

**UC INVEST SHARE FUND**

**Financial Report**

**12 months to 31<sup>st</sup> December 2009**

## Income Statement

<b>FOR THE YEAR ENDED 31 DECEMBER 2009</b>	<b>Note</b>	<b>2009</b> <b>\$</b>	<b>2008</b> <b>\$</b>
<hr/>			
Revenue	2.	2,932,483	6,447,471
Revaluation of Investments	3.	9,264,284	(47,865,054)
Expenses	4.	<u>(210,541)</u>	<u>(252,020)</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b><u>11,986,226</u></b>	<b><u>(41,669,603)</u></b>
<b>PROFIT ATTRIBUTABLE TO UNIT HOLDERS</b>		<b><u>11,986,226</u></b>	<b><u>(41,669,603)</u></b>

The accompanying notes form part of these financial statements.

## Balance Sheet

AS AT 31 DECEMBER 2009	Note	2009 \$	2008 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6.	1,824,635	1,922,979
Trade and Other Receivables	7.	424,139	1,254,732
Financial Assets	8.	<u>58,969,300</u>	<u>61,191,952</u>
<b>Total Current Assets</b>		<b><u>61,218,074</u></b>	<b><u>64,369,663</u></b>
<b>Non-Current Assets</b>			
<b>Total Non-Current Assets</b>		<b><u>0</u></b>	<b><u>0</u></b>
<b>TOTAL ASSETS</b>		<b><u>61,218,074</u></b>	<b><u>64,369,663</u></b>
<b>LIABILITIES</b>			
<b>TOTAL LIABILITIES</b>		<b><u>0</u></b>	<b><u>0</u></b>
<b>NET ASSETS</b>		<b><u>61,218,074</u></b>	<b><u>64,369,663</u></b>
<b>EQUITY</b>			
Unit Holders Control		<u>61,218,074</u>	<u>64,369,663</u>
<b>TOTAL EQUITY</b>		<b><u>61,218,074</u></b>	<b><u>64,369,663</u></b>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2009

	Unit Holders' Control	Total
	\$	\$
Balance at 1 January 2008	126,254,366	126,254,366
Deposits for Year	25,493,111	25,493,111
Withdrawals for Year	(45,694,423)	(45,694,423)
Application & Redemption Fees	(13,788)	(13,788)
Profit Attributable to Unit Holders	(41,669,603)	(41,669,603)
<b>Balance at 31 December 2008</b>	<b><u>64,369,663</u></b>	<b><u>64,369,663</u></b>
Balance at 1 January 2009	64,369,663	64,369,663
Deposits for Year	10,127,271	10,127,271
Withdrawals for Year	(25,254,571)	(25,254,571)
Application & Redemption Fees	(10,515)	(10,515)
Profit Attributable to Unit Holders	<u>11,986,226</u>	<u>11,986,226</u>
<b>Balance at 31 December 2009</b>	<b><u>61,218,074</u></b>	<b><u>61,218,074</u></b>

The accompanying notes form part of these financial statements.

## Cash Flow Statement

<b>FOR THE YEAR ENDED 31 DECEMBER 2009</b>	<b>Note</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		3,763,075	6,414,856
Payments		<u>(210,540)</u>	<u>(252,020)</u>
<b>Net Cash Flows Provided By/(Used In)</b>			
<b>Operating Activities</b>	9.	<b><u>3,552,535</u></b>	<b><u>6,162,836</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sales of investments	3.	103,459,649	30,551,951
Purchase of investments	3.	<u>(91,972,713)</u>	<u>(19,734,063)</u>
<b>Net Cash Flows Provided By/(Used In)</b>			
<b>Investing Activities</b>		<b><u>11,486,936</u></b>	<b><u>10,817,888</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distributions to Unit Holders		(1,143,956)	(1,183,993)
Deposits by Unit Holders		8,549,311	9,150,793
Withdrawals by Unit Holders		<u>(22,543,170)</u>	<u>(28,181,900)</u>
<b>Net Cash Flows Provided By/(Used In)</b>			
<b>Financing Activities</b>		<b><u>(15,137,815)</u></b>	<b><u>(20,215,100)</u></b>
 Net Increase/(Decrease) in Cash Held		 (98,344)	 (3,234,376)
Cash at Beginning of Year		<u>1,922,979</u>	<u>5,157,355</u>
<b>CASH AT END OF YEAR</b>	6.	<b><u>1,824,635</u></b>	<b><u>1,922,979</u></b>

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

### **FOR THE YEAR ENDED 31 DECEMBER 2009**

#### **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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The financial report of UC Invest Share Fund for the year ended 31 December 2009 was adopted by the UC Invest Board on 30<sup>th</sup> April 2010.

#### **Operations and Principal Activities**

The financial report covers UC Invest Share Fund as an individual entity. UC Invest Share Fund is an activity of The Uniting Church in Australia Property Trust (S.A.), the trustee of the Uniting Church in South Australia which was established by an act of the South Australian Parliament in 1977. All assets of UC Invest Share Fund are held in the name of The Uniting Church in Australia Property Trust (S.A.).

UC Invest Share Fund is a unitised managed fund which invests in equities listed on the Australian Stock Exchange. It is only available to Uniting Church and Churches of Christ SA congregations and organizations. The fund does not accept investments from individuals or members of the public. It distributes all dividends and imputation credits accrued, to the unit holders of the Fund on a quarterly basis. Unit holders are exposed to the market risk of the Fund, which means their investments fluctuate in line with the underlying performance of the Fund.

#### UC Invest Board Members

Brian Pickering (Non-executive Chairperson) Retired 31<sup>st</sup> December 2009

Denis Giles (Non-executive)

David Ferrier (Non-executive)

Michael McClaren (Non-executive)

Lee Sauerwald (Non-executive)

Barry Atwell (Executive) – Remunerated by Mission & Service Fund – Uniting Church SA.

#### ***Basis of Preparations***

The financial report is a special purpose report prepared for use by the UC Invest Board. The Board has determined that it is not a reporting entity.

The financial report has been prepared on a going concern basis in accordance with the following Australian Accounting Standards and other mandatory professional reporting requirements:

AASB 1031: Materiality

AASB 110: Events After the Balance Sheet Date

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2009

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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No other Australian Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

UC Invest manages the Fund, and employs an investment strategy to seek to maximise the performance of the Fund. In return for managing the Fund, UC Invest receives a management fee.

#### *Reporting Basis and Conventions*

The financial report has been prepared on a historical cost basis, except for available-for-sale investments which have been measured at fair value.

The following is a summary of the material accounting policies adopted by the entity in the preparations of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **(a) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank, cash in hand and short term deposits with an original maturity of three months or less. These deposits are convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above and are net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the balance sheet.

#### **(b) Revenue**

Revenue is recognised and measured at fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

##### **i. Interest**

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

## **Notes to the Financial Statements**

### **FOR THE YEAR ENDED 31 DECEMBER 2009**

#### **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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##### **ii. Dividends and Distributions from Equities**

Dividend and distribution income is received in the form of dividends and imputation credits from companies within the UC Invest Share Fund portfolio. Revenue is recognised when the entity's right to receive the payment is established.

##### **iii. Application and Redemption Fees**

Application and redemption fee income is received when unit holders enter or exit the Fund either fully or partially. Revenue is recognised when the entity makes the corresponding transaction on behalf of the unit holder.

#### **(c) Financial instruments**

##### **i. Recognition and Initial Measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instruments. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs, where the instrument is not classified at fair value through profit and loss.

Transaction costs related to instruments classified at fair value through profit and loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

##### **ii. Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.



## **Notes to the Financial Statements**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

### **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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#### **iii. Classification and Subsequent Measurement**

##### **a) Financial assets at fair value through profit or loss**

Financial assets are classified at fair value through profit or loss when they are held for trading purposes or short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

##### **b) Held-to maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

##### **c) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or are not classified in any of the other categories. They comprise of investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. After initial recognition available for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until it is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

##### **(d) Trade and other payables**

Trade and other payables are recognised when the entity becomes obliged to make future payments.

## **Notes to the Financial Statements**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

### **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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#### **(e) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### **(f) Impairment**

At each reporting date the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

#### **(g) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### **(h) Income Tax**

The entity is exempt from income tax due to its status as a religious organisation.

## Notes to the Financial Statements

### FOR THE YEAR ENDED 31 DECEMBER 2009

2009

\$

2008

\$

### 2. REVENUE

Dividends and Distributions from Equities	2,882,356	5,532,854
Interest Received	39,612	900,829
Application & Redemption Fees Received	<u>10,515</u>	<u>13,788</u>
	<b><u>2,932,483</u></b>	<b><u>6,447,471</u></b>

### 3. REVALUATION OF INVESTMENTS

	Fair Value 31/12/2008	Equities Purchased	Equities Sold	Fair Value 31/12/2009	Revaluation of Investments
Argo Investments	\$ 400,500	\$ -	\$ 403,069	\$ 0	\$ 2,569
Australian Foundation	\$ 474,000	\$ -	\$ 486,957	\$ 0	\$ 12,957
Aust Worldwide Exploration	\$ 642,500	\$ 183,177	\$ 689,176	\$ 178,758	\$ 42,257
Babcock Brown Infra	\$ -	\$ 35,944	\$ 12,166	\$ 0	(\$ 23,778)
AGL Energy	\$ -	\$ 258,031	\$ 71,000	\$ 191,483	\$ 4,452
ASX Limited	\$ 832,500	\$ 700,152	\$ 1,393,506	\$ 183,016	\$ 43,870
Ansell	\$ -	\$ 244,720	\$ 45,574	\$ 176,574	(\$ 22,572)
Alumina	\$ -	\$ 454,919	\$ -	\$ 543,260	\$ 88,341
National Australia Bank	\$ 2,765,275	\$ 3,454,235	\$ 3,118,191	\$ 2,960,241	(\$ 141,078)
Origin Energy	\$ 1,450,800	\$ 923,625	\$ 1,441,570	\$ 915,058	(\$ 17,796)
Amcor	\$ -	\$ 265,797	\$ 54,490	\$ 230,491	\$ 19,184
Avexa	\$ 14,000	\$ -	\$ 14,189	\$ 0	\$ 189
AXA Asia Pacific	\$ 1,136,200	\$ 83,893	\$ 1,061,151	\$ 194,852	\$ 35,909
Arrow Energy	\$ -	\$ 270,788	\$ 95,611	\$ 303,052	\$ 127,875
Asciano	\$ -	\$ 792,289	\$ 257,785	\$ 635,111	\$ 100,606
Bendigo Bank	\$ -	\$ 480,420	\$ 62,725	\$ 395,381	(\$ 22,313)
OZ Minerals	\$ 247,500	\$ 1,212,426	\$ 1,219,195	\$ 438,808	\$ 198,077
Boart Longyear	\$ 70,000	\$ 198,224	\$ 279,013	\$ 0	\$ 10,788
Boral Limited	\$ 231,000	\$ 1,605,065	\$ 1,430,172	\$ 899,753	\$ 493,860
Bank of Queensland	\$ -	\$ 287,425	\$ 38,386	\$ 289,315	\$ 40,276
Austbrokers Holdings	\$ 375,000	\$ -	\$ 357,844	\$ 0	(\$ 17,156)
Computershare	\$ 936,000	\$ 721,060	\$ 1,278,753	\$ 567,886	\$ 189,579
ANZ Bank	\$ 2,161,303	\$ 2,462,184	\$ 2,528,880	\$ 2,256,700	\$ 162,094
Woodside Petroleum	\$ 2,202,000	\$ 1,176,450	\$ 1,912,529	\$ 1,610,464	\$ 144,543
Fortescue Metals	\$ -	\$ 152,696	\$ 57,158	\$ 169,315	\$ 73,777
Consolidated Media	\$ -	\$ 113,463	\$ 164,248	\$ 0	\$ 50,786
Beach Petroleum	\$ 384,000	\$ 112,500	\$ 504,272	\$ 0	\$ 7,772
Commonwealth Bank	\$ 1,734,000	\$ 4,675,958	\$ 4,132,589	\$ 3,314,476	\$ 1,037,107
Billabong	\$ -	\$ 281,411	\$ 63,663	\$ 271,407	\$ 53,660
Connecteast Group	\$ -	\$ 219,923	\$ 21,582	\$ 188,572	(\$ 9,768)
Commonwealth Property	\$ -	\$ 293,443	\$ 30,885	\$ 214,898	(\$ 47,661)
Wesfarmers	\$ 2,632,500	\$ 1,731,528	\$ 2,482,214	\$ 2,583,340	\$ 701,526
Cardno	\$ 520,000	\$ -	\$ 486,290	\$ 0	(\$ 33,710)
Centennial Coal	\$ 83,000	\$ 99,383	\$ 41,829	\$ 177,164	\$ 36,611

(continued)	Fair Value 31/12/2008	Equities Purchased	Equities Sold	Fair Value 31/12/2009	Revaluation of Investments
Caltex Australia	\$ -	\$ 177,842	\$ 64,925	\$ 149,730	\$ 36,813
CFS Retail Property	\$ -	\$ 552,414	\$ 380,154	\$ 119,371	(\$ 52,888)
BHP Billiton	\$ 2,739,600	\$11,381,368	\$ 8,226,062	\$ 6,993,374	\$ 1,098,468
Westpac Banking Corp	\$ 5,564,463	\$ 1,845,163	\$ 4,540,273	\$ 3,611,828	\$ 742,474
Graincorp	\$ 290,000	\$ 437,611	\$ 784,913	\$ 0	\$ 57,302
CSR	\$ -	\$ 891,742	\$ 565,731	\$ 334,211	\$ 8,200
Iress Market Technology	\$ 515,000	\$ 170,134	\$ 721,363	\$ 0	\$ 36,229
United Group	\$ 1,155,000	\$ 58,360	\$ 1,095,628	\$ 279,012	\$ 161,280
Carlton Investments	\$ 580,277	\$ -	\$ 556,470	\$ 0	(\$ 23,807)
Perpetual Trustee	\$ 2,039,950	\$ 38,454	\$ 1,659,843	\$ 187,874	(\$ 230,687)
David Jones	\$ -	\$ 272,315	\$ 91,920	\$ 322,418	\$ 142,023
Toll Holdings	\$ 1,234,000	\$ 896,394	\$ 2,274,922	\$ 175,272	\$ 319,800
FKP Property	\$ 125,000	\$ -	\$ 139,544	\$ 0	\$ 14,544
Downer EDI	\$ -	\$ 487,069	\$ 75,324	\$ 649,675	\$ 237,930
AMP	\$ 2,168,000	\$ 657,481	\$ 1,793,030	\$ 1,223,265	\$ 190,814
Fairfax Media	\$ 195,600	\$ 802,102	\$ 670,114	\$ 426,493	\$ 98,905
Hills Industries	\$ 465,000	\$ -	\$ 445,276	\$ 0	(\$ 19,724)
Rio Tinto	\$ 570,000	\$ 2,584,961	\$ 1,668,462	\$ 2,257,559	\$ 771,060
News Corp	\$ -	\$ 1,350,968	\$ 625,411	\$ 900,336	\$ 174,778
Elders Ltd	\$ -	\$ 73,411	\$ 32,514	\$ -	(\$ 40,897)
Dexus Property Group	\$ -	\$ 451,966	\$ 3,357	\$ 476,522	\$ 27,914
Orica	\$ 699,000	\$ 450,430	\$ 1,115,208	\$ 286,993	\$ 252,770
Onesteel	\$ 196,800	\$ 77,245	\$ 159,459	\$ 136,231	\$ 21,646
Goodman Group	\$ -	\$ 391,357		\$ 451,900	\$ 60,543
Leighton Holdings	\$ 1,382,500	\$ 997,945	\$ 1,791,573	\$ 741,201	\$ 152,330
Ramsay Healthcare	\$ 2,600,000	\$ 379,533	\$ 2,324,886	\$ 385,473	(\$ 269,173)
Seek Limited	\$ 316,000	\$ 213,085	\$ 342,378	\$ 268,721	\$ 82,013
Diversified United	\$ 885,600	\$ -	\$ 856,596	\$ 0	(\$ 29,004)
Goodman Fielder	\$ -	\$ 487,413	\$ 281,098	\$ 257,568	\$ 51,253
Brickworks Inv	\$ 465,131	\$ -	\$ 479,261	\$ 0	\$ 14,130
Babcock & Brown Comm	\$ 43,300	\$ -	\$ 17,753	\$ -	(\$ 25,547)
GPT Group	\$ -	\$ 247,286	\$ 73,510	\$ 160,076	(\$ 13,700)
Newcrest Mining	\$ 1,016,700	\$ 1,908,667	\$ 2,313,580	\$ 673,213	\$ 61,426
Harvey Norman	\$ -	\$ 498,941	\$ 445,206	\$ 287,694	\$ 233,960
Macquarie Group	\$ 1,296,450	\$ 1,103,220	\$ 1,341,980	\$ 1,045,392	(\$ 12,298)
CSL	\$ 3,201,500	\$ 951,198	\$ 2,986,733	\$ 1,123,017	(\$ 42,948)
ING Office Fund	\$ -	\$ 241,030	\$ -	\$ 216,147	(\$ 24,884)
Milton Corporation	\$ 729,754	\$ -	\$ 734,334	\$ 0	\$ 4,580
WorleyParsons	\$ 1,413,000	\$ 1,710,526	\$ 2,493,717	\$ 878,710	\$ 248,901
Incitec Pivot	\$ 796,800	\$ 1,245,024	\$ 2,281,795	\$ 174,028	\$ 413,999
Cochlear	\$ 831,000	\$ 472,060	\$ 983,510	\$ 451,511	\$ 131,960
Santos	\$ 437,208	\$ 1,122,565	\$ 1,164,941	\$ 358,055	(\$ 36,776)
Iluka Resources	\$ -	\$ 275,030	\$ 34,090	\$ 178,667	(\$ 62,273)
ING Industrial Fund	\$ -	\$ 29,642	\$ 21,738	\$ 0	(\$ 7,905)
Suncorp Metway	\$ -	\$ 1,343,260	\$ 777,246	\$ 434,987	(\$ 131,027)
Mirvac Group	\$ -	\$ 465,767	\$ -	\$ 520,425	\$ 54,658
Nufarm	\$ -	\$ 396,106	\$ 189,331	\$ 221,241	\$ 14,466
Macquarie Infrastructure	\$ -	\$ 95,703	\$ 30,403	\$ 94,542	\$ 29,242
Brambles Industries	\$ -	\$ 1,229,762	\$ 640,373	\$ 374,378	(\$ 215,012)
Primary Health Care	\$ -	\$ 484,371	\$ 231,275	\$ 279,164	\$ 26,068
Macquarie Airports	\$ -	\$ 431,358	\$ 40,691	\$ 478,134	\$ 87,467

(continued)	Fair Value 31/12/2008	Equities Purchased	Equities Sold	Fair Value 31/12/2009	Revaluation of Investments
Riversdale Mining	\$ -	\$ 65,447	\$ 85,679	\$ 0	\$ 20,232
Oil Search	\$ 1,627,500	\$ 1,703,216	\$ 3,362,756	\$ 149,321	\$ 181,361
Metcash	\$ -	\$ 513,847	\$ 116,839	\$ 409,224	\$ 12,216
Sims Metal Management	\$ -	\$ 445,869	\$ 140,108	\$ 386,813	\$ 81,051
Westfield Group	\$ -	\$ 4,289,417	\$ 2,949,542	\$ 1,045,811	(\$ 294,064)
Macq Communications	\$ -	\$ 50,134	\$ 170,910	\$ -	\$ 120,776
WA Newspapers	\$ -	\$ 152,815	\$ 48,972	\$ 153,838	\$ 49,996
QBE Insurance	\$ 3,355,300	\$ 1,485,850	\$ 3,528,818	\$ 1,032,141	(\$ 280,191)
Telstra	\$ 440,450	\$ 4,911,641	\$ 3,470,403	\$ 1,503,156	(\$ 378,532)
Sonic Healthcare	\$ 1,019,200	\$ 690,430	\$ 1,208,330	\$ 413,668	(\$ 87,632)
Bluescope Steel	\$ -	\$ 479,728	\$ 292,005	\$ 172,907	(\$ 14,816)
Macquarie Office	\$ -	\$ 150,480	\$ 25,751	\$ 151,973	\$ 27,244
Mount Gibson	\$ -	\$ 599,299	\$ 445,485	\$ 247,500	\$ 93,687
Macquarie CPS Trust	\$ 371,960	\$ -	\$ 393,800	\$ -	\$ 21,840
Westpac Stapled Prefs	\$ 341,682	\$ 302,224	\$ 643,540	\$ -	(\$ 366)
Transfield Services	\$ -	\$ 342,680	\$ 24,202	\$ 604,482	\$ 286,004
Insurance Australia Group	\$ -	\$ 312,873	\$ 68,309	\$ 256,042	\$ 11,478
Lend Lease	\$ -	\$ 121,762	\$ 17,009	\$ 130,727	\$ 25,973
Transurban	\$ -	\$ 528,297	\$ 310,314	\$ 219,207	\$ 1,224
Qantas	\$ -	\$ 367,846	\$ 190,463	\$ 207,730	\$ 30,348
Telecom NZ	\$ -	\$ 159,875	\$ 45,220	\$ 113,344	(\$ 1,310)
Westpac SPS 2	\$ -	\$ 254,470	\$ 208,125	\$ 0	(\$ 46,345)
Lihir Gold	\$ -	\$ 458,731	\$ 239,514	\$ 237,078	\$ 17,862
Stockland	\$ -	\$ 902,745	\$ 791,617	\$ 288,713	\$ 177,585
Pipe Networks	\$ -	\$ 63,820	\$ 110,674	\$ -	\$ 46,854
ANZ Convertible Prefs	\$ -	\$ 330,540	\$ 339,332	\$ 0	\$ 8,792
CBA Perls IV	\$ -	\$ 352,500	\$ 374,600	\$ -	\$ 22,100
SP Ausnet	\$ -	\$ 630,340	\$ 602,210	\$ 0	(\$ 28,130)
Suncorp Metway Conv Prefs	\$ 179,800	\$ -	\$ 173,198	\$ 0	(\$ 6,602)
New Hope	\$ -	\$ 63,049	\$ 92,156	\$ 0	\$ 29,107
APA Group	\$ -	\$ 292,452	\$ 150,572	\$ 174,398	\$ 32,518
ABB	\$ -	\$ 392,057	\$ 482,305	\$ 0	\$ 90,248
Ridley Corporation	\$ -	\$ 97,256	\$ 162,870	\$ -	\$ 65,614
Singapore Telecoms	\$ -	\$ 173,418	\$ 36,750	\$ 143,662	\$ 6,993
JB Hi-fi	\$ -	\$ 197,369	\$ 37,906	\$ 291,201	\$ 131,738
Adel Managed Asset Backed	\$ 90,750	\$ -	\$ 90,613	\$ -	(\$ 138)
Spark Infrastructure	\$ -	\$ 138,649	\$ 28,717	\$ 152,607	\$ 42,675
Beach Petroleum Options	\$ 1,600	\$ -	\$ 1,880	\$ -	\$ 280
Adelaide Brighton	\$ -	\$ 604,955	\$ 662,199	\$ 0	\$ 57,244
Equinox Minerals	\$ -	\$ 155,890	\$ 212,987	\$ 0	\$ 57,097
Fairfax Media Convertible Pref	\$ -	\$ 91,199	\$ 116,304	\$ -	\$ 25,106
Mermaid Marine	\$ -	\$ 329,059	\$ 392,581	\$ 0	\$ 63,522
Wotif.com	\$ -	\$ 331,192	\$ 405,278	\$ 0	\$ 74,085
Felix Resources	\$ -	\$ 200,145	\$ 199,299	\$ 0	(\$ 846)
Karoo Gas Australia	\$ -	\$ 331,783	\$ 261,233	\$ 0	(\$ 70,549)
Paperlinx	\$ -	\$ 249,317	\$ 280,000	\$ 0	\$ 30,683
Pan Australia	\$ -	\$ 227,945	\$ 334,445	\$ -	\$ 106,500
Aquarius Platinum	\$ -	\$ 222,272	\$ -	\$ 291,391	\$ 69,118
Clough Ltd	\$ -	\$ 471,856	\$ 278,401	\$ 218,500	\$ 25,045
Ausenco Ltd	\$ -	\$ 345,778	\$ 312,612	\$ 0	(\$ 33,166)
Sino Gold Mining	\$ -	\$ 197,354	\$ 228,402	\$ 0	\$ 31,048

<b>(continued)</b>	<b>Fair Value 31/12/2008</b>	<b>Equities Purchased</b>	<b>Equities Sold</b>	<b>Fair Value 31/12/2009</b>	<b>Revaluation of Investments</b>
Monadelphous Group	\$ -	\$ 337,314	\$ 344,863	\$ 0	\$ 7,549
Viterra Inc	\$ -	\$ 55,683	\$ 94,976	\$ 0	\$ 39,293
Ten Networks	\$ -	\$ 305,958	\$ -	\$ 326,000	\$ 20,043
SA Coal	\$ -	\$ 1,170	\$ -	\$ 1,150	(\$ 20)
Kathmandu Holdings	\$ -	\$ 265,390	\$ 241,984	\$ 0	(\$ 23,406)
Macarthur Coal	\$ -	\$ 378,250	\$ 200,945	\$ 225,000	\$ 47,695
Campbell Brothers	\$ -	\$ 203,434	\$ -	\$ 225,450	\$ 22,016
Resmed Inc	\$ -	\$ 222,343	\$ -	\$ 237,200	\$ 14,857
Eldorado Gold CDI	\$ -	\$ 228,402	\$ -	\$ 238,673	\$ 10,270
Diversified Utility & Energy	\$ 519,000	\$ 130,802	\$ 535,889	\$ 146,911	\$ 32,998
Myer Holdings	\$ -	\$ 94,695	\$ 91,195	\$ -	(\$ 3,500)
ANZ Bank Group CPS2	\$ -	\$ 100,000	\$ -	\$ 99,700	(\$ 300)
	<b>\$ 61,191,952</b>	<b>\$91,972,713</b>	<b>\$103,459,649</b>	<b>\$58,969,300</b>	<b>\$ 9,264,284</b>

## Notes to the Financial Statements

### FOR THE YEAR ENDED 31 DECEMBER 2009

**2009**

**2008**

\$

\$

#### 4. EXPENSES

Management Fees – Related Party	124,538	240,309
Brokerage	83,956	11,711
Interest Paid	<u>2,047</u>	<u>0</u>
	<b><u>210,541</u></b>	<b><u>252,020</u></b>

#### 5. AUDITORS' REMUNERATION

Remuneration of the auditor for:

Fee in relation to 2008 audit	1,550
Fee in relation to 2009 audit	1,750

#### 6. CASH AND CASH EQUIVALENTS

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the balance sheet as follows:

Cash at Bank	1,264,362	(112,996)
UC Invest Money Manager Investment	<u>560,273</u>	<u>2,035,975</u>
	<b><u>1,824,635</u></b>	<b><u>1,922,979</u></b>

The Money Manager Investment earns interest at floating rates based on the official Reserve Bank cash rates and is an at call investment.

#### 7. TRADE AND OTHER RECEIVABLES

GST Credits	496	(145)
Accrued Dividends	105,722	76,500
Accrued Interest	9,937	32,593
Accrued Imputation Credits	<u>307,984</u>	<u>1,145,784</u>
	<b><u>424,139</u></b>	<b><u>1,254,732</u></b>

#### 8. FINANCIAL ASSETS

Available for sale	<u>58,969,300</u>	<u>61,191,952</u>
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Available for sale financial assets consist of listed equities. The value of listed equities held has been determined following the fund revaluing holdings to fair value at year end.

## Notes to the Financial Statements

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**2009**

**2008**

\$

\$

### 9. CASH FLOW INFORMATION

#### Reconciliation of Cash Flow from Operations with Profit

<b>Profit from Ordinary Operations</b>	<b>11,986,226</b>	<b>(41,669,603)</b>
Revaluation of Investments	(9,264,284)	47,865,054
Decrease/(Increase) in Receivables	<u>830,593</u>	<u>(32,615)</u>
<b>Cash Flow from Operating Activities</b>	<b>3,552,535</b>	<b>6,162,836</b>

### 10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The UC Invest Board Members are not aware of any contingencies requiring disclosure in the financial statements.

### 11. SEGMENT REPORTING

The entity operates predominantly in one business and geographical segment being the investment in equities listed on the Australian Stock Exchange.

### 12. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no substantial subsequent events since balance date.

### 13. RELATED PARTY TRANSACTIONS

UC Invest Share Fund is administered by the UC Invest Board on behalf of The Uniting Church in Australia Property Trust (S.A.), the trustee of the Church in South Australia. UC Invest receives management fees each month of 0.02% of the fair value of assets within the UC Invest Share Fund.



## **Notes to the Financial Statements**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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### **14. FINANCIAL RISK MANAGEMENT**

#### **(a) Financial Risk Management Policies**

The entity manages its exposure to key financial risks by the application of policies approved by the UC Invest Board.

The entity's exposure to interest rate risk has been substantially negated as previously held substantial balances in the Money Manager Investment have been reduced during the reporting period.

The Money Manager Investment may still fluctuate in balance, however the UC Invest Board has stipulated in its approved policies that the majority of financial assets are to be invested in equities listed on the Australian Stock Exchange.

#### **(b) Financial Risk Exposures and Management**

The main risks the group is exposed to through its financial instruments are liquidity risk, market risk and revenue risk.

##### **i. Liquidity risk**

Due to the liquid nature of the entity's financial assets, the entity's exposure to liquidity risk is limited to the amount of time it takes to receive cash from its equities investments. The funds invested by the entity are revalued on a weekly basis by UC Invest and provide liquidity on the same time frame.

##### **ii. Market risk**

The investment assets that the entity holds are by character of a fluctuating nature, both in revenue received and the current market value of the underlying assets. The value of these investments fluctuate as economic, market and company specific condition vary.

UC Invest does not mitigate the market risk directly. It employs an investment selection policy which divides up the portfolio in different sections which includes the use of an index system of stock selection as well as the use of three brokers selecting stocks.

By its very nature, the use of an index selection model adopts the market risk that the pool of stocks contains.

The use of three brokers to select stocks on their individual merits is designed to maximise investment returns. The brokers use substantial research resources available to them to minimise the chances their individual portfolios underperforming the market.

## Notes to the Financial Statements

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### iii. Revenue risk

The revenue received (dividends and distributions) from equities investments may fluctuate due to changes in market conditions. The revenue received represents the dividends, distributions and imputation credits recorded by the fund manager during the period. The fund manager does not distribute capital in quarterly distributions to investors, or operate a scheme which evens out the distributions over time, which means the distributions are market driven.

The distributions are the aggregate of dividends and distributions (plus any imputation credits) which are approved by the companies whose equities are invested in by the fund. The value of distributions can be varied by individual companies at any stage, depending on economic conditions and many other factors including cash flow, lending covenants, investor appetite for risk or peer distributions.

UC Invest through its stock selection process is selecting stocks for total return. This is a combination of growth and distributions. Its investment policy does not seek to maximise distributions via revenue, but overall return.

#### (c) Sensitivity Analysis

##### i. Market risk

The entity has performed a sensitivity analysis relating to its exposure to price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in market value. The Share Funds performance is not totally correlated with the ASX200 index, but is expected to perform similarly.

	2009 \$	2008 \$
<b>Change in profit</b>		
- Decrease in ASX200 index by 20%	(11,793,860)	(12,238,390)
- Increase in ASX200 index by 20%	11,793,860	12,238,390
<b>Change in equity</b>		
- Decrease in ASX200 index by 20%	(11,793,860)	(12,238,390)
- Increase in ASX200 index by 20%	11,793,860	12,238,390

## Notes to the Financial Statements

### FOR THE YEAR ENDED 31 DECEMBER 2009

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#### ii. Revenue risk

The entity has performed a sensitivity analysis relating to its exposure to revenue risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in revenue received.

	2009 \$	2008 \$
<b>Change in profit</b>		
- Decrease in dividends and distribution to UC Invest Share Fund by 20%	(576,471)	(1,106,571)
- Increase in dividends and distribution to UC Invest Share Fund by 20%	576,471	1,106,571
<b>Change in equity</b>		
- Decrease in dividends and distribution to UC Invest Share Fund by 20%	(576,471)	(1,106,571)
- Increase in dividends and distribution to UC Invest Share Fund by 20%	576,471	1,106,571

#### (d) Derivative Financial Instruments

The entity does not use derivative financial instruments.

### 15. ECONOMIC DEPENDENCY

UC Invest Share Fund does not have any economic dependency on other entities of the Uniting Church SA.

### 16. ENTITY DETAILS

The registered office and principal place of business of the entity is:  
Level 2, 212 Pirie Street,  
Adelaide SA 5000

## DECLARATION OF THE BOARD

In the opinion of the Board Members of the UC Invest Board:

- (a) the financial statements and notes set out on pages 1 to 19 of UC Invest Share Fund – Financial Report:
  - (i) complies with accounting standards and other mandatory professional reporting requirements; and
  - (ii) gives a true and fair view of the Fund's financial position as at 31<sup>st</sup> December 2009 and of its performance, as represented by the results of its operations, changes in equity and 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: and

This declaration is made in accordance with a resolution of the UC Invest Board.



Denis Giles  
Chair  
UC Invest Board



David Ferrier  
Chair  
Audit Committee – UC Invest Board

Adelaide  
30<sup>th</sup> April 2010



Chartered Accountants  
& Business Advisers

## INDEPENDENT AUDITOR'S REPORT

### To the members of UC Invest Share Fund

#### Report on the Financial Report

We have audited the accompanying financial report UC Invest Share Fund, which comprises the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the fund are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the policies set by the UC Invest Board and are appropriate to meet the needs of the members. The directors' responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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.

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Chartered Accountants  
& Business Advisers

*Independence*

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

*Auditor's Opinion*

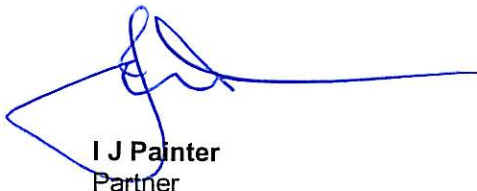
In our opinion the financial report of UC Invest Share Fund is in accordance with the policies set by the UC Invest Board, including:

- (a) giving a true and fair view of the fund's financial position as at 31 December 2009 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 1.

PKF

PKF

Chartered Accountants



I J Painter  
Partner

Signed in Adelaide this 30<sup>th</sup> day of April 2010