

Uniting Growth Fund

2011 Financial Statements

An unregistered unit trust, domiciled in the state of Victoria in Australia.

The trustee of the unit trust is:

UCA Funds Management Limited
ABN 46 102 469 821
AFSL 294147

The trustee is wholly owned by The Uniting Church in Australia Property Trust (Victoria) & The Uniting Church in Australia Property Trust (Tasmania)

The manager of the unit trust is:

UCA Growth Fund Limited
ABN 39 075 948 435

The manager is wholly owned by UCA Funds Management Limited

Trustee's registered office is:

130 Little Collins Street
Melbourne, Victoria
Australia 3000

Auditor: Deloitte Touche Tohmatsu

550 Bourke Street
Melbourne, Victoria
Australia 3000

Directors' Report

The directors of UCA Funds Management Limited ("the Trustee") present their report together with the financial report of the Uniting Growth Fund ("the Fund") for the year ended 30 June 2011.

Principal activities

The Fund commenced operating on 7 July 2003. The Fund invests in accordance with target asset allocations as set out in its current Offer Document, Supplementary Documents and in accordance with the provisions of its governing documents.

The Fund is approved to be a "charitable scheme" under Class Order 02/184 by ASIC and an ASIC instrument dated 10 December 2003, published in the Commonwealth Gazette No ASIC 50/03. The Class Order provides an exemption from various fundraising, managed investment and licensing requirements of the Corporations Act 2001 for religious, educational, community and other charitable bodies that operate "charitable schemes".

The Fund's investment strategy is to invest in Australian listed shares, foreign listed shares, cash and fixed interest securities.

Directors

The following persons held office as directors of the Trustee during the year and up to the date of this report. The directors of the Trustee act as directors of the Fund.

R J Carter (Chairperson – Board of Directors)

J Etherington

D F Hawkey

R E Male (Chairperson – Audit and Compliance Committee)

R G Moore

G V Rough

J C Simkiss (Chairperson – Investment Committee)

S J Taylor

Review of operations

The performance of the Fund, as represented by the results of its operations, was as follows:

	2011	2010
	\$'000	\$'000
Profit/(loss) attributable to unitholders	4,316	2,748
Distribution paid	1,193	882
	CPU	CPU
Interim Distribution (cents per unit)	2.98	2.60
Final Distribution (cents per unit)	1.37	0.94

Total Performance

The total return performance of the Fund for the year ended 30 June 2011 was 14.91% (30 June 2010: 11.11%). The Fund aims to provide a total return of 3% above inflation (as measured by the Consumer Price Index) on a rolling five-year basis.

Indirect cost ratio (ICR)

The ICR for the Fund for the year was 1.265% (2010: 1.265%). The ICR was calculated in accordance with the Offer Document.

Unit redemption prices

The unit redemption price at 30 June 2011 was \$1.25 (30 June 2010: \$1.12).

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial year under review.

Environmental Regulation

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

Matters subsequent to the end of the financial year

No matter or circumstances have arisen since 30 June 2011 that have significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in its governing documents.

The results of the Fund’s operations will be affected by a number of factors, including the performance of investment markets in which the Fund 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.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Fund.

Indemnification and insurance of officers and auditors

No insurance premiums are paid out of the assets of the Fund in relation to insurance cover provided to either the officers of the Trustee or the auditor of the Fund. So long as the officers of the Trustee act in accordance with the Fund’s Deed Poll and the law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditor of the Fund is in no way indemnified out of the assets of the Fund.

Fees paid to and interests held in the Fund by the Trustee or its associates

Fees paid to the Trustee and its associates out of Fund property during the year are disclosed in the statement of comprehensive income and in Note 10 of the financial statements. No fees were paid out of Fund property to the directors during the year. Interests held in the Fund by the Trustee or its associates are disclosed in Note 9.

Interests in the Fund

The movement in units on issue in the Fund during the year is set out below and in Note 7 of the financial statements:

	2011	2010
Units on issue at the beginning of the year	25,239,635	23,491,650
Units issued during the year	6,700,056	3,685,796
Units redeemed during the year	(3,647,910)	(1,937,811)
Units on issue at the end of the year	28,291,781	25,239,635

Value of assets

The value of the Fund's total assets at 30 June 2011 was \$35,369,000 (30 June 2010: \$28,338,000).

Rounding of amounts

The Fund is of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the directors' report and financial statements. Amounts have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in Melbourne on 30 August 2011 in accordance with a resolution of directors of the Trustee, UCA Funds Management Limited.



R J Carter
Director



G V Rough
Director



Deloitte Touche Tohmatsu
ABN 74 490 121 080

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Independent Auditor's Report to the Unitholders of the Uniting Growth Fund

We have audited the accompanying financial report of the Uniting Growth Fund ("the Fund"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the cash flow statement and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and directors' declaration as set out on pages 8 to 25.

Directors' Responsibility for the Financial Report

The directors of UCA Funds Management Limited ("the Trustee") for the Uniting Growth Fund are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), and for such internal control as directors 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 2(a), the directors also state, in accordance with Accounting Standard AASB 101, *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 directors, as well as evaluating the overall presentation of the financial report.

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

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

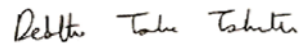
Deloitte

Opinion

In our opinion:

- (a) the financial report of the Uniting Growth Fund presents fairly, in all material respects, the Fund's financial position as at 30 June 2011 and its financial performance for the year then ended in accordance with Australian Accounting Standards (including Australian Accounting Interpretations); and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2(a).

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants
Melbourne, 30 August 2011

Directors' Declaration

In the opinion of the directors' of the Trustee:

(a) the financial statements and notes of the Fund set out on pages 10 to 26:

(i) comply with Accounting Standards, and other mandatory professional reporting requirements, and provisions of the Fund's Deed Poll dated 18 December 2002 and the Deeds of Variation dated 4 March 2003, 24 February 2004 and 30 June 2005, and

(ii) present fairly the Fund's financial position as at 30 June 2011 and its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of the Trustee, UCA Funds Management Limited.



R J Carter
Director



G V Rough
Director

Melbourne, 30 August 2011

STATEMENT OF COMPREHENSIVE INCOME	NOTES	2011	2010
		\$'000	\$'000
Investment income			
Interest income	9(f)	401	265
Dividend income	4	1,236	1,036
Net gain/(loss) on financial assets held at fair value through profit or loss	5	3,185	1,887
Total investment income/(loss)		4,822	3,188
Expenses			
Management fee – Uniting Growth Fund Limited	9(e)	390	333
Other operating expenses		116	107
Total operating expenses		506	440
Profit/(loss) attributable to unitholders		4,316	2,748
Financing costs attributable to unitholders			
Distributions to unitholders	8	(1,193)	(882)
(Increase)/decrease in net assets attributable to unitholders	7	(3,123)	(1,866)
Net profit		–	–
Other comprehensive income for the year			
Other comprehensive income for the year		–	–
Total comprehensive income for the year		–	–

The above statement of comprehensive income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION	NOTES	2011	2010
		\$'000	\$'000
Assets			
Investment in UCA Cash Management Fund at call	9(f)	7,137	5,661
Income receivable		249	243
Financial assets at fair value through profit or loss			
Listed Equities	6	27,983	22,434
Total assets		35,369	28,338
Liabilities			
Distribution payable	8	–	–
Total liabilities (excluding net assets attributable to unitholders)		–	–
Net assets attributable to unitholders		35,369	28,338
Liabilities attributable to unitholders	7	(35,369)	(28,338)
Net assets		–	–

The above statement of financial position should be read in conjunction with the accompanying notes

CASH FLOW STATEMENT	NOTES	2011	2010
		\$'000	\$'000
Cash flows from operating activities			
Dividends received		1,230	986
Interest received		401	265
Purchase of financial assets		(31,042)	(50,051)
Sale of financial assets		27,202	48,096
Management fees paid		(390)	(333)
Other operating expenses paid		(116)	(107)
Net cash outflow from operating activities	12(a)	(2,715)	(1,144)
Cash flows from financing activities			
Distributions paid to unit holders		(315)	(272)
Proceeds from applications by unitholders	7	7,607	3,746
Payments for redemptions by unitholders	7	(4,577)	(2,330)
Net cash inflow from financing activities		2,715	1,144
Net increase/(decrease) in cash and cash equivalents		–	–
Cash and cash equivalents at beginning of the year		–	–
Cash and cash equivalents at end of the year		–	–

The above cash flow statement should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY	NOTES	2011	2010
		\$'000	\$'000
Total equity at the beginning of the year		–	–
Net profit for the year		–	–
Other comprehensive income for the year		–	–
Total recognised income and expense for the year		–	–
Movement in equity during the year		–	–
Total equity at the end of the year		–	–

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

The above statement of changes in equity should be read in conjunction with the accompanying notes

Notes to and forming part of the financial statements for the year ended 30 June 2011

NOTE 1. GENERAL INFORMATION

This general purpose financial report includes the financial statements and notes of the Uniting Growth Fund (“the Fund”) for the year ended 30 June 2011.

This financial report covers the Fund as an individual entity.

The Trustee of the Fund is UCA Funds Management Limited (UFML). The Trustee’s registered office is 130 Little Collins Street, Melbourne, Victoria 3000.

The financial statements were authorised by the directors of the Trustee on 30 August 2011.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) Basis of Accounting

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 Fund, 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 financial assets held at fair value with changes in fair value recognised through the statement of comprehensive income.

(b) Investment Income

Dividend income is recognised when investments are quoted ex dividend.

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. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

(c) Financial Assets held at fair value through Profit or Loss Classification

The Fund’s investments in listed equities 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 Fund’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 presents the basis of valuation for financial reporting purposes:

Investment in UCA Cash Management Fund

The investment in UCA Cash Management Fund is at call and is valued at the redemption price which is \$1.00 per unit. The capital invested in UCA Cash Management Fund is guaranteed by The Uniting Church in Australia Property Trust (Victoria)

Listed equities

Securities that are listed or traded on an exchange are fair valued based on quoted “bid” prices as at reporting date.

Recognition/derecognition

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

(d) Cash and cash equivalents

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

Payments and receipts relating to the purchase of investment securities are classified as cash flows from operating activities, as movements in the fair value in these securities represent the Fund’s main income generating activity.

(e) Foreign currency translation**Functional and presentation currency**

Items included in the Fund’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 Fund

operates. The Australian dollar is also the Fund’s presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The Fund does not isolate that portion of gains or losses on securities that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(f) Distributions

The Fund fully distributes its distributable income to unitholders. The distributions are recognised as finance costs attributable to unitholders in the statement of comprehensive income. Distributions are allocated to unitholders on 31 December and 30 June. The cash is paid to the UCA Cash Management Fund which, in turn, subsequently on pays to unitholders.

(g) Income Tax

Under current income tax legislation, the Fund is not liable to pay income tax provided its taxable income (including assessable realised capital gains) is fully distributed to unitholders.

The unit price is based upon fair values of underlying assets and this may include a share of unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Net realised capital losses are not distributed to unitholders, but are retained to be offset against any future realised capital gains. When realised assessable capital gains exceed realised capital losses, the excess is distributed to unitholders as assessable income. The benefits of imputation credits are passed onto the unitholders.

(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 method.

(i) Goods and Services Tax (GST)

Where applicable, GST incurred by the Fund, 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) Increase/decrease in net assets attributable to unitholders

Non-distributable income is transferred directly to unitholders' funds and may consist of unrealised changes in the net fair value of investments, accrued income not yet assessable, expenses provided or accrued which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any investments (including any adjustments for tax deferred income previously taken directly to unitholders' funds) and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as financing costs.

(k) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be redeemed by unitholders at any time for cash equal to their proportionate share of the Fund'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 unitholders exercised their right to redeem units.

(l) New Accounting Standards and Interpretations

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operation and that are effective for the current reporting period. These include;

(i) AASB 1048 Interpretation of Standards (June 2010)

AASB 1048 is applicable for annual reporting periods beginning on or after 30 June 2010. The adoption of this revised Standard has not affected any of the amounts recognised in the financial statements, nor has there been any impact on the presentation in the financial statements.

(ii) AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2010-4 is applicable for annual reporting periods beginning on or after 1 January 2011. The adoption of AASB 2010-4 does not impact the company's statement in changes in equity (AASB 1), financial instrument disclosure (AASB 7) and significant events and transactions in interim reports (AASB 134).

(iii) AASB 124 Related Party Disclosures (2009), AASB 2009-12 Amendments to Australian Accounting Standards.

Applies to annual periods beginning on or after 1 January 2011. The adoption of this revised Standard has not affected any of the amounts recognised in the financial statements, nor has there been any impact on the presentation in the financial statements.

(iv) AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets.

Applies to annual periods beginning on or after 30 June 2011. The adoption of this revised Standard has not affected any of the amounts recognised in the financial statements, nor has there been any impact on the presentation in the financial statements.

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

A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current year end. The reported results and position of the Company will not change on adoption of these pronouncements as they do not result in any changes to the Company's existing policies. Adoption will, however, result in change to information currently disclosed in the financial statements. The Company does not intend to adopt any of these pronouncements before their effective dates. These include;

- (i) *AASB 9 Financial Instruments (December 2010), AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9*

AASB 9 is applicable for annual reporting periods beginning on or after 1 January 2013. A revised version of AASB 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing requirements derecognition from AASB 139. This has not affected any of the amounts recognised in the financial statements nor has there been any impact on the presentation in the financial statements.

- (ii) *AASB 2010-5 Amendments to Australian Accounting Standards*

AASB 2010-5 is applicable for annual reporting periods beginning on or after 1 July 2011. The standard makes editorial amendments to a range of Australian Accounting Standards and interpretations to reflect changes made to the text of IFRSs by the IASB. The adoption of AASB 2010-5 does not impact the Fund. The amendments will not affect any of the amounts recognised in the financial statements but will result in the presentation of additional disclosures in relation to financial instruments.

(m) Rounding of amounts

The Fund is of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the directors' report and financial statements. Amounts have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

NOTE 3. FUND COMMENCEMENT

The Fund commenced on 7 July 2003 and will continue in operation for 80 years from that date unless it is terminated earlier pursuant to the provisions of the Fund's Deed Poll.

NOTE 4. DIVIDEND INCOME

	2011	2010
	\$'000	\$'000
Listed equities		
Australian Equities	1,182	1,018
International Equities	54	18
	1,236	1,036

NOTE 5. NET REALISED AND UNREALISED GAIN/(LOSS)

a) Net unrealised gain/(loss) on financial assets held at fair value through profit or loss

	2011	2010
	\$'000	\$'000
Listed equities		
Australian Equities	690	955
International Equities	144	1,430
	834	2,385

b) Net realised gain/(loss) on financial assets held at fair value through profit or loss

	2011	2010
	\$'000	\$'000
Listed equities		
Australian Equities	1,945	674
International Equities	406	(1,172)
	2,351	(498)
	3,185	1,887

NOTE 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011	2010
	\$'000	\$'000
Listed equities		
Australian Equities	23,935	20,217
International Equities	4,048	2,217
	27,983	22,434

NOTE 7. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Movements in unitholders' funds during the year were:

	2011		2010	
	No. OF UNITS	\$'000	No. OF UNITS	\$'000
Opening balance	25,239,635	28,338	23,491,650	24,446
Applications	6,015,644	7,607	3,174,280	3,746
Reinvestments	684,412	878	511,516	610
Redemptions	(3,647,910)	(4,577)	(1,937,811)	(2,330)
Increase/decrease in net assets attributable to unitholders		3,123		1,866
Closing balance	28,291,781	35,369	25,239,635	28,338

NOTE 8. DISTRIBUTIONS PAID

All distributions were paid on or before 30 June 2011 (30 June 2010), no amounts are payable as at 30 June 2011.

	2011		2010	
	\$'000	CPU	\$'000	CPU
December	809	2.98	646	2.60
June	384	1.37	236	0.94
	1,193		882	

NOTE 9. RELATED PARTIES
(a) Trustee

The Trustee of the Fund 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 (Tasmania). The manager of the Fund is UCA Growth Fund Limited. The manager acts as custodian and administrator of the Fund. The service provision contracts are on normal terms and conditions.

(b) Key management personnel

The names of the persons who were the directors of the Trustee at any time during the year and up to the date of this report were:

- R J Carter (Chairperson – Board of Directors)
- J Etherington
- D F Hawkey
- R E Male (Chairperson – Audit and Compliance Committee)
- R G Moore
- G V Rough
- J C Simkiss (Chairperson – Investment Committee)
- S J Taylor

Except for the directors listed above, there were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

KEY MANAGEMENT PERSONNEL HOLDINGS	UNITHOLDER 2011	UNITHOLDER 2010
	R CARTER	R CARTER
No. of units held	512,018	495,087
Interest held (%)	1.81%	1.96%
No. of units acquired	16,931	14,366
No. of units disposed	0	0
Distributions Paid by the Fund (\$)	21,697	17,109

Apart from those details disclosed in this note, no key management personnel have entered into any material contracts with the Fund since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

(c) Key management personnel compensation

No amounts are paid by the Fund directly to the directors of the Trustee. Payments made by the Fund to the Trustee do not include any amounts attributable to the compensation of key management personnel.

(d) Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into any material contracts with the Fund since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

(e) Manager's fees

UCA Growth Fund Limited is the manager of the Fund and is responsible for the management of all aspects of the Fund, including custodial and administration services. Under the Fund's Deed Poll, UFML is entitled to receive:

- (i) for managing the Fund in all respects, other than providing and arranging custodial and administration services, a management fee calculated as 1.265% per annum of the net asset value including GST. The management fee paid by the Fund for the year ended 30 June 2011 was \$390,000 (2010: \$333,000); and

(ii) for providing and arranging custodial services and administration a fee calculated as 0.345% per annum of the net asset value including GST.

UFML may waive any fee in whole or in part or may defer any claim to a fee in whole or in part indefinitely or for any period. Pursuant to this provision of the Fund's Deed Poll, UFML resolved to waive the custodian fee for the year ended 30 June 2011. In addition, UFML has at this time resolved not to claim certain reimbursable expenses (including auditors' remuneration) out of the Fund.

The indirect cost ratio (ICR) for the year to 30 June 2011 was 1.265% (30 June 2010: 1.265%).

(f) Investment in UCA Cash Management Fund at call

The Fund invested its cash holdings in UCA Cash Management Fund, a related party.

	2011	2010
	\$'000	\$'000
Funds invested as at 30 June	7,137	5,661
Interest received for the year ended 30 June	401	265

Maturity analysis: The amount invested with UCA Cash Management Fund is at call.

Note 10. Financial Risk Management

The Fund's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's risk management strategies seek to minimise potential adverse effects of market movements on the Fund's performance. Financial risk management is the responsibility of the Chief Investment Manager; this responsibility is discharged having regard to policies approved by the Board of Directors. Compliance with Board policies is monitored by the Board's Investment Committee and reported to the Board of Directors quarterly.

The objective of the Fund is to provide both income and long term capital growth with the benefit of associated franking credits. The Fund aims to produce a total return of 3% above inflation (as measured by the Consumer Price Index) on a rolling five year basis.

(a) Market risk

Market risk is the risk that the value of the Fund's investments in listed equities, cash and interest bearing securities will fluctuate as a result of changes in market values.

(i) Foreign exchange risk

The listed equities held in the investment portfolio are subject to foreign exchange risk, since the Fund holds assets denominated in currencies other than the Australian Dollar (AUD), its functional currency.

The objective in holding foreign currencies is to lower the overall risk of the portfolio, so that the overall portfolio is less exposed to a single currency, the AUD. Hence the Fund's policy is not to hedge foreign exchange.

Foreign exchange risk is monitored regularly by examination of movements in exchange rates. If the Chief Investment Manager believes that the AUD will rise relative to foreign currencies, he may reduce the proportion of assets held in international shares, and/or reduce the AUD amount and/or number of domestic shares that rely heavily on offshore earnings. The Chief Investment Manager may also remove cash balances from foreign currencies back into AUD's. As at balance date the Fund did not hold Foreign Currency (2010: \$0).

The performance of foreign currency and international equities is monitored by the Board of Directors, through its Investment Committee, on a quarterly basis.

The table below summarises the Fund's exposure to foreign exchange risk.

	30 JUNE 2011			30 JUNE 2010		
	USD	AUD	TOTAL	USD	AUD	TOTAL
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Investment in UCA Cash Management Fund at call	-	7,137	7,137	-	5,661	5,661
Accrued income	-	249	249	-	243	243
Listed equity	4,048	23,935	27,983	2,217	20,217	22,434

(ii) Interest rate risk

The Fund's interest-bearing assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. 20 % of the Fund's financial assets is a floating rate interest bearing investment in UCA Cash Management Fund. The capital invested in UCA Cash Management Fund is guaranteed by The Uniting Church in Australia Property Trust (Victoria). As a result the risk of fluctuations in interest rates is limited to the income payable to the Fund. The table in Note 10 (e) summarises the impact of an increase / decrease in interest rates on the Fund's net assets attributable to unit holders.

The interest rate risk disclosures are prepared on the basis of the Fund'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 this note may not represent the true interest rate risk profile of the Fund where the Fund has significant investments in other funds which also have exposure to the interest rate markets.

Interest rate risk is measured by calculating the yield on the UCA Cash Management Fund, which is reported to the Investment Committee. The Chief Investment Manager also monitors movements in interest rates regularly and the Board of Directors, through its Investment Committee, monitors movements in interest rates and the running yield quarterly.

2011	FLOATING INTEREST RATE	NON-INTEREST BEARING	TOTAL
	\$'000	\$'000	\$'000
Financial Assets			
Investment in UCA Cash Management Fund at call	7,137	-	7,137
Accrued income	-	249	249
Equity securities	-	27,983	37,983
Total	7,137	28,232	35,369
Weighted average interest rate	5.78%	0.00%	

2010	FLOATING INTEREST RATE	NON-INTEREST BEARING	TOTAL
	\$'000	\$'000	\$'000
Financial Assets			
Investment in UCA Cash Management Fund at call	5,661	-	5,661
Accrued income	-	243	243
Equity securities	-	22,434	22,434
Total	5,661	22,677	28,338
Weighted average interest rate	4.80%	0.00%	

(iii) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund is exposed to equity security price risk. All equities present a risk of loss of capital. This risk is moderated through appropriate diversification and careful stock selection within specified limits for individual asset classes.

The following measures have been adopted to manage this risk:

The strategic asset allocation approved by the Board is as follows:

	TACTICAL RANGE	STRATEGIC ALLOCATION	ACTUAL ALLOCATION 30 JUNE 2011	ACTUAL ALLOCATION 30 JUNE 2010
	%	%		
Australian shares & listed property	50 - 80	70	69	72
Fixed interest & cash	0 - 25	20	20	20
Overseas shares	0 - 20	10	11	8

The strategic asset allocation has not changed during the reporting period or the prior period. The actual asset allocation is measured regularly and is monitored by the Board of Directors, through the Investment Committee, quarterly.

The following techniques are employed to measure risk: portfolio tracking error by sector and by stock, the alpha and beta analysis of the portfolio, liquidity versus the benchmark S&P/ASX 300 and the proportion of stocks held in the top S&P/ASX 50. These measurements are monitored on a regular basis with data provided by Goldman Sachs and IRESS.

In addition performance of the portfolio is measured against the S&P/ASX 300 Accumulation Index and the CPI.

Due to constraints imposed by the ethical investment policy of the Uniting Church in Australia, approximately 23% of the S&P/ASX300 is not available for investment. This restriction of the investment universe poses a potential risk because it limits diversification and excluded sectors may out-perform the market.

The allocation to international listed equities was designed to compensate for sectors within the S&P/ASX300, which are prohibited for ethical reasons (particularly diversified resources), rather than to provide a diversified international portfolio. Consequently no additional benchmark is used to measure performance for these international listed equities.

The Chief Investment Manager takes active positions with respect to both sectors and individual stocks.

The Fund's market positions are monitored and performance against benchmarks (with the exception of international equities) is tracked on a daily basis. The Board of Directors, through the Investment Committee, reviews the portfolios and performance against benchmarks on a quarterly basis.

The table in Note 10 (e) summarises the impact of increases/decreases of the S&P/ASX 300 Accumulation Index on the Fund's net assets attributable to unit holders at 30 June 2011. The analysis is based on the assumption that the index increased/decreased by 10% (2010: 10%) with all other variables held constant and that the Fund's equity securities moved according to the historical correlation with the index.

(b) Credit Risk Exposure

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. 80% of the Fund's assets are non interest bearing with the Fund's exposure to credit risk being limited to its investment in UCA Cash Management Fund. The capital is guaranteed by The Uniting Church in Australia Property Trust (Victoria). The Fund is also exposed to credit risk with its investment in foreign currency. Foreign currency is typically held with Westpac Banking Corporation and their credit rating is AA. As at balance date the Fund did not hold Foreign Currency (2010: \$0).

(c) Liquidity and cash flow risk

Liquidity risk is the risk that the Fund will experience difficulty in either realising assets or raising sufficient funds to satisfy commitments associated with individual financial instruments. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate. The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- Ensuring that there is no significant exposure to illiquid or thinly traded financial instruments, and
- Applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

Net assets attributable to unitholders are at call. Distributions payable are due within one month after 30 June and 31 December each year. As at balance date, the Fund did not have any other liabilities (2010: \$0).

The Fund is exposed to daily cash redemptions of redeemable units. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

Liquidity and cash flow risk is monitored and measured regularly by analysis of the equities portfolio, including the proportion of cash held in UCA Cash Management Fund. The asset allocation of the Fund is measured monthly. All of the measures outlined are reported to the Board of Directors quarterly through its Investment Committee.

The Fund's listed securities are considered readily realisable, as they are listed on the Australian Stock Exchange and on the New York Stock Exchange.

(d) Fair values of financial assets

The carrying amounts of all the Fund's assets at balance sheet date approximated their fair values as all financial assets not fair valued are short term in nature. The accounting policies in Note 2(c) set out how the fair values for the Fund's investments are determined.

(e) Sensitivity analysis

The following table summarises the sensitivity of the Fund's profit and net assets attributable to unitholders to interest rate risk, foreign exchange risk and price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Fund's investments with the S&P/ASX 300 Accumulation Index and market volatility.

However actual movements in the risk variables may be greater or less than anticipated due to a number of factors. Management's assessment of sensitivity can vary from year to year and is reflective of market conditions in which the Fund operates.

IMPACT ON PROFIT/NET ASSETS ATTRIBUTABLE TO UNITHOLDERS 2011	CARRYING AMOUNT	INTEREST RATE RISK		PRICE RISK	
		-75 BPS	+75 BPS	-10%	+10%
	\$'000	\$'000	\$'000	\$'000	\$'000
Investment in UCA Cash Management Fund at call	7,137	(54)	54	-	-
Accrued income	249	-	-	-	-
Financial assets through profit or loss	-	-	-	-	-
Listed equities	27,983	-	-	(2,798)	2,798
Total increase/(decrease)	35,369	(54)	54	(2,798)	2,798

IMPACT ON PROFIT/NET ASSETS ATTRIBUTABLE TO UNITHOLDERS 2010	CARRYING AMOUNT	INTEREST RATE RISK		PRICE RISK	
		-100 BPS	+100 BPS	-10%	+10%
	\$'000	\$'000	\$'000	\$'000	\$'000
Investment in UCA Cash Management Fund at call	5,661	(57)	57	-	-
Accrued income	243	-	-	-	-
Financial assets through profit or loss	-	-	-	-	-
Listed equities	22,434	-	-	(2,243)	2,243
Total increase/(decrease)	28,338	(57)	57	(2,243)	2,243

f) Fair Value Measurement

	AMOUNT AT 30 JUNE 2011	LEVEL 1	LEVEL 2	LEVEL 3
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit and loss				
Listed equity	27,983	27,983	–	–
Total	27,983	27,983	–	–

	AMOUNT AT 30 JUNE 2011	LEVEL 1	LEVEL 2	LEVEL 3
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit and loss				
Listed equity	27,983	27,983	–	–
Total	22,434	22,434	–	–

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurement 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).

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 11. REMUNERATION OF AUDITOR

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

	2011	2010
	\$	\$
Audit Services		
Audit of financial report	19,750	15,750
Non-audit services		
Taxation services	–	–
Other	–	–
	19,750	15,750

The auditor of the Fund is Deloitte Touche Tohmatsu. No fees were paid to the auditor of the Fund in relation to non-audit services during this reporting period.

NOTE 12. NOTE TO CASH FLOW STATEMENT**(a) Reconciliation of net profit/(loss) to net cash inflow/(outflow) from operating activities**

	2011	2010
	\$'000	\$'000
Profit attributable to unitholders	4,316	2,748
(Increase)/decrease in investment in UCA Cash Management Fund	(1,476)	(935)
(Increase)/decrease in accrued income	(6)	(49)
Net (gain)/loss on financial assets held at fair value through profit and loss	(5,549)	(2,908)
Net cash inflow/(outflow) from operating activities	(2,715)	(1,144)

(b) Significant non-cash items

Distribution reinvested	878	610
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NOTE 13. SUBSEQUENT EVENTS

With the exception of the current market volatility, which is reflected in the daily unit price, there have been no other significant events which have occurred since balance sheet date which would impact on the financial position of the Fund disclosed in the balance sheet as at 30 June 2011 or on the results and cash flows of the Fund for the year ended on that date.

NOTE 14. CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2011 and 30 June 2010.

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