

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
ABN : 66 650 442 487

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	<u>Year ended</u> <u>30 June 2026</u>	<u>Year ended</u> <u>30 June 2025</u>
	\$	\$
Interest Revenue		
Interest income from borrowers	11,799,932	12,938,216
Interest income from investments	22,046,509	32,091,430
	<u>33,846,441</u>	<u>45,029,646</u>
Interest Expense	(14,841,369)	(26,074,486)
Net Interest Revenue	<u>19,005,072</u>	<u>18,955,160</u>
Net realised and unrealised gain/(loss) on financial investments	(4,252,782)	1,472,384
Net realised and unrealised gain/(loss) arising on foreign exchange contract	1,786,198	(806,060)
Rental income	2,074,444	2,046,730
Loss on revaluation of investment property	(1,000,000)	(500,000)
Investment property expenses	(145,470)	(165,527)
Other Income	420,936	276,667
	<u>17,888,398</u>	<u>21,279,354</u>
Expenses (excluding interest and property expenses)		
Employee benefits	(1,197,866)	(1,137,115)
Super Contributions	(130,210)	(122,123)
Professional fees	(323,884)	(156,754)
IT expenses	(349,731)	(535,328)
Occupancy	(2,081)	(2,270)
Loss allowance on loans	(1,301,067)	(155,626)
Depreciation & amortisation	(44,392)	(30,634)
Other expenses from ordinary activities	(67,077)	(60,593)
	<u>(3,416,308)</u>	<u>(2,200,443)</u>
Surplus for the year	<u>14,472,090</u>	<u>19,078,911</u>
Other Comprehensive Income	-	-
Total Comprehensive Income	<u>14,472,090</u>	<u>19,078,911</u>

The accompanying notes form part of these financial statements.

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

	Note	30 June 2026	30 June 2025
		\$	\$
ASSETS			
Cash and bank balances	3	68,938,704	80,819,530
Financial assets	4	324,339,480	483,400,805
Receivables	5	3,721,842	7,439,191
Derivative financial assets	10	553,645	-
Property, plant and equipment	6	-	44,394
Investment property	7	31,000,000	32,000,000
TOTAL ASSETS		428,553,671	603,703,920
LIABILITIES			
Deposits and short-term borrowings	8	388,340,711	551,687,604
Payables	9	1,848,241	3,881,271
Provisions	9	590,968	528,620
Derivative financial liabilities	10	-	304,764
TOTAL LIABILITIES		390,779,920	556,402,259
NET ASSETS		37,773,751	47,301,661
EQUITY			
Accumulated surplus		37,321,199	46,958,859
Reserves	11	452,552	342,802
TOTAL EQUITY		37,773,751	47,301,661

The accompanying notes form part of these financial statements.

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	<u>Note</u>	Reserves	Accumulated Surplus	Total
Balance at 30 June 2024		<u>311,197</u>	<u>47,911,553</u>	<u>48,222,750</u>
Surplus for the year		-	19,078,911	19,078,911
Transfers to reserves	11	79,750	(79,750)	-
Utilisation from reserves		(48,145)	48,145	-
Donation to Diocesan projects		-	(20,000,000)	(20,000,000)
Balance at 30 June 2025		<u>342,802</u>	<u>46,958,859</u>	<u>47,301,661</u>
Surplus for the year		-	14,472,090	14,472,090
Transfers to reserves	11	109,750	(109,750)	-
Donation to Diocesan projects		-	(24,000,000)	(24,000,000)
Balance at 30 June 2026		<u>452,552</u>	<u>37,321,199</u>	<u>37,773,751</u>

The accompanying notes form part of these financial statements.

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	<u>Note</u>	<u>Year ended</u> <u>30 June 2026</u>	<u>Year ended</u> <u>30 June 2025</u>
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		37,153,336	46,200,101
Interest paid		(16,889,533)	(29,024,770)
Proceeds from depositors		1,071,555,160	899,379,601
Repayments to depositors		(1,234,902,053)	(986,146,232)
Increase in loan and overdrawn accounts		(35,320,058)	(18,306,166)
Settlements of loan and overdrawn accounts		42,130,904	48,142,410
Payments to suppliers and employees		(2,097,147)	(2,066,909)
Cash received from fees and services		420,936	276,667
Rent received		2,588,680	1,532,495
Investment property expense paid		(145,470)	(165,528)
Net cash used in operating activities		<u>(135,505,245)</u>	<u>(40,178,331)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Funds inflow from sale of investments		583,294,212	494,842,083
Funds outflow from purchase of investments		(435,669,793)	(429,101,967)
Purchase of property, plant and equipment	6	-	(31,287)
Net cash provided by investing activities		<u>147,624,419</u>	<u>65,708,829</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Donations to Diocesan Projects		(24,000,000)	(20,000,000)
Net cash (used in) financing activities		<u>(24,000,000)</u>	<u>(20,000,000)</u>
Net (decrease) / increase in cash and bank balances		(11,880,826)	5,530,498
Cash at the beginning of the financial year		80,819,530	75,289,032
Cash at the end of the financial year		<u><u>68,938,704</u></u>	<u><u>80,819,530</u></u>

The accompanying notes form part of these financial statements.

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS

1. Notes to the financial statements

(a) General Information

The Diocesan Development Fund, Catholic Diocese of Parramatta (the "Fund") which, by the direction of the Bishop of the Catholic Diocese of Parramatta is vested in the Trustees of the Roman Catholic Church for the Diocese of Parramatta, a Body Corporate created under the provisions of the Roman Catholic Church Trust Property Act 1936 as amended. The address of its registered office and principal place of business are as follows:

Bethany Centre, 470 Church Street, Parramatta, NSW 2150

The financial statements were approved by the Investment Advisory Committee and authorised for issue on 3rd September 2026.

(b) Financial Reporting Framework

These financial statements have been prepared in order to satisfy managements' reporting requirements under the Australian Charities and Not-for-profits Commission Act 2012. For the purpose of preparing the financial statements, the Fund is a not-for-profit entity and exempt from income taxation.

These financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. These financial statements comply with Australian Accounting Standards - Simplified Disclosures adopted by the Australian Accounting Standards Board.

(c) Basis of Preparation

Basis of measurement

The Financial Report:

- is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures. This includes compliance with the recognition and measurement requirements of all Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the disclosure requirements of AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities;
- has been prepared on the basis of historic cost, except for certain assets and liabilities that are measured at revalued amounts or fair values at the end of each reporting period, as explained by the Fund's material accounting policies;
- is presented in Australian dollars with all values rounded to the nearest dollar, unless otherwise stated;
- presents assets and liabilities on the face of the statement of financial position in decreasing order of liquidity; and
- contains material accounting policies that have been consistently applied to all periods presented, unless otherwise stated.

Going concern

The financial report has been prepared on the going concern basis which assumes the Fund will have sufficient liquid assets to settle its liabilities as and when they become due and payable and for a period of at least 12 months from the date of signing the financial report.

The statement of profit or loss and other comprehensive income for the year ended 30 June 2026 reflects a surplus of \$14,472,090 (30 June 2025: surplus of \$19,078,911). The statement of financial position as at 30 June 2026 reflects net assets of \$37,773,751 (30 June 2025: net assets of \$47,301,661). Included in net assets are cash and bank balances of \$68,938,704 (30 June 2025: \$80,819,530) and financial assets of \$324,339,480 (30 June 2025: \$483,400,805) which are considered liquid assets and available for settlement of liabilities.

Total liquid assets of \$393,278,184 (30 June 2025: \$564,220,335) against the total liability balance of \$390,779,920 as at 30 June 2026 (30 June 2025: \$556,402,259) indicates an excess of liquid assets over liabilities of \$2,498,264 as at 30 June 2026 (30 June 2025: \$7,818,076).

Included within total liabilities are deposits predominantly from related entities within the Diocese of Parramatta totalling \$343,727,759 as at 30 June 2026. Traditionally these related entities have a history of rolling over a significant proportion of their deposits at the end of the maturity periods and so it is not expected that the entire balance of deposits will be called upon at the end of their maturity.

As indicated in Note 3, the Fund has access to an unused margin lending facility of \$54,000,000. The maximum drawdown value available on the facility is \$21,983,188 as at the reporting period.

Based on the above, the Directors and management consider it appropriate to prepare the financial report on the going concern basis.

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS

1. Notes to the financial statements (continued)

(d) Material accounting policy information

Material accounting policy information is outlined below and throughout the notes to the financial report.

(i) Revenue recognition

• Net Interest Income

Interest income from financial assets is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the net carrying amount of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income on financial assets that are classified at fair value through the Profit or Loss (FVTPL) are accounted for on a contractual rate basis and include amortisation of any premium/discounts.

Interest expense on financial liabilities measured at amortised cost or FVTPL, are measured using the effective interest method. Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

• Rental Income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

• Net gains on Investment Property

Net gain/(loss) arising from changes in the fair value of investment property will be recognised in profit or loss.

• Net gains on Investments

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. 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 and form part of the Fund's surplus as a result.

• Net gains on Foreign Exchange Contracts

The impact of the movement in foreign exchange contracts will be recognised in profit or loss in the period in which it arises. The net gain or loss represents the fair value of the contract at the end of the reporting period, that is determined using market-based rates, and the impact of the unwinding of the contracts.

(e) Application of new and revised Accounting Standards

In the current year, the Fund 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 operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations did not significantly affect the financial statements of the Fund.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a critical degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed within the following notes:

Note reference	Key judgements and estimates	Page
Note 4	Financial assets – allowance for expected credit losses	10
Note 7	Investment property – fair value	10

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS

	<u>30 June 2026</u>	<u>30 June 2025</u>
	\$	\$
3. Cash and cash equivalents		
Cash and bank balances	68,938,704	80,819,530

Information on financing facilities

The Fund has access to a margin lending facility of \$54,000,000 with National Australia Bank which is unused as of 30 June 2026 (30 June 2025: \$54,000,000 unused). Margin lending facility is restricted by the value of bonds provided as security against it; the maximum drawdown value available on the facility is \$21,983,188 as at the reporting period (30 June 2025: \$54,000,000).

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short term highly liquid investments with original maturities of three months or less.

4. Financial assets

Financial Investments

Financial assets mandatorily measured at FVTPL

Hybrids	126,819,458	211,708,797
Private Credit	25,033,146	-

Financial assets designated at FVTPL

Bonds	-	87,058,421
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Financial assets measured at amortised cost

Term deposits	-	4,034,798
Total financial investments	<u>151,852,604</u>	<u>302,802,016</u>

Loans and Receivables

Financial assets measured at amortised cost

Loans	174,038,115	180,848,961
Allowance for expected credit losses	(1,551,239)	(250,172)
Total loans and receivables	<u>172,486,876</u>	<u>180,598,789</u>

Total financial assets

<u>324,339,480</u>	<u>483,400,805</u>
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Summary of financial assets maturity analysis

Not longer than 1 year	80,559,070	88,525,815
Longer than 1 year and not longer than 3 years	43,144,137	159,981,767
Longer than 3 years	200,636,273	234,893,223
	<u>324,339,480</u>	<u>483,400,805</u>

Commitments

Total committed undrawn loans are \$13,264,172 as at 30 June 2026 (30 June 2025: \$21,641,472).

Accounting Policy

Initial recognition

Financial assets are recognised when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial assets that do not meet the criteria for being measured at amortised cost or Fair Value through Other Comprehensive Income (FVTOCI) are measured at fair value through profit or loss (FVTPL).

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. Fair value of financial assets are determined based on quoted market prices in an active market or, in the case of unlisted financial assets, based on the Net Asset Value (NAV) available from the Fund.

Impairment of Financial Assets

The Fund recognises a loss allowance for expected credit losses on loans receivable that are measured at amortised cost. The amount of expected credit losses ("ECL") is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

(i) ECL model

The ECL model uses a three-stage approach to ECL recognition. Financial assets migrate through these stages based on changes in credit risk since origination:

- Stage 1 – 12 months ECL

On origination, financial assets recognise an impairment provision equivalent to 12 month's ECL. 12 month's ECL is the credit losses expected to arise from defaults occurring over the next 12 months.

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS

4. Financial assets (Continued)

· Stage 2 – Lifetime ECL

Financial assets that have experienced a significant increase in credit risk since origination are transferred to Stage 2 and recognise an impairment provision equivalent to lifetime ECL. Lifetime ECL is the credit losses expected to arise from defaults occurring over the remaining life of financial assets. If credit quality improves in a subsequent period such that the increase in credit risk since origination is no longer considered significant the exposure is reclassified to Stage 1 and the impairment provision reverts to 12 month's ECL.

· Stage 3 – Lifetime ECL

Credit impaired financial assets recognise an impairment provision equivalent to lifetime expected credit losses.

(ii) *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Fund applies the following two-step approach when assessing whether credit risk has increased significantly since initial recognition:

- (a) Determine if the financial asset has low credit risk at the reporting date. If the financial asset has a low credit risk at the reporting date then there has been no significant increase to credit risk and the analysis ends.
- (b) If the financial asset does not have a low credit risk at the reporting date, the Fund compares the risk of a default occurring on the financial asset at reporting date with that at the date of initial recognition.

Assessment of the credit risk takes into account factors listed below:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Fund presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the entity has reasonable and supportable information that demonstrates otherwise.

The Fund concludes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(iii) *Definition of default*

Default occurs when there are indicators that a debtor is unlikely to meet contractual credit obligations to the Fund in full, or the exposure is 90 days past due and unlikely to meet its contractual credit obligations. Financial assets, including those that are well secured, are considered credit impaired when they default. Loans are written-off when there is no realistic probability of recovery.

(iv) *Expected credit loss measurement*

Expected Credit Loss (ECL) is estimated by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forward looking information.

ECL is calculated as a product of the following credit risk factors:

- **Probability of Default ("PD")**: PD is the probability that a counterparty will default. The Fund determines PD estimate figure based on an equivalent rated financial asset.
- **Exposure at Default ("EAD")**: EAD is the estimated outstanding amount of credit exposure at the time of the default. The Fund calculates EAD as the higher of the drawn balance and total credit limit.
- **Loss Given Default ("LGD")**: LGD is the loss that is expected to arise in the event of a default. The Fund determines LGD estimate figure based on the creditworthiness of each loan.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Fund in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

If the Fund has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the entity measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS

4. Financial assets (Continued)

Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Key judgements and estimates

Allowance for expected credit losses

The Fund recognises a loss allowance for expected credit losses on loan receivables. The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the expected credit loss, grouped based by customer type, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include historical collection rates and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

5. Receivables	<u>30 June 2026</u>	<u>30 June 2025</u>
	\$	\$
Interest receivable from bonds and hybrids	3,424,070	6,760,791
Interest receivable from call accounts and term deposits	116,853	87,522
Other receivables	180,919	590,878
	<u>3,721,842</u>	<u>7,439,191</u>

6. Property, plant and equipment	<u>30 June 2026</u>	<u>30 June 2025</u>
<u>Cost</u>	\$	\$
Computers - at cost	129,241	129,241
Less: Accumulated depreciation	(129,241)	(101,224)
	<u>-</u>	<u>28,017</u>
Furniture and Equipment - at cost	201,021	201,021
Less: Accumulated depreciation	(201,021)	(184,644)
	<u>-</u>	<u>16,377</u>
Carrying amount	<u>-</u>	<u>44,394</u>

Reconciliations

Reconciliation of the written down values at the beginning and end of the current financial year are set out below:

	Computers	Furniture and Equipment	Total
	\$	\$	\$
Balance at 01 July 2025	28,017	16,377	44,394
Additions	-	-	-
Depreciation expense	(28,017)	(16,377)	(44,394)
Balance at 30 June 2026	<u>-</u>	<u>-</u>	<u>-</u>

7. Investment Property	<u>30 June 2026</u>	<u>30 June 2025</u>
	\$	\$
Fair value at 30 June 2025	32,000,000	32,500,000
Change in fair value	(1,000,000)	(500,000)
Fair value at 30 June 2026	<u>31,000,000</u>	<u>32,000,000</u>

Information on minimum lease receivable

Minimum lease payments receivable on leases of investment properties are as follows:

Less than 1 year	2,147,619	2,004,826
Later than 1 and not later than 5 years	8,590,476	8,019,304
Later than 5 years	6,442,857	6,014,478
	<u>17,180,952</u>	<u>16,038,608</u>

The investment property is leased to tenants under operating leases with rentals payable quarterly. The lease contracts include variable lease payments which are linked to consumer price index.

DIOCESE OF PARRAMATTA
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NOTES TO THE FINANCIAL STATEMENTS

7. Investment Property (Continued)

Accounting Policy

Initial recognition and subsequent measurement

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value based from an independent third party valuation report and are valued annually.

All of the Fund's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model.

Changes in fair values are recognised as gains/(losses) in profit or loss and included in the Statement of Profit or Loss. All gains/(losses) are unrealised. The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the investment property annually.

Key judgements and estimates

Fair Value

In estimating the fair value of the property, the highest and best use is used. A value of \$31,000,000 has been adopted which represents a balance between the capitalisation and discounted cash flow approaches. In determining fair values, the valuers consider relevant information including the capitalisation of rental streams using market assessed capitalisation rates, expected net cash flows discounted to their present value using market determined risk-adjusted discount rates, and other available market data.

8. Deposits and short-term borrowings

	<u>30 June 2026</u>	<u>30 June 2025</u>
	\$	\$
Financial liabilities at amortised cost		
Savings accounts	91,261,506	88,488,375
Term deposits	297,079,205	463,199,229
	<u>388,340,711</u>	<u>551,687,604</u>

Summary of deposits maturity analysis

Maturity analysis:

On call	91,261,506	88,488,375
Not longer than 3 months	132,915,075	282,851,008
Longer than 3 months and not longer than 12 months	164,164,130	180,348,221
	<u>388,340,711</u>	<u>551,687,604</u>

Accounting Policy

Initial recognition and subsequent measurement

Financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities subsequently measured at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities subsequently measured at fair value through profit or loss are recognised immediately in profit or loss.

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS**

	<u>30 June 2026</u>	<u>30 June 2025</u>
	\$	\$
9. Payables and provisions		
<u>Payables</u>		
Accrued interest payable	1,736,348	3,784,512
Trade and other creditors	111,893	96,759
	<u>1,848,241</u>	<u>3,881,271</u>
<u>Provisions</u>		
Employee benefits - Annual leave provision	376,656	345,496
Employee benefits - Long service leave provision	214,312	183,124
	<u>590,968</u>	<u>528,620</u>

	<u>30 June 2026</u>	<u>30 June 2025</u>
	\$	\$
10. Derivative financial assets and liabilities		
<u>Derivative financial assets</u>		
Foreign Exchange Contract Receivable measured at FVTPL	553,645	-
<u>Derivative financial liabilities</u>		
Foreign Exchange Contract Payable measured at FVTPL	-	304,764

Summary of maturity analysis

The maturity, settlement amounts and the average contractual exchange rates of the entity's outstanding forward foreign exchange contracts at the reporting date were as follows:

	<u>30 June 2026</u>	<u>30 June 2025</u>
	\$	\$
Buy Australian dollars		
Sell US Dollars		
Maturity:		
0 - 1 years (USD\$ 20,436,601)	30,201,233	4,771,495
1 - 5 years (USD\$ 7,175,000)	10,673,216	85,217,061
	<u>40,874,449</u>	<u>89,988,556</u>

The weighted average exchange rate is \$0.6756 as at 30 June 2026 (30 June 2025: \$0.6587)

The entity had foreign exchange contract liabilities denominated in USD of \$27,611,601 as at 30 June 2026 (30 June 2025: \$59,492,000).

Accounting Policy

Initial recognition and measurement

Foreign exchange contracts are held by the Fund in the normal course of business to mitigate foreign currency risk associated with investments that are not denominated in Australian dollars. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The fair value is determined using a market-based approach, considering observable end of period market-based rates.

	<u>30 June 2026</u>	<u>30 June 2025</u>
	\$	\$
11. Reserves		
Bethany Centre Sinking Fund	452,552	342,802

The sinking fund was set up by the Fund to cover the costs of future building capital expenses. The Fund pays for the sinking fund through regular contributions.

Movements in reserves

	Bethany Centre Sinking Fund	Total
	\$	\$
Balance at 01 July 2025	342,802	342,802
Additional contributions recognised	109,750	109,750
Amounts used during the year	-	-
Balance at 30 June 2026	452,552	452,552

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12. Related Party Transactions

Key Management Personnel

The total amount of compensation paid to Key Management Personnel for the financial year was \$813,330 (30 June 2025: \$781,094).

Diocesan Entities

The Diocesan Development Fund, Catholic Diocese of Parramatta which, by way of direction of the Bishop of the Catholic Diocese of Parramatta is vested in the Trustees of the Roman Catholic Church for the Diocese of Parramatta, a Body Corporate created under the provisions of the Roman Catholic Church Trust Property Act 1936 as amended.

The Bishop exercises the control and management of the Fund with the assistance of the Funds Key Management Personnel.

The Diocese of Parramatta - Procurement Fund and various other Catholic organisations within the Diocese of Parramatta, have deposits with, and have obtained loans from, the Fund.

The terms and conditions associated with these deposits and loans are in accordance with the Funds Pricing Policy and are considered to be normal commercial terms.

Aggregate amounts due to and from as well as interest paid and received from Diocesan Entities, including the Diocese of Parramatta Procurement Fund, are detailed below:

	Balance Outstanding as at	
	<u>30 June 2026</u>	<u>30 June 2025</u>
	\$	\$
Loans to Diocesan Entities	154,927,061	140,962,079
Deposits from Diocesan Entities	343,727,759	510,084,643

	Transaction values for the year ended	
	<u>30 June 2026</u>	<u>30 June 2025</u>
	\$	\$
Interest paid to Diocesan Entities	15,346,223	27,571,983
Interest received from Diocesan Entities	9,070,718	9,170,628
Rent received from Diocesan Entities (excluding the Procurement Fund)	1,298,211	1,239,302

The Bishop and the Diocese of Parramatta - Procurement Fund

Transactions with the Diocese of Parramatta - Procurement Fund are considered to be on normal commercial terms.

	Transaction values for the year ended	
	<u>30 June 2026</u>	<u>30 June 2025</u>
	\$	\$
Rent received from the Diocese of Parramatta Procurement Fund	753,096	719,642
Donations paid to the Diocese of Parramatta Procurement Fund	24,000,000	20,000,000
The balance deposited by the Procurement Fund at balance date	13,451,900	21,625,313

13. Remuneration of auditors

	<u>30 June 2026</u>	<u>30 June 2025</u>
	\$	\$
Audit of the financial statements	52,000	49,500
Other assurance services	2,700	2,575
	<u>54,700</u>	<u>52,075</u>

14. Contingent liabilities

As at the balance sheet date, the following contingent liabilities existed:

	<u>30 June 2026</u>	<u>30 June 2025</u>
	\$	\$
Guarantees issued by the Diocesan Development Fund	600,000	600,000
Commonwealth Bank of Australia Facilities - Business card facility	3,600,000	3,600,000
	<u>4,200,000</u>	<u>4,200,000</u>

DIOCESE OF PARRAMATTA
DIOCESAN DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS

15. Guarantee of the Fund

The Fund is guaranteed by CDPF Limited, which is in turn guaranteed by the Diocese of Parramatta.

16. Events after the reporting period

Apart from the matter outlined below, no other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

a) Distribution

The Fund will pay a \$16,000,000 donation to the Diocese of Parramatta from the accumulated surplus. An interim donation of \$5,000,000 was paid in June 2026.



DIOCESE of PARRAMATTA

DIOCESE OF PARRAMATTA DIOCESAN DEVELOPMENT FUND

STATEMENT BY THE INVESTMENT ADVISORY COMMITTEE

The Responsible People, being the Investment Advisory Committee of the Fund, declare that in the Responsible People's opinion:

- (i) The attached financial statements and notes give a true and fair view of the Fund's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;
- (ii) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*; and
- (iii) there are reasonable grounds to believe that the Diocese of Parramatta, Diocesan Development Fund is able to pay its debts, as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulations 2022* on behalf of the Investment Advisory Committee by:

Chairperson

P.D.

Donna-Maree Vinci

General Manager

Royce Brennan

Dated: 3/9/2026

Auditor's independence declaration**To the Investment Advisory Committee of Diocese of Parramatta Diocesan Development Fund**

In accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I declare to the best of my knowledge and belief in relation to the audit of the financial report of Diocese of Parramatta Diocesan Development Fund for the year ended 30 June 2026, there have been:

- i. No contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. No contraventions of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* in relation to the audit.

**S S Wallace**
Partner**Pitcher Partners**
Sydney

3 September 2026

Independent auditor's report

To the Investment Advisory Committee of Diocese of Parramatta Diocesan Development Fund

ABN: 66 650 442 487

Report on the audit of the financial report

Opinion

We have audited the financial report of Diocese of Parramatta Diocesan Development Fund ("the Registered Entity"), which comprises the statement of financial position as at 30 June 2026, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information, and the Investment Advisory Committee responsible entity's declaration.

In our opinion, the accompanying financial report of Diocese of Parramatta Diocesan Development Fund is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. Giving a true and fair view of the Registered Entity's financial position as at 30 June 2026 and of its financial performance for the year then ended; and
- b. Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

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 Registered Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* ("ACNC Act") and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the investment advisory committee for the financial report

The committee the Registered Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the committee and those charged with governance of the responsible entity determines 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 committee are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intends to liquidate the Registered Entity or to cease operations, or has no realistic alternative but to do so.

The committee are responsible for overseeing the Registered Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 the 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 Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee and those charged with governance of the responsible entity.
- Conclude on the appropriateness of the committee's 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 Registered Entity'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 Registered Entity 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 committee 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.

Independence

We confirm that the independence declaration required by the ACNC Act, which has been given to the committee, would be in the same terms if given to the committee at the time of this auditor's report.



S S Wallace
Partner



Pitcher Partners
Sydney

3 September 2026