



Diocese of Sandhurst Development Fund

Special Purpose Financial Report

For the year ended 30 June 2025

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Statement of Comprehensive Income
For the year ended 30 June 2025

	Note	2024-25 \$	2023-24 \$
Revenue			
Interest revenue	4(a)	12,296,768	12,467,648
Less Interest expense	4(b)	5,824,192	5,804,597
Net interest revenue		6,472,576	6,663,051
Other revenue	4(c)	576	4,517
Total revenue		6,473,152	6,667,568
Expenses			
Contracted services	4(d)	327,907	289,917
Other expenses from ordinary activities	4(e)	44,745	64,804
Total Expenses		372,652	354,721
Operating profit for the year		6,100,500	6,312,847
Total comprehensive income for the year		6,100,500	6,312,847

**Statement of Financial Position
As at 30 June 2025**

	Note	2024-25 \$	2023-24 \$
Assets			
Current assets			
Cash and liquid assets	5	31,862,144	21,405,623
Receivables	6	1,189,413	1,271,135
Net loans and advances	7	14,730,936	12,624,723
Investments	8	36,886,883	46,248,083
Total current assets		84,669,376	81,549,564
Non-current assets			
Net loans and advances	7	104,789,043	98,680,872
Property, plant and equipment	9	498	6,195
Total non-current assets		104,789,541	98,687,067
Total assets		189,458,917	180,236,631
Liabilities			
Current liabilities			
Deposits	10	154,350,351	148,207,464
Other liabilities	11	1,398,258	1,898,310
Total current liabilities		155,748,609	150,105,774
Non-current liabilities			
Deposits	10	586,163	174,912
Total non-current liabilities		586,163	174,912
Total liabilities		156,334,772	150,280,686
Net assets		33,124,145	29,955,945
Equity			
Retained earnings	12	33,124,145	29,955,945
Total equity		33,124,145	29,955,945

**Statement of Changes in Equity
for the Year Ended 30 June 2025**

	Retained Earnings \$	Total Equity \$
Balance at 1 July 2023	26,068,098	26,068,098
Net profit for the year	6,312,847	6,312,847
Less appropriations	(2,425,000)	(2,425,000)
Balance at 30 June 2024	29,955,945	29,955,945
Balance at 1 July 2024	29,955,945	29,955,945
Net profit for the year	6,100,500	6,100,500
Less appropriations	(2,932,300)	(2,932,300)
Balance at 30 June 2025	33,124,145	33,124,145

Statement of Cash Flows
For the year ended 30 June 2025

	Note	2024-25 \$	2023-24 \$
Cash flows from operating activities			
Interest received from loans		6,960,931	6,638,491
Interest received from Investments		5,417,363	6,072,983
Other income		576	4,517
Interest paid on deposits		(6,317,409)	(5,372,167)
Payment to suppliers		(373,594)	(334,892)
Net cash inflows from operating activities	5(a)	5,687,867	7,008,932
Cash flows from investing activities			
Net movement in investments		9,361,200	3,348,771
Net movement in loans		(8,214,384)	(13,031,814)
Net cash inflows/(outflows) from investing activities		1,146,816	(9,683,043)
Cash flows from financing activities			
Net movement in deposits		6,554,138	(7,171,736)
Distributions		(2,932,300)	(2,425,000)
Net cash inflows/(outflows) from financing activities		3,621,838	(9,596,736)
Net increase/(decrease) in cash and cash equivalents		10,456,521	(12,270,847)
Cash and cash equivalents at the start of the year		21,405,623	33,676,470
Cash and cash equivalents at the end of the year	5	31,862,144	21,405,623

1. Reporting Entity

The Diocese of Sandhurst Development Fund (DDF) is the internal treasury service of the Catholic Diocese of Sandhurst (Diocese) which has been established by the Bishop of Sandhurst. The DDF is responsible for the management of the Diocese's investments & financial assets and provides funding to support various educational, religious and charitable activities across the Diocese.

The DDF is not a reporting entity and as such a special purpose report has been prepared for the Bishop of Sandhurst. This special purpose report presents the financial activities of the DDF and does not consolidate the activities of the abovementioned entities. Likewise the scope of the independent audit is limited to only the activities of the DDF.

2. Basis of preparation

(a) Statement of compliance

The special purpose financial report has been prepared in accordance with the recognition and measurement aspects of applicable Australian Accounting Standards (including the Australian Accounting Interpretations) as detailed below as well as *Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2022*. The requirements of the Australian Accounting Standards do not have mandatory application to the DDF in relation to the year ended 30 June 2025 as it is a not for profit, non-reporting entity.

In order for the financial report to present fairly the DDF's financial performance and financial position the special purpose report has been prepared using the following standards as a minimum:

AASB 9	<i>Financial Instruments</i>
AASB 101	<i>Presentation of Financial Statements</i>
AASB 107	<i>Statement of Cash Flows</i>
AASB 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
AASB 124	<i>Related Party Disclosures</i>
AASB 116	<i>Property, Plant and Equipment</i>
AASB 1031	<i>Materiality</i>
AASB 1048	<i>Interpretation of Standards</i>
AASB 1054	<i>Australian Additional Disclosures</i>

(b) Basis of Preparation

The special purpose financial report has been prepared on an accrual basis of accounting including the historical cost convention (except for available for sale investments which are recognised at fair value) and the going concern assumption.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

(a) Revenue

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

(b) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset in the balance sheet.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(d) Loans and other receivables

Loans and other receivables comprises of loans and advances to clients with fixed or determinable payments. Loans and other receivables are measured at amortised cost using the effective interest method. Interest income is recognised by applying the effective interest rate.

(e) Financial assets and liabilities

The DDF applies AASB 9 *Financial Instruments* and classifies all of its financial assets and liabilities based on the business model for managing the assets and the asset's contractual terms.

(i) Financial assets at amortised costs

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the DDF to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The DDF recognises the following assets in this category:

- cash and deposits;
- receivables;

- loans and advances; and
- term investments.

(ii) Financial liabilities at amortised costs

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period.

The DDF recognises the following liabilities in this category:

- payables;
- deposits; and
- other liabilities.

(iii) Impairment of investments and other financial assets

The DDF assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired, and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or that can be reliably estimated.

An impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Impairment losses when recognised are transferred through profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(f) Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the DDF prior to the end of the financial year. These payables are unpaid and arise when the DDF becomes obliged to make further payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(g) Deposits

Deposits comprise of term deposits and other at demand deposits which are recognised at fair value. Interest is recognised in the profit or loss on an accrual basis and is recorded as part of other liabilities.

(h) Income tax

No provision has been made for income tax as the income of the DDF is exempt from income tax under section 50-5 of the *Income Tax Assessment Act 1997* as amended.

(i) Adoption of new and revised accounting standards

The DDF has adopted and complied with all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory for the current year.

Diocese of Sandhurst Development Fund
Notes to and forming part of the financial statements for the year ended 30 June 2025

4. Revenue and Expenses from continuing operations

(a) Interest revenue	2024-25	2023-24
	\$	\$
Interest revenue from borrowers	6,960,931	6,548,985
Interest revenue from investments	5,335,837	5,918,663
	12,296,768	12,467,648

(b) Interest expense	2024-25	2023-24
	\$	\$
Interest expense from deposits at call	2,099,729	2,361,998
Interest expense from deposits at term	3,724,463	3,442,599
	5,824,192	5,804,597

(c) Other revenue	2024-25	2023-24
	\$	\$
Other revenue ⁽ⁱ⁾	576	4,517
	576	4,517

Note:

- (i) Mainly relates to distributions received from the CDF Community Fund (auspiced by CDF Melbourne) of which the DDF is a participating member.

(d) Contracted services	2024-25	2023-24
	\$	\$
Secretarial fees	217,440	203,204
IT Support service	110,467	86,713
	327,907	289,917

(e) Other expenses from ordinary activities	2024-25	2023-24
	\$	\$
Insurance costs	7,787	8,102
Travel & accommodation costs	6,169	8,247
Audit fees	15,240	20,931
General expenses	9,852	12,184
Depreciation	5,697	15,340
	44,745	64,804

5. Cash and Cash Equivalents

	2024-25	2023-24
	\$	\$
Cash at bank and in hand	1,323,764	666,240
Deposits at call – CCIS ⁽ⁱ⁾	30,538,380	20,739,383
	31,862,144	21,405,623

Note:

- (i) Relates to funds held with Catholic Church Investment Service (CCIS) which is operated by the Archdiocesan Development Fund of Brisbane. The DDF utilises the CCIS service (together with other Catholic Development Funds) in managing day to day liquidity requirements with funds available effectively at call. The CCIS invests funds on behalf of CDFs in Bank Deposits, Bank Accepted Bills, Managed Funds, Direct Securities and Local/State/Commonwealth Government Bonds.

Diocese of Sandhurst Development Fund
Notes to and forming part of the financial statements for the year ended 30 June 2025

5(a). Reconciliation of the surplus to the net cash flows from operating activities

	2024-25	2023-24
	\$	\$
Comprehensive income for the period	6,100,500	6,312,847
Adjustment for:		
Depreciation	5,697	15,340
Change in assets and liabilities:		
Decrease in receivables	81,527	243,826
Decrease in prepayments	-	9,074
(Decrease) in accrued expenses	(6,835)	(4,456)
(Decrease)/Increase in other liabilities	(493,217)	432,430
(Increase)/Decrease in GST clearing	195	(129)
Net cash flows from operating activities	5,687,867	7,008,932

6. Receivables

	2024-25	2023-24
	\$	\$
Accrued interest revenue from term deposits	1,189,329	1,270,856
Goods and services tax	84	279
	1,189,413	1,271,135

7. Net loans and advances

	2024-25	2023-24
	\$	\$
<i>(a) Amounts due:</i>		
Loans to schools	99,932,922	93,944,349
Loans to healthcare provider	14,995,666	14,998,978
Loans to early learning provider	2,761,963	1,143,770
Loans to parishes	1,573,842	979,525
Loans other	255,586	238,973
	119,519,979	111,305,595
<i>(b) Maturity Analysis:</i>		
Less than 1 year	14,730,936	12,624,723
Greater than 1 year	104,789,043	98,680,872
	119,519,979	111,305,595

Diocese of Sandhurst Development Fund
Notes to and forming part of the financial statements for the year ended 30 June 2025

8. Investments

Other financial assets at amortised cost	2024-25	2023-24
	\$	\$
National Australia Bank	11,259,157	36,248,083
Bank Vic	10,500,000	5,000,000
Australian Unity	5,127,726	-
AMP	5,000,000	5,000,000
Westpac	5,000,000	-
	36,886,883	46,248,083

9. Property, plant & equipment

30 June 2025	Plant & Equipment \$	Total \$
Opening WDV	6,195	6,195
Depreciation	(5,697)	(5,697)
Closing WDV	498	498
Cost	111,646	111,646
Depreciation	(111,148)	(111,148)
Carrying Value	498	498
30 June 2024	Plant & Equipment \$	Total \$
Opening WDV	21,535	21,535
Depreciation	(15,340)	(15,340)
Closing WDV	6,195	6,195
Cost	111,646	111,646
Depreciation	(105,451)	(105,451)
Carrying Value	6,195	6,195

Diocese of Sandhurst Development Fund
Notes to and forming part of the financial statements for the year ended 30 June 2025

10. Deposits

	2024-25	2023-24
	\$	\$
(a) Deposits at call		
Deposits from schools	65,094,269	70,749,030
Deposits from non-parishioners	6,838,168	6,162,625
Deposits other	4,867,389	5,210,065
	76,799,826	82,121,720
(b) Deposits at term		
Deposits from schools	46,668,705	42,344,364
Deposits from non-parishioners	31,467,983	23,916,292
	78,136,688	66,260,656
Total Deposits	154,936,514	148,382,376
	2024-25	2023-24
	\$	\$
(c) Maturity Analysis		
Less than 1 year	154,350,351	148,207,464
Greater than 1 year	586,163	174,912
	154,936,514	148,382,376

11. Other liabilities

	2024-25	2023-24
	\$	\$
Accrued interest on deposits	1,381,625	1,874,842
Client cheque clearing	-	2,253
Accrued expenses	16,633	21,215
	1,398,258	1,898,310

12. Retained earnings

	2024-25	2023-24
	\$	\$
Retained earnings at the beginning of the year	29,955,945	26,068,098
Surplus for the period	6,100,500	6,312,847
Ordinary appropriations	(2,932,300)	(2,425,000)
Accumulated surplus at the end of the year	33,124,145	29,955,945

13. Financial Instruments

The DDF's main financial assets consist of cash and cash equivalents, fixed term deposits and loans. The main financial liabilities consist of deposits from clients. The purpose of holding these financial instruments is to generate a return on funds held through earning a net interest margin to support the works of the Catholic Diocese of Sandhurst.

The following table sets out the categories of financial instruments held by the DDF at their carrying amounts:

	2024-25	2023-24
	\$	\$
Financial Assets (at amortised cost)		
Cash and cash equivalents	31,862,144	21,405,623
Investments	36,886,883	46,248,083
Loans and advances	119,519,979	111,305,594
Other receivables	1,189,413	1,271,135
Total	189,458,419	180,230,435
Financial Liabilities (at amortised cost)		
Deposits	154,936,514	148,382,376
Other payables	1,398,258	1,898,310
Total	156,334,772	150,280,686

Financial Risk Management

The DDF is exposed to a number of risks from the use of financial instruments in the ordinary course of providing its services. These risks include:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

The DDF seeks to manage these risks through internal reporting which includes an analysis of exposures against prescribed thresholds set by the board of the DDF. The management of these risks is carried out by the secretary of the DDF under the policies approved by the board. The board has also established an Audit and Risk Committee which oversees the formulation and monitoring of the DDF's risk management policies and systems.

a) Credit Risk

Credit as it relates to the DDF's lending and investment activities, is the provision of funds on agreed terms and conditions to a counterparty who is obliged to repay the amount borrowed or received. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the DDF.

Credit risk for the DDF can be segregated as follows:

Loans and advances

The risk of losses that may arise from loans advanced is mitigated by the application of a loan assessment criteria designed to evaluate a client's repayment capacity, available collateral, operational risk and applies LVR principles. Where collateral is held, it is in the form of mortgage interest over the property or by a letter of guarantee.

Diocese of Sandhurst Development Fund
Notes to and forming part of the financial statements for the year ended 30 June 2025

The loan portfolio comprises of loans predominantly to Catholic schools operating within the Catholic Diocese of Sandhurst. The weighted average term to maturity was 8.5 years as at 30 June 2025 (2023-24 8.9 years) and the DDF has no reason to believe that these entities will not be able to meet their respective loan commitments. There has been no allowance provided for the impairment of the loan portfolio. The DDF has had no loan defaults since its establishment which is reflective of the industry sectors it services and its loan assessment practices.

Investments

The risk of losses from investment made as part of managing the DDF's liquid asset portfolio is mitigated by policies that limit both the counterparties with which the DDF transacts and the aggregate exposure to any one counterparty.

There have been no changes to the way credit risk is managed during the financial year. The DDF's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the amount of those assets as listed in the table below.

		2024-25			Past due and/or impaired	Total
		Current and not impaired				
Unrated	Rated (Short Term)					
\$	A1+	A1	A2	\$	\$	
Financial Assets						
Cash and cash equivalents	30,538,380	1,323,764	-	-	-	31,862,144
Investments	-	16,259,157	-	20,627,726	-	36,886,883
Loans and advances	119,519,979	-	-	-	-	119,519,979
Total	150,058,359	17,582,921	-	20,627,726	-	188,269,006

		2023-24			Past due and/or impaired	Total
		Current and not impaired				
Unrated	Rated (Short Term)					
\$	A1+	A1	A2	\$	\$	
Financial Assets						
Cash and cash equivalents	20,739,383	666,240	-	-	-	21,405,623
Investments	-	36,248,083	-	10,000,000	-	46,248,083
Loans and advances	111,305,595	-	-	-	-	111,305,595
Total	132,044,978	36,914,323	-	10,000,000	-	178,959,301

b) Market Risk

Market risk is the risk of losses arising from movement in market prices. The primary market risk exposure for the DDF is interest rate risk. Interest rate risk is the risk of a change in the fair value of future cash flows arising from financial instruments due to variability in interest rates.

Diocese of Sandhurst Development Fund
Notes to and forming part of the financial statements for the year ended 30 June 2025

The DDF is exposed to interest rate risk through the deposits it holds, funds placed in investments and provision of loans. Interest rates are monitored regularly and reviewed by the board who recommend any changes. Financial modelling is used to forecast the impact to earnings of any changes to interest rates. There has been no material change to the DDF's exposure to interest rate risk, or the manner in which this risk is managed and measured over the reporting period.

The interest rate sensitivity analysis has been prepared assuming the balance of assets and liabilities outstanding at the end of the reporting period where outstanding for the whole reporting period.

	2024-25 \$	2023-24 \$	1% +/- Variance	
			2024-25 \$	2023-24 \$
Financial Assets				
Cash and cash equivalents	31,862,144	21,405,623	318,621	214,056
Term deposits	36,886,883	46,248,083	368,869	462,481
Loans and advances	119,519,979	111,305,595	1,195,200	1,113,056
Total	188,269,006	178,959,301	1,882,690	1,789,593
Financial liabilities				
Accrued interest on deposits	1,381,625	1,874,842	13,816	18,748
Client deposits	154,936,514	148,382,376	1,549,365	1,483,824
Total	156,318,139	150,257,218	1,563,181	1,502,572
Net Change			319,509	287,021

Diocese of Sandhurst Development Fund
Notes to and forming part of the financial statements for the year ended 30 June 2025

c) Liquidity Risk

Liquidity risk is the risk that the DDF may experience difficulties in raising funds to meet its financial commitment as and when they fall due. The DDF manages liquidity risk through compliance with its Liquidity Management and Investment policy. The objectives of this policy are as follows:

- maintain the ability to provide funds for lending requirements and to meet depositor withdrawal requests as they occur;
- comply with the minimum liquidity requirements;
- investments are managed in such a way to provide an optimum level of return whilst ensuring that the capital value of the investment is preserved; and
- market interest rates, the investment portfolio and bank balances are monitored daily.

The DDF manages liquidity risk by holding financial assets which can be readily converted into cash as when the need arises. The DDF monitors liquidity on a daily basis which incorporates forecasting cash outflows. This is supported by a minimum liquidity holding target ratio of 9% and a trigger level of 12% with a required course of action should there be a continued downward trend. The liquidity holding ratio as at 30 June 2025 was 22.3% (2023-24 15.9%).

The table below summaries the maturity profile of the DDF's financial assets and liabilities.

2024-25	WAIR	< 1 Month	1-3 Months	3 Months to 1 Year	1-5 years	> 5 Years	Total
		\$	\$	\$	\$	\$	\$
Financial Assets							
Cash and cash equivalents	3.99%	31,862,144	-	-	-	-	31,862,144
Investments	4.80%	15,500,000	-	21,386,883	-	-	36,886,883
Loans and advances	6.06%	366	19,834	275,566	14,687,250	104,536,963	119,519,979
Total		47,362,510	19,834	21,662,449	14,687,250	104,536,963	188,269,006
Financial Liabilities							
Deposits at call	1.81%	76,799,826	-	-	-	-	76,799,826
Deposits at term	4.74%	21,842,850	23,427,851	32,279,824	586,163	-	78,136,688
Total		98,642,676	23,427,851	32,279,824	586,163	-	154,936,514
2023-24	WAIR	< 1 Month	1-3 Months	3 Months to 1 Year	1-5 years	> 5 Years	Total
		\$	\$	\$	\$	\$	\$
Financial Assets							
Cash and cash equivalents	4.58%	21,405,623	-	-	-	-	21,405,623
Investments	5.23%	25,748,083	-	20,500,000	-	-	46,248,083
Loans and advances	6.40%	-	-	117,553	6,729,592	104,458,450	111,305,595
Total		47,153,706	-	20,617,553	6,729,592	104,458,450	178,959,301
Financial Liabilities							
Deposits at call	1.90%	82,121,720	-	-	-	-	82,121,720
Deposits at term	5.20%	14,121,215	9,476,348	42,488,181	174,912	-	66,260,656
Total		96,242,935	9,476,348	42,488,181	174,912	-	148,382,376

14. Capital Management

The DDF is required to maintain a level of capital to support the funds operations from unanticipated losses from its activities and continue as a going concern. Capital is managed with regard to the type, amount and concentration of risks to which the DDF is exposed to from its activities, having regard to any prospective, material changes in the DDF's risk profile or level of capital. The DDF is required to maintain at all times a minimum of total capital to risk-weighted assets of 10% (Capital Adequacy Ratio) with a trigger ratio of 12%. The DDF's Capital Adequacy Ratio is as follows:

	2024-25	2023-24
Tier 1 – Capital Adequacy Ratio	56.9%	42.7%

15. Commitments

	2024-25	2023-24
	\$	\$
Loans approved but not disbursed	8,742,766	16,065,684
	8,742,766	16,065,684

16. Related party transactions

- a) Advisory board and committee members
 The members of the DDF advisory board are appointed in a voluntary capacity and receive no fee for their services to the DDF.

- b) Key management personnel compensation
 The DDF does not employ any staff directly and is instead charged a service fee based on the reasonable costs for management and administration undertaken by employees of the Chancery Office of the Catholic Diocese of Sandhurst. The amount of the service fee for 2024-25 was \$217,440 (2023-24 \$203,204).

17. Auditor's remuneration

	2024-25	2023-24
	\$	\$
Audit and review of financial statements	15,240	14,648
	15,240	14,648

18. Events occurring after the reporting period

The monetary policy landscape in 2024-25 tilted towards a less restrictive posture with two rate reductions, the first in February and the second in May. The financial year can best be described as a tale of two halves, with the first half of the year characterised by a rise in (market) expectation for a reduction in the official cash rate (OCR) and the second half on delivery, though with a caveat due to geopolitical factors.

Unlike other major central banks, the Reserve Bank of Australia (RBA) had held-off from making any change to the OCR. Part of the reason has been the less aggressive path it has taken on monetary policy, thereby protecting gains achieved in the labour market. The other reason has been Inflation (and in particular underlying inflation). Inflation has steadily tracked lower having started the year at 3.8% and then fallen to 2.1% by year's end. In keeping the OCR steady during the first half of the year, the RBA was concerned with the level of demand in the economy (versus supply) which was contributing to higher cost of services. However, economic growth which had been supported by the tail winds of immigration (post COVID)

began to show signs of weakness, particularly from consumers constrained by cost of living pressures. This continued into the second half of the year with economic growth slowing to 1.3%. Employment conditions remained firm with the unemployment rate steady at 4.1%, though nudging slightly higher by June. Importantly, wage costs have moderated over the year which helped reduce upward pressure on inflation. This allowed the RBA to ease monetary policy conditions (in the second half of the year), however entering the frame was the global economic uncertainty created by US trade policy. The scale of the policy shift surprised the RBA with the likely effects of tariffs on the global economy (including Australia) dependent on their level, reaction from trading partners and impact to supply chains.

Looking ahead there are expectations of at least three further reductions to the OCR, though this will be subject to whether the RBA is convinced that the risks around inflation have been tamed and labour market conditions remain favourable, whilst assessing the outcomes of US trade policy on the local economy. The DDF's core operation is the provision of treasury services to Catholic schools and parishes. In consideration of these events, the DDF has not identified any related developments or other events which would require disclosure or an adjustment to the financial statements.


**DECLARATION OF ADVISORY BOARD OF
THE DIOCESE OF SANDHURST DEVELOPMENT FUND**

In the opinion of the members of the Advisory Board of the Diocese of Sandhurst Development Fund (DDF):

- (a) the DDF is not a reporting entity;
- (b) the special purpose financial statements and notes thereto, set out in pages 3 to 20 have been prepared in accordance with the basis of accounting described in notes 2 to 3 so as to present a true and fair view of the financial position of the DDF as at 30 June 2025 and its performance as represented by the results of its operations for the year ended on that date;
- (c) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Regulations 2022*; and
- (d) at the date of this statement, there are reasonable grounds to believe that the DDF will be able to pay its debts as and when they fall due.

Dated at Bendigo this 8th day of SEPTEMBER 2025

Signed in accordance with a resolution at a duly constituted meeting:



Bishop Shane Mackinlay DD
Chairman of the DDF



Mr Cameron Fraser
Secretary of the DDF

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF THE DIOCESE OF SANDHURST DEVELOPMENT FUND****REPORT ON THE AUDIT OF THE FINANCIAL REPORT****Opinion**

We have audited the financial report of Diocese of Sandhurst Development Fund (DDF), which comprises the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the Advisory Board's declaration.

In our opinion, the accompanying financial report of the DDF, 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 DDF's financial position as at 30 June 2025, and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 2 and 3, and Division 60 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 DDF in accordance with 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared as special purpose financial statements to assist the DDF to meet the needs of its members and for the purpose of fulfilling the DDF's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Advisory Board for the Financial Report

The Advisory Board of the DDF are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the ACNC Act. The Advisory Board's responsibility also includes such internal control as the Advisory Board determine is necessary to enable the preparation of a 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 Advisory Board are responsible for assessing the DDF's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Advisory Board either intend to liquidate the DDF or to cease operations, or have no realistic alternative but to do so.

The Advisory Board are responsible for overseeing the DDF's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Advisory Board.
- Conclude on the appropriateness of the Advisory Board'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 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 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 Advisory Board 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 Advisory Board of the DDF, would be in the same terms if given to the Advisory Board as at the time of this auditor's report.

RSD Audit

A handwritten signature in blue ink, appearing to read 'Kathie Teasdale'.

Kathie Teasdale

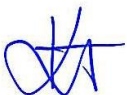
Dated: 30 September 2025

To the Advisory Board of the Diocese of Sandhurst Development Fund

Auditor's Independence Declaration

I declare that to the best of my knowledge and belief, during the year ended 30 June 2025 there has been no contraventions of any applicable code of professional conduct in relation to the audit.

RSD Audit

A handwritten signature in blue ink, appearing to read 'KAT', is positioned above the name Kathie Teasdale.

Kathie Teasdale

Partner

Dated: 30 September 2025