provision of these services is on normal terms and conditions. Under the Trust’s Constitution, UCAFML is entitled to receive:

i) up to 0.50 per cent per annum which is based on the net amount of interest received from UCA Enhanced Cash Portfolio and the distribution paid to investors as disclosed in The Uniting Ethical Enhanced Cash Trust Product Disclosure Document. Management Fees are paid on 30 June and 31 December. The Management Fee for this reporting period was $463,000; and it is granted by UCA Funds Management Limited to The Uniting Church in Australia, Synod of Victoria and Tasmania for the purpose of supporting its mission;

UCAFML may waive any fee in whole or any part of the remuneration to which it would otherwise be entitled; and

ii) recoverable expenses were claimed from the Trust and are charged to the Trust at the end of each month. The recoverable expense is capped at 0.05% per annum. The recoverable expense charged to the Trust for the period was $94,000.

f) Investment in UCA Cash Management Fund Limited
The Trust invests its cash holdings in UCA Cash Management Fund Limited.

<table>
<thead>
<tr>
<th>2017</th>
<th>$000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in UCA Cash Management Fund Limited</td>
<td>123,421</td>
</tr>
<tr>
<td>Interest received</td>
<td>5,193</td>
</tr>
</tbody>
</table>

Maturity analysis: The amount invested with UCA Cash Management Fund Limited is generally available within 24 hours.
Note 7: Financial risk management

The Trust is exposed to a variety of financial risks: market risk (including interest rate risk and other price risk), credit risk and liquidity risk. All of the Trust’s assets as at 30 June 2017 are invested in UCA Cash Management Fund Limited. These risks (including measuring and monitoring of the risks) are managed by UCA Cash Management Fund Limited.

The objective of the Trust is to provide investors with competitive returns by investing in UCA Cash Management Fund Limited.

a) Market risk
Market price risk is the risk that the value of the Trust’s investment in UCA Cash Management Fund Limited will fluctuate as a result of changes in market values due to changes in interest rates.

i) Interest rate risk
The Trust’s effective exposure to interest-bearing securities, through its investment in the UCA Cash Management Fund Limited, includes fixed and floating rates and are exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. The table in note 7 (e) summarises the impact of increases/decreases in official interest rates on the Portfolio’s net assets attributable to investors at 30 June 2017. The analysis is based on the assumption that official interest rates increased/decreased by 75 basis points with all other variables held constant and that the Trust’s cash and fixed interest securities and loans moved according to the historical correlation with official interest rates.

The interest rate risk disclosures have been prepared on the basis of the Trust’s direct investments and not on a look-through basis for investments held indirectly through other funds. Consequently, the disclosure of interest rate risk in the note may not represent the true interest rate risk profile of the Trust (on a look through basis).

The following table summarises the Trust’s exposure to interest rate risks and analyses the Trust’s interest bearing investments into relevant maturity groupings based on the remaining period to the contractual maturity date at the period-end date.

<table>
<thead>
<tr>
<th>2017 $000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
</tr>
<tr>
<td>Weighted average effective interest rate</td>
</tr>
</tbody>
</table>

ii) Other price risk
The Trust’s investment in the UCA Enhanced Cash Portfolio (the Portfolio) is determined based on the net asset value of the Portfolio. The net asset value of the Portfolio is equal to the value of its assets less its liabilities. The Portfolio includes a reserve, which is available as a cushion against capital losses, to support income distributions or to protect the value of the Portfolio against markdowns in market-linked investments.

b) Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Trust’s exposure to credit risk is limited to its investment in UCA Cash Management Fund Limited.

c) Liquidity risk
Liquidity risk is the risk that the Trust will not be able to meet its liabilities (redemptions from the Trust) as they fall due. Redemptions are payable and the funds required to meet such redemptions are from UCA Cash Management Fund Limited. As the Trust’s investments in the UCA Cash Management Fund Limited are generally repayable within 24 hours of receiving a redemption request. The Directors consider that the Trust should be able to meet expected levels of redemptions.

d) Fair values
The carrying amounts of the Trust’s assets and liabilities at the balance sheet date approximated their fair values.
e) Sensitivity analysis

The following table summarises the sensitivity of the Trust’s financial assets to interest rate risk.

<table>
<thead>
<tr>
<th>Impact on operating profit / net assets attributable to investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>$’000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2017</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in UCA Cash Management Fund Limited</td>
<td>123,421</td>
<td>(926)</td>
</tr>
</tbody>
</table>

f) Fair value measurement

<table>
<thead>
<tr>
<th>Financial assets at fair value through profit and loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount at 30 June 2017 Level 1 Level 2 Level 3</td>
</tr>
<tr>
<td>$’000</td>
</tr>
<tr>
<td>---------------------------</td>
</tr>
<tr>
<td>Investment in the UCA Cash Management Fund Limited</td>
</tr>
</tbody>
</table>

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date, without any deduction for transaction costs.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Financial instruments that trade in markets that are not considered active but values are based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified with Level 2. These include the Investment in UCA Cash Management Fund Limited which is a financial instrument that trades in markets that are not considered active but the underlying asset values are based on quoted market prices.

Level 3 fair value measurements are those derived from valuation techniques that included inputs for the assets or liability that are not based on observable market data (unobservable inputs).
Note 9: Note to cash flow statement

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

<table>
<thead>
<tr>
<th>2017 $’000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit attributable to investors</td>
<td>4,636</td>
</tr>
<tr>
<td>Change in operating assets and liabilities</td>
<td></td>
</tr>
<tr>
<td>▶ (Increase)/decrease in Investment in UCA Cash Management Fund Limited</td>
<td>4,640</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>9,276</td>
</tr>
</tbody>
</table>

b) Non-cash financing activities

During the period distributions to investors totalling $3,753,000 were satisfied through the distribution reinvestment plan.

Note 10: Events occurring after balance sheet date

No significant events have occurred since balance date which would impact on the financial position of the Trust disclosed in the balance sheet at 30 June 2017, or the results and cash flows of the Trust for the period ended on that date.

Note 11: Contingent assets and liabilities and commitments

There were no outstanding contingent assets and liabilities or commitments as at 30 June 2017.

Note 8: Auditor’s remuneration

<table>
<thead>
<tr>
<th>2017 $</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Services</td>
<td></td>
</tr>
<tr>
<td>▶ Audit of financial report</td>
<td>6,000</td>
</tr>
<tr>
<td>Non-audit services</td>
<td></td>
</tr>
<tr>
<td>▶ Audit of compliance plan</td>
<td>4,000</td>
</tr>
<tr>
<td>Total</td>
<td>10,000</td>
</tr>
</tbody>
</table>

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