

Catholic Schools Office Diocese of Maitland-Newcastle

General Purpose Annual Report For the Year Ended 31 December 2025

Contents

Financial Report	Page
Operators' Report.....	3
Auditor's Independence Declaration.....	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements.....	11
Operators' Declaration.....	32
Independent Auditor's Report.....	33

Operators' Report
For the year ended 31 December 2025

The Operators present their report on the Catholic Schools Office Diocese of Maitland-Newcastle (CS) for the financial year ended 31 December 2025.

General information:

Trustees

The CS is an agency of the Trustees of the Roman Catholic Church (the Trustees) and a registered charity. The following persons were members of Trustees during the whole of the financial year and up to the date of this report:

- i. M Kennedy – Bishop of the Roman Catholic Church Diocese of Maitland-Newcastle
- ii. M Muller
- iii. G Barker
- iv. G Mackie – tenure ended 8 July 2025
- v. J Figurado
- vi. T Chirackal - end of tenure 8 January 2025
- vii. R Searle - end of tenure 8 January 2025
- viii. A Potts - appointed 8 January 2025
- ix. J Sebastian Victor - appointed 8 January 2025
- x. J Lunn – appointed 16 July 2025

Principal activities

The principal activities of the CS during the financial year were the provision of Catholic Education for students enrolled from Kindergarten through to Year 12. The CS operates 58 schools with student enrolments in excess of 20,000.

Objectives and Strategy

The CS's short term objective is to:

- Operate non-government systemic schools providing education. This education focuses on formation in faith, quality learning and student wellbeing.

The CS's long-term objectives are to:

- Continue providing education to students from Kindergarten through to Year 12 through continual improvements to the School's curriculum. The system has an ongoing focus on the growth and development of the catholic school system.
- Ensure the provision of quality contemporary educational facilities.

To achieve these objectives, the CS has adopted the following strategies:

- Continue to employ high quality teaching staff to implement the curriculum;
- Prioritise the learning agenda;
- Priority of formation in faith through the cohesive One Heart, One Soul program;
- Prepare a long-term strategic plan which is reviewed on a regular basis; and
- Develop a capital works plan for 15-20 years.

Operators' Report (continued)...
For the year ended 31 December 2025

The CS measures its own performance through a range of financial and non-financial benchmarks including analysis against the authorised yearly budget, forecast and 3-year strategic plan. The benchmarks are used by the Operators to assess the financial performance and sustainability of each school and whether the short-term and long-term objectives are being achieved.

Registered Office

841 Hunter Street, Newcastle West, NSW 2302.

Review of operations

The CS generated a net loss defined under the Australian accounting standards of \$17,363,641 in the current year (net loss in 2024: \$19,544,471).

During the current and previous reporting period the CS applied salary increases to school staff remuneration in excess of the indexation of State and Commonwealth grant funding leading to a net loss. The salary increases were applied in line with the rates approved by the New South Wales Department of Education for the New South Wales systemic schools.

The CS is committed to our ongoing transition of inner-city high schools to fully embrace teaching and learning from Stage 4 to Stage 6. This commenced in 2024 with the acceptance of Year 7 students to St Francis Xavier College (SFX). 2025 saw the addition of Year 8 at SFX and Year 11 to Trinity College Adamstown. 2026 will see the commencement of stage 6 for Year 11 students at San Clemente College Mayfield, Year 9 at SFX and Year 12 at Trinity. 2027 will finalise this transition with enrolment of students across Year 7 to 12 at all three schools. This transition does not have a material impact on the 2025 financial statements.

Likely developments and expected results

The CS will continue to pursue its activities as described above. The Operators are not planning any changes to the operations which would impact the results of the CS.

Solicitors

All legal matters were tended to by the CS in-house legal counsel and external solicitor Makinson d'Apice Lawyers.

Bankers

The current financial institution for the CS is the Commonwealth Bank of Australia details of which are listed below. The CS also currently invest with the Catholic Community Fund of Maitland-Newcastle located at 841 Hunter Street, Newcastle West, NSW, 2302.

Commonwealth Bank of Australia
Level 6, 24 Honeysuckle Drive, Newcastle, NSW, 2300.

Operators' Report (continued)...
For the year ended 31 December 2025

Auditors

The current external auditor for the CS is PriceWaterHouseCoopers Australia (PwC) details of which are listed below.

PwC
Level 3, 45 Watt Street, Newcastle NSW 2300.

PwC's independence declaration for the year ended 31 December 2025 has been received and can be found on page 6 of the financial statements.

The CS also engages John W Hopton Pty Limited (John Hopton) for other professional audit services performed during the reporting period. The details are listed below:

John W Hopton Pty Limited
53 King Street Newcastle, NSW 2300.

Details of the remuneration paid to the CS auditors during the reporting period can be found at Note 18 to the financial statements.

Significant changes in the state of affairs

On 24 February 2025, Sean Scanlon, the CEO of the Catholic Diocese of Maitland-Newcastle (Diocese) and Director of Schools for CS, departed from the Diocese.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the CS, the results of those operations or the state of affairs of the Diocese in future financial years.

Rounding

Amounts have been rounded off in the financial statements to the nearest dollar.



Auditor's Independence Declaration

As lead auditor of Catholic Schools Office Diocese of Maitland-Newcastle's financial report for the year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

VINCENZO DEDE'

Vincenzo Dede
Partner
PricewaterhouseCoopers

Newcastle
30 April 2026

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Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2025

	Note	2025 \$	2024 \$
Revenue from recurrent Government grants	2	385,539,497	369,516,774
Revenue from school and other fees	2	61,344,720	57,414,994
Capital income	2	37,592,385	27,832,540
Other income	2	14,928,136	16,998,471
Total income		499,404,738	471,762,779
Employee benefits expense	3	379,139,865	357,428,073
Operating expenses	3	36,442,302	37,246,715
Academic and extra-curricular expense	3	17,090,207	16,469,698
Depreciation and amortisation		15,219,030	14,091,195
Building and equipment maintenance	3	45,812,782	44,252,790
Finance costs		17,446,653	15,758,157
Bad & doubtful debts expense	3	1,530,942	2,177,238
Other expenses	3	4,086,598	3,883,384
Total expenses		516,768,379	491,307,250
Loss for the year		(17,363,641)	(19,544,471)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(17,363,641)	(19,544,471)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position
For the year ended 31 December 2025

	Note	2025 \$	2024 \$
ASSETS			
<i>CURRENT ASSETS</i>			
Cash and cash equivalents	4	190,395,683	215,772,802
Financial investments	5	23,000,000	20,000,000
Trade and other receivables	6	4,362,907	5,461,383
Grants receivable	7	30,635	52,173
Inventories	8	436,774	292,368
Other assets	9	7,866,691	6,247,947
Total current assets		<u>226,092,690</u>	<u>247,826,673</u>
<i>NON-CURRENT ASSETS</i>			
Property, plant and equipment	10	553,564,169	509,627,061
Right of use assets	12	14,006	43,791
Total non-current assets		<u>553,578,175</u>	<u>509,670,852</u>
TOTAL ASSETS		<u>779,670,865</u>	<u>757,497,525</u>
LIABILITIES			
<i>CURRENT LIABILITIES</i>			
Trade and other payables	11	29,390,842	29,257,525
Income in advance		2,430,187	1,903,992
Lease liability	12	15,994	34,229
Borrowings	13	27,796,241	24,150,546
Employee benefits	14	7,999,561	7,509,071
Provision for legal matters	16	3,717,571	3,092,350
Total current liabilities		<u>71,350,396</u>	<u>65,947,713</u>
<i>NON-CURRENT LIABILITIES</i>			
Lease liability	12	-	11,774
Borrowings	13	214,749,786	179,213,833
Employee benefits	14	59,981,889	61,371,770
Total non-current liabilities		<u>274,731,675</u>	<u>240,597,377</u>
TOTAL LIABILITIES		<u>346,082,071</u>	<u>306,545,090</u>
NET ASSETS		<u>433,588,794</u>	<u>450,952,435</u>
EQUITY			
Retained earnings		<u>433,588,794</u>	<u>450,952,435</u>
TOTAL EQUITY		<u>433,588,794</u>	<u>450,952,435</u>

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

Statement of Changes in Equity
For the year ended 31 December 2025

	Retained Earnings \$	Total \$
Balance at 1 January 2024	470,496,906	470,496,906
Loss for the year	(19,544,471)	(19,544,471)
Balance at 31 December 2024	450,952,435	450,952,435
Balance at 1 January 2025	450,952,435	450,952,435
Loss for the year	(17,363,641)	(17,363,641)
Balance at 31 December 2025	433,588,794	433,588,794

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

Statement of Cash Flows
For the year ended 31 December 2025

	2025 \$	2024 \$
Cash flows from operating activities		
Receipts from student fees and sale of goods	64,766,124	59,119,491
Receipts from recurrent grants	385,561,035	369,534,481
Receipts of building levy and capital grants	37,592,385	27,832,540
Payments to suppliers and employees	(482,003,448)	(452,084,931)
Interest paid	(17,446,653)	(15,758,157)
Net cash outflow from operating activities	(11,530,557)	(11,356,576)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	4,033,761	2,435,927
Interest received	9,479,464	11,625,432
Acquisition of property, plant and equipment	(63,511,425)	(53,006,671)
Movement in financial investments	(3,000,000)	-
Net cash outflow from investing activities	(52,998,200)	(38,945,312)
Cash flows from financing activities		
Payment of lease liabilities	(30,010)	-
Proceeds from borrowings	48,689,907	46,226,573
Repayment of borrowings	(9,508,259)	(4,686,893)
Net cash outflow from financing activities	39,151,638	41,539,680
Net decrease in cash and cash equivalents	(25,377,119)	(8,762,206)
Cash and cash equivalents at the beginning of the financial year	4 215,772,802	224,535,008
Cash and cash equivalents at the end of year	190,395,683	215,772,802

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
For the year ended 31 December 2025

Item Contents	Page
1. Summary of material accounting policies.....	12
2. Revenue and other income.....	13
3. Expenses.....	16
3. Expenses (continued).....	17
4. Cash and cash equivalents.....	17
4. Cash and cash equivalents (continued).....	18
5. Financial investments.....	18
6. Trade & other receivables (incl. expected credit losses).....	19
7. Grants receivable.....	20
8. Inventories.....	20
9. Other assets.....	20
10. Property, plant and equipment.....	21
11. Trade and other payables.....	24
12. Leases.....	24
12. Leases (continued).....	25
12. Leases (continued).....	26
13. Borrowings.....	26
13. Borrowings (continued).....	27
14. Employee benefits.....	27
14. Employee benefits (continued).....	28
15. Commitments.....	28
16. Provision for legal matters.....	28
16. Provision for legal matters (continued).....	29
17. Related party transactions.....	30
17. Related party transactions (continued).....	31
18. Auditor remuneration.....	31
19. Events after reporting period.....	31

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...**1. Summary of material accounting policies**

This note provides a list of the material accounting policies adopted in the presentation of these financial statements to the extent they have not already been disclosed in the other notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of accounting

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards Simplified Disclosure and Interpretations as issued by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The financial report complies with Australian Accounting Standards – Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB). The Entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The CS is registered as a not-for-profit charity with the Australian Charities and Not-for-profits Commission and is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*. The CS was established on 31 December 1967 and is domiciled in Australia.

The financial statements, except for the cash flow information, have been prepared on an accruals basis including expenses and are based on historical costs except where indicated. Comparative information is reclassified where appropriate to enhance comparability.

The financial statements incorporate the assets, liabilities and financial performance of the CS (being the school's system office), the Diocesan Schools Building Fund and the individual schools, together the Entity or the CS. Individually, this "entity" has been established (and operates under Canon Law) and although there is no parent and subsidiary relationships, these financial statements have been prepared reflecting the aggregation of these operations.

New, revised and amended standards adopted

The Entity has not adopted any new, revised or amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Any new or amended accounting standards or interpretations that are not yet mandatory have not been adopted early.

Presentation currency

These financial statements are presented in Australian dollars which is the Entity's functional currency.

Material accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates and may impact on future periods.

Estimate and underlying assumptions are reviewed on an ongoing basis. This review is based on historical experience and other factors such as, the expectation of future events that may have a financial impact on the CS and are believed to be reasonable under circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Material accounting judgements, estimates and assumptions are described within the notes below to the financial statements.

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

2. Revenue and other income	2025 \$	2024 \$
<i>i. Recurrent Government grant income</i>		
Commonwealth Government recurrent grants	305,026,403	291,284,510
State Government recurrent grants	80,032,847	77,758,736
State Government interest subsidies	116,393	185,904
Other Commonwealth Government recurrent grants	363,854	287,624
	<u>385,539,497</u>	<u>369,516,774</u>
<i>ii. Revenue from school and other fees</i>		
Revenue over time:		
School fees (recurrent)	31,062,062	28,611,340
Resource fees	18,186,019	16,953,992
Other fees and levies	358,185	312,938
Elective fee income	401,784	633,015
Competition	30,531	16,985
Overseas student fees	18,018	54,898
	<u>50,056,599</u>	<u>46,583,168</u>
Revenue at a point in time		
Excursions and trips income	4,829,967	4,776,983
Trading activity income	6,458,154	6,054,843
	<u>11,288,121</u>	<u>10,831,826</u>
Total revenue from school and other fees	<u>61,344,720</u>	<u>57,414,994</u>
<i>iii. Capital income</i>		
Capital grant - Commonwealth Government	-	2,480,512
Capital grant - State Government	13,233,595	3,531,115
Building fund levy	24,358,790	21,820,913
	<u>37,592,385</u>	<u>27,832,540</u>

Accounting Policy - Revenue recognition

Revenue from providing services is recognised in the accounting period in which the services are rendered. All revenue is stated net of goods and services tax (GST). The CS does not expect to have any contracts where the period between the transfer of the promised services to the customers exceeds one year. Consequently, the CS does not adjust any of the transaction prices for the time value of money.

Revenue is recognised based on the actual service provided. It is recognised as follows:

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

2. Revenue and other income (continued)

Accounting Policy - Revenue recognition

Recurrent grants

Government recurrent grant revenue is recognised at fair value where there is reasonable assurance that the grant will be received and that the CS will comply with all attached conditions.

Grants that are refundable should the specified services not be delivered, or specified conditions not be satisfied are initially recognised as a liability and revenue is recognised as the services are performed or the conditions satisfied over time.

Tuition and operational school fees

Income from tuition and other operational school fees including resource fees are recognised when the provision of educational services are rendered.

Excursion & trips income

Income from excursion & trips are recognised in the period in which they are provided.

Trading activity income

Income from the sale of student requisites is recognised at the time ownership of the resources is transferred to students. Income from canteen and uniform sales is recognised at the time the ownership of the goods is transferred to students.

Capital grants

Capital grants are recognised when the Commonwealth Block Grant Authority monies are received. Grant monies reflect contributions from the Commonwealth and State Governments for school buildings. There are no unfulfilled conditions or contingencies attaching to these grants.

Building levy

Levy income is recognised at the time the charge is raised to families and is capital private income. The levy is collected from families and used for capital building works within the school system.

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

2. Revenue and other income (continued)	2025 \$	2024 \$
iv. Other income		
Other private income:		
Enrolment & Application Fees	798,475	513,630
Bad Debts Recovered	23,281	22,391
Commissions	245,754	206,479
Donations & Fundraising	1,335,676	1,299,502
Interest received	9,479,464	11,625,432
Livestock & Farm Activity	176,871	165,711
Other Income	847,556	819,695
Other Non-Capital External Support	171,342	178,905
Workers Compensation reimbursements	812,368	1,053,439
Rental income	605,062	509,996
Gain on sale of assets	357,847	5,881
Insurance Claim	74,440	597,410
	<u>14,928,136</u>	<u>16,998,471</u>

Accounting Policy - Revenue recognition

Donations and fundraising income

Income from donations and fundraising are recognised at date of receipt due to their infrequent and irregular nature.

Interest income

Interest income is recognised on an accruals basis.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Rental income

Rental income is accounted for on a straight-line basis over term of the lease.

Notes to the Financial Statements

For the year ended 31 December 2025 (continued)...

3. Expenses	2025 \$	2024 \$
<i>i. Employee benefits expense</i>		
Salary and wages - teaching staff	239,070,077	224,733,803
Salary and wages - non-teaching staff	67,459,823	60,831,816
Superannuation	36,956,821	33,153,899
Leave expense	7,355,389	12,686,914
Other employee expenses	28,297,755	26,021,641
	<u>379,139,865</u>	<u>357,428,073</u>
<i>ii. Operating expenses</i>		
Auditor remuneration	306,324	298,662
Communication & Connectivity expenses	7,927,789	8,251,111
Consultancy	2,668,818	2,724,963
Donations & Fundraising expenses	328,485	516,157
Insurance	5,630,626	5,041,871
Levies	85,386	73,394
Motor Vehicle Expenses	145,520	183,716
Professional and legal expenses	4,153,466	4,673,204
Staff development expenses	1,275,602	1,072,238
Loss on sale of assets	709,159	99,817
Other operating expenses	13,211,127	14,311,582
	<u>36,442,302</u>	<u>37,246,715</u>
<i>iii. Academic and extra-curricular expenses</i>		
Classroom and teaching resources	6,245,692	6,019,797
Excursion expenses	8,339,533	8,101,810
Graduation expenses	825,650	719,171
Livestock & Farm Expenses	258,246	234,900
Sport expenses	1,421,086	1,394,021
	<u>17,090,207</u>	<u>16,469,698</u>
<i>iv. Building and equipment maintenance expenses</i>		
Low value plant & equipment	8,073,208	8,880,996
Rates and utilities	11,295,810	9,141,514
Rent expenses	545,243	594,798
Repairs and maintenance	25,898,521	25,635,482
	<u>45,812,782</u>	<u>44,252,790</u>
<i>v. Bad and doubtful debt expenses</i>	1,530,942	2,177,238
<i>vi. Other expenses</i>		
Trading activity expenses	4,086,598	3,883,384
	<u>4,086,598</u>	<u>3,883,384</u>

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

3. Expenses (continued)

Accounting Policy – Employee benefits expense

Salaries and wages

Liabilities for salaries and wages, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised on provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Superannuation

The CS pays contributions to publicly or privately administered defined benefit contribution superannuation plans on a mandatory, contractual or voluntary basis. The CS has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Accounting Policy – Other operating expenses

Other operating expenses are accounted for on an accrual basis recognising the financial effects of transactions or other events in the financial years in which they occur.

4. Cash and cash equivalents	2025 \$	2024 \$
Cash at bank	45,706,081	55,273,922
Short-term deposits	144,689,602	160,498,880
Total Cash and cash equivalents	190,395,683	215,772,802

The above figures reconcile to the amount of cash shown in the Statement of Cash flows at the end of the reporting period as follows:

Balances as per the Statement of Cash Flows	190,395,683	215,772,802
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Accounting Policy – Cash

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash, interest accrued on bank accounts, deposits at call and highly liquid investments which are subject to an insignificant risk of changes in value.

Cash has been segregated into separate accounts in order to reserve funds for a specific purpose. The below accounts are reported in the statement of financial position as being short-term deposits:

General Account - \$94,513,913 (2024: \$88,513,913)

The account is set at the approximate cost of three months' operating expenses incurred by the organisation in the prior year. The account is adjusted annually. The operator's intent is to hold isolated funds to address contingent liabilities and hedge against organisational risk which may arise due to unforeseen circumstances.

Notes to the Financial Statements

For the year ended 31 December 2025 (continued)...

4. Cash and cash equivalents (continued)

Employee Leave Entitlements Account - \$53,175,689 (2024: \$63,984,967)

Separation of cash deposits to cover the nominal value of long service leave commitments.

School System Accounts - \$Nil (2024: \$8,000,000)

Term deposit across the system of schools and CS for future expenditure on refreshment of existing schools and establishment of new schools for the purpose of business growth and infrastructure.

5. Financial investments

2025
\$

2024
\$

Financial investments

23,000,000

20,000,000

Accounting Policy – Financial investments

Financial investments comprise term deposit balances with more than three months' maturity from the date of investment. These term deposits are held by the system of schools for future expenditure on refreshment of existing schools.

Financial investments are initially recognised at fair value and subsequently measured at amortised cost.

Impairment of financial investments

The CS term deposits at amortised cost are considered to have low credit risks and the loss allowance recognised is limited to 12 months with no expected losses. The term deposits are considered to have low credit risk as they have minimal risk of default, and the issuer has a strong capacity to meet its contractual cashflow obligations in the near term.

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

6. Trade & other receivables (incl. expected credit losses)	2025 \$	2024 \$
Trade receivables	5,287,338	6,812,994
Less: provision for expected credit losses	<u>(3,185,310)</u>	<u>(4,319,978)</u>
	<u>2,102,028</u>	<u>2,493,016</u>
Other receivables	465,984	1,411,567
Net GST receivable	<u>1,794,895</u>	<u>1,556,800</u>
	<u>2,260,879</u>	<u>2,968,367</u>
Total	<u>4,362,907</u>	<u>5,461,383</u>
Provision for expected credit losses at beginning of year	4,319,978	5,523,295
Expected credit loss recognised in the year	1,530,942	2,177,238
Written off against receivables in the year	<u>(2,665,610)</u>	<u>(3,380,555)</u>
Provision for expected credit losses at end of year	<u>3,185,310</u>	<u>4,319,978</u>

Accounting Policy – Trade and other receivables

Student fees and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for expected credit losses (ECLs) and are due for settlement no more than 1 year from the date to which the fees relate. Other trade receivables are due for settlement no more than 30-days from the date of recognition subject to any agreed repayment arrangements.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written-off. A provision of expected credit loss is established when there is objective evidence that the CS will not be able to collect all amounts due according to the original terms of receivables and are recognised as bad debt expense in the statement of profit or loss and other comprehensive income. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income.

The CS applies the simplified approach to measuring expected credit losses. The CS assesses on a forward-looking basis the ECL associated with the trade receivables. The ECLs are calculated on a Socio-Economic profile by service area/cluster which is considered the most appropriate basis for setting education service areas. An allowance for ECLs is established when there has been a significant increase in credit risk associated with the customer or service area.

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

7. Grants receivable	2025 \$	2024 \$
Interest Subsidy receivable	30,635	52,173
Total grants receivable	<u>30,635</u>	<u>52,173</u>

8. Inventories	2025 \$	2024 \$
Inventories at cost	436,774	292,368

Amounts recognised in the statement of profit or loss and other comprehensive income

Uniform sales	(476,183)	(477,547)
Uniform purchases	651,668	518,994

Accounting Policy – Inventories

Inventories comprise goods for resale including student uniforms. These are stated at the lower of cost and net realisable value. Cost is calculated using the direct cost of the materials. Net realisable value is the estimated cost price in the ordinary course of business less the estimated costs necessary to make the sale.

9. Other assets	2025 \$	2024 \$
Prepayments	<u>7,866,691</u>	<u>6,247,947</u>
	<u>7,866,691</u>	<u>6,247,947</u>

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

10. Property, plant and equipment	2025 \$	2024 \$			
Freehold land					
At cost	49,966,667	49,935,648			
Buildings					
At cost	821,702,193	782,887,198			
Accumulated depreciation	(383,977,052)	(372,516,062)			
Written down value	437,725,141	410,371,136			
Construction in progress					
At cost	48,355,731	35,437,450			
Written down value	48,355,731	35,437,450			
Plant, equipment, fixtures and fittings					
At cost	36,163,733	30,075,512			
Accumulated depreciation	(18,647,103)	(16,192,686)			
Written down value	17,516,630	13,882,827			
Movements in carrying value					
	Land	Buildings	Construction in Progress	Plant, Equipment, Fixtures & Fittings	Total
Balance at the beginning of the year	49,935,648	410,371,136	35,437,450	13,882,826	509,627,060
Additions	940,177	-	59,184,213	3,387,035	63,511,425
Disposals	(939,809)	(737,701)	(2,641,388)	(66,172)	(4,385,070)
Transfers	30,651	39,933,123	(43,624,544)	3,660,770	-
Depreciation	-	(11,841,417)	-	(3,347,829)	(15,189,246)
Carrying amounts at the end of the year	49,966,667	437,725,141	48,355,731	17,516,630	553,564,169

Accounting Policy – Property, plant and equipment

Items of property, plant and equipment, including school land and buildings, are recognised to the extent that the Entity controls the asset and is expected to benefit economically in future periods from its use.

Each class of property, plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and impairment losses. Historical costs include expenditures that are directly attributable to the acquisition of items less any recoverable taxes.

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

10. Property, plant and equipment (continued)

Construction in progress

The carrying amount of the assets disclosed above include expenditure recognised in relation to property plant and equipment which is in the course of construction. For assets in the course of construction the amount of expenditure incurred at balance sheet date is recognised as property, plant and equipment in accordance with the accounting policy noted above pending the expectation of their availability for school educational purposes at a future date once construction is complete and their readiness for use.

Land and buildings

Land with a title registered to The Trustees of the Roman Catholic Church for the Diocese of Maitland-Newcastle is recognised by the CS in accordance with the accounting policy where it was acquired by the CS. Similarly, for buildings erected thereon for school educational purposes are recognised in accordance with this accounting policy.

The CS also holds school buildings located on land of the Diocese of Maitland-Newcastle or the respective parish of the diocese (other than school buildings located on the land recognised by the CS in this financial report as outlined above) with title registered to The Trustees of the Roman Catholic Church for the Diocese of Maitland-Newcastle.

These buildings are made available to the CS by the diocese or the respective parish for school educational purposes only and are not available for realisation by the CS but are available for school use. The recognition of these buildings acknowledges their control by, and the expected economic benefits to arise for, the CS as part its governance and administrative responsibilities for the Schools System as an agency of the Diocese of Maitland-Newcastle. Thus, this recognition is in the context of the CS acting on behalf of the diocese and the respective parish in operating these schools including for The Trustees of the Roman Catholic Church for the Diocese of Maitland-Newcastle as their proprietor.

Accordingly, the recoverable amount of these buildings arises from their continued use over their expected useful life in the operation of each respective school rather than from any process of realisation in any form. Therefore, if a school was to cease operation for any reason, the recoverable amount of the respective buildings may be or may not be reduced to \$nil.

Depreciation

The depreciable amount of all items of property, plant and equipment is depreciated on a straight-line basis over the asset's expected useful life to the Entity commencing at the time the asset is held ready for use.

Asset class	Depreciation
Buildings	2% - 5%
Furniture and equipment	10% - 20%
Computer hardware	25% - 40%
Motor vehicles	7% - 13%
Leasehold improvements	2% - 10%

Plant, equipment, fixtures and fittings consist of furniture, equipment, computer hardware, motor vehicles and leasehold improvements.

The residual values and useful lives of all depreciable items of property, plant and equipment are reviewed annually and adjustments made if necessary.

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

10. Property, plant and equipment (continued)

An assessment of the recoverable amount of all items of property, plant and equipment is made annually and if the recoverable amount is considered less than the carrying value the asset is immediately written down to its recoverable amount.

Impairment of non-financial assets

At each reporting date, the Operators assess whether there is an indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. For the purpose of determining the recoverable amount, fair value is measured as the asset's depreciated replacement cost. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in the statement of profit or loss and other comprehensive income.

Material accounting judgements, estimates and assumptions – Estimated useful life of assets

The useful life of each item of property, plant and equipment, determined for the purpose of calculating the annual depreciation charge, is estimated by the CS based on initial recognition of the asset. These are reviewed annually, and adjustment made for any material changes occurring that might impact on the useful life initially estimated. Additionally, where events have occurred that result in a major deterioration in the useful life of an asset or the asset not being capable of any future use for any reason an appropriate impairment charge is recognised.

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

11. Trade and other payables	2025 \$	2024 \$
Current		
Trade payables	5,278,923	7,095,324
Accrued expenses	11,241,326	7,899,193
Accrued wages	12,666,786	14,112,702
GST payable account	151,496	19,474
Other payables	52,311	130,832
	<u>29,390,842</u>	<u>29,257,525</u>

Accounting Policy – Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the CS during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are unsecured.

GST

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 in the statement of financial position are shown exclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

12. Leases	2025 \$	2024 \$
Amounts recognised in the Statement of Financial Position		
Right of use assets		
Motor vehicles	14,006	43,791
Lease liabilities		
Current	15,994	34,229
Non-Current	-	11,774
	<u>15,994</u>	<u>46,003</u>

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

12. Leases (continued)

2025 **2024**
\$ **\$**

Future lease payments in relation to lease liabilities as at period end are as follows:

Within one year	15,994	31,768
Later than one year but not later than five years	-	14,235
Later than five years	-	-

Additions to the right-of-use assets during the 2025 financial year were \$nil (2024: \$nil).

Amounts recognised in the statement of profit or loss and other comprehensive income

Depreciation	29,784	30,771
Interest expense	6,867	4,771

Accounting Policy – Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the agency under residual value guarantees;
- the exercise price of a purchase option if the Diocese is reasonably certain to exercise that option, and;
- payments of penalties for terminating the lease, if the lease term reflects the agency exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the agency, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The CS is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

12. Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the CS is reasonably certain to exercise a purchase option, the right of-use asset is depreciated over the underlying asset's useful life.

13. Borrowings

2025
\$

2024
\$

Opening Balance	203,364,379	161,824,699
Interest charged on bank loans - capital purposes	17,439,786	15,753,386
Interest repayments on bank loans - capital purposes	(17,439,786)	(15,753,386)
Principal repayments on bank loans - capital purposes	(9,508,259)	(4,686,893)
Drawings on bank loans - capital purposes	48,689,907	46,226,573
Closing balance	<u>242,546,027</u>	<u>203,364,379</u>
 Borrowings Capital - Current	 27,796,241	 24,150,546
Borrowings Capital - Non-Current	<u>214,749,786</u>	<u>179,213,833</u>
	<u>242,546,027</u>	<u>203,364,379</u>

The loan portfolio of the CS consists of loans with monthly repayment of interest and principal over terms of 1 to 20 years. Interest is charged monthly based on a variable rate as communicated by the Catholic Community Fund. There are no restrictions or covenants on the loans or the loan portfolio. All borrowings are related to capital expenditure for the development of school-related facilities.

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

13. Borrowings (continued)

Accounting Policy – Borrowings

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Otherwise, borrowing costs are expensed.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are derecognised when the obligation relating to the borrowing is transferred, cancelled, discharged or expired. They are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. The CS classified interest and principal amounts payable in the next 12 months as current liabilities.

14. Employee benefits

2025
\$

2024
\$

Current

Annual Leave payable	580,880	544,933
Provision for Long Service Leave	<u>7,418,681</u>	<u>6,964,138</u>
	<u>7,999,561</u>	<u>7,509,071</u>

Non-current

Provision for Long Service Leave Non-Current	59,981,889	61,371,770
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Annual Leave

The current portion of this liability includes all the accrued annual leave. The entire amounts of \$580,880 (2024: \$544,933) are presented as current, since the CS does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience the CS does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

14. Employee benefits (continued)

Accounting Policy – Employee benefits

Provision is made for the CS's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits not expected to be wholly settled within twelve months have been measured at the present value of the estimated future cash outflows to be made in respect of those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those estimated cash outflows are discounted using market yields on Milliman Group of 100 bonds with terms to maturity that match the expected timing of cash flows.

Material accounting judgements, estimates and assumptions – Provision for employee benefits

Provisions for employee benefits after 12 months from reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as described in Note 14. The amounts of these provisions would change should any of these factors change in the next 12 months.

15. Commitments

2025
\$

2024
\$

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Property, plant and equipment

Property, plant and equipment – within 1 year	50,778,275	32,166,084
Property, plant and equipment – greater than 1 year	-	-
	<u>50,778,275</u>	<u>32,166,084</u>

16. Provision for legal matters

The CS from time to time receives complaints and claims for alleged incidents that have caused physical, mental, and emotional injury to claimants. These are classified as special issues.

Upon notification of the special issues, the CS undertakes a rigorous process to investigate the claims and complaints including seeking appropriate legal advice and may in situations provide financial payments to claimants.

In line with Australian Accounting Standards (*AASB 137 Provisions, contingent liabilities, and contingent assets*), the CS has provided for the full estimated financial payments, including claims in relation to incidents that have been likely incurred but not yet reported.

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

16. Provision for legal matters (continued)

2025
\$

2024
\$

Following a recommendation by the Royal Commission into institutional Child Sexual Abuse, the Australian Government established a Commonwealth Redress Scheme which commenced on 1 July 2018. CS formally joined the scheme in December 2018.

As of 31 December 2025, a provision of \$3,717,571 (2024: \$3,092,350) has been recognised for a best estimate of future settlement obligations, for known claims. There may be future claims made for past events, but no reliable estimate can be made in relation to these.

Amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income

Special Issues and Redress Scheme	2,088,470	1,353,389
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Movement in Special Issues and Redress Scheme

Provision at the beginning of the year	3,092,350	4,182,620
Provision recognised during the year	2,088,470	1,353,389
Provisions reversed during the year	-	-
Amounts paid	(1,463,249)	(2,443,659)
Provision as at the end of the year	<u>3,717,571</u>	<u>3,092,350</u>

Accounting Policy – Provisions

Provisions are recognised when the CS has a present, legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Material accounting judgements, estimates and assumptions – Provisions and contingent liabilities

The CS has estimated the legal matters (claims against the diocese) provision using past costs and legal review as a basis for measuring expected outflows. Until individual claims are settled, the estimation of cost is inherently uncertain.

Notes to the Financial Statements
For the year ended 31 December 2025 (continued)...

17. Related party transactions

2025
\$

2024
\$

All transactions with related parties were made on normal terms and conditions at arm's length.

Services provided to related parties during the year are based on terms that would be available to third parties.

(a) Key management personnel remuneration

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the CS, directly or indirectly, is considered key management personnel (KMP). Where KMP are paid by other related parties, an allocation of their remuneration has also been disclosed. The totals of the remuneration paid to KMP of the CS during the year are as follows:

Total compensation paid or payable	990,150	1,170,942
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(b) Transactions with other related parties

Any non-education based Catholic organisation or any religious groups or their agencies that are affiliated with the Diocese or CS are a related party. The following transactions occurred with related parties:

Sales and purchases of services

Provision of services to related parties	769,928	1,092,483
Purchase of services from related parties	44,532,993	45,486,511

(c) Outstanding balances arising from sales/purchases of goods and services.

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Current payables (purchases of goods and services)	28,910	450,453
Current receivables (sale of goods and services)	387	741

(d) Loans from related parties:

The CS borrows funds from a related party being the Catholic Community Fund Diocese of Maitland-Newcastle.

Refer to Note 13 for the details of terms and conditions on loans from a related party.

(e) Interest received on investments

Interest received on investments	9,046,816	10,985,746
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All transactions with related parties were made on normal terms and conditions at market rates.

Notes to the Financial Statements

For the year ended 31 December 2025 (continued)...

17. Related party transactions (continued)

Services provided to related parties during the year are based on terms that would be available to third parties.

Outstanding payables are unsecured and are repayable in cash.

18. Auditor remuneration

2025
\$

2024
\$

The following fees were paid or payable during the reporting period for the services provided by the auditors of the CS.

PWC

Audit of financial statements	288,768	277,662
Other professional services provided	7,056	16,800
	<u>295,824</u>	<u>294,462</u>

John Hopton

Other professional services provided	10,500	4,200
	<u>10,500</u>	<u>4,200</u>

Total auditor remuneration

<u>306,324</u>	<u>298,662</u>
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19. Events after reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the CS, the results of those operations or the state of affairs of the CS in future financial years.

Operators' Declaration

The Operators of the Entity declare that, in their opinion:

- a) There are reasonable grounds to believe the Entity is able to pay all of its debts, as and when they become due and payable; and,
- b) The attached Financial Statements and notes thereto satisfy the requirements of the *Australian Charities and Not-For-Profits Commission Act 2012*, including:
 - giving a true and fair view of the financial position and performance of the registered entity; and
 - complying with Australian Accounting Standards – Simplified Disclosures.

Signed in accordance with a resolution of the operator's pursuant to Regulation 60.15 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Dated at Newcastle this 30 of April 2026.



Michelle Lawson,
Chief Financial Officer and Diocesan Financial Administrator,
Catholic Diocese of Maitland – Newcastle.



Very Rev Matthew Muller,
Moderator of the Curia, Chancellor, Canonical Advisor and Trustee
Catholic Diocese of Maitland – Newcastle.



Independent auditor's report

To the Trustee of the Roman Catholic Church Diocese of Maitland-Newcastle of Catholic Schools Office
Diocese of Maitland-Newcastle

Our opinion

In our opinion:

The accompanying financial report of Catholic Schools Office Diocese of Maitland-Newcastle (the Entity) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- a) giving a true and fair view of the Entity's financial position as at 31 December 2025 and of its financial performance for the year then ended;
- a) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

What we have audited

The financial report comprises:

- the statement of financial position as at 31 December 2025;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the notes to the financial statements, including material accounting policy information and other explanatory information;
- the Operators' Declaration.

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

Independence

We are independent of the in accordance with the ethical requirements of the Accounting Professional & 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.

Other information

The Operators are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2025 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Operators for the financial report

The Operators are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the Operators determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Operators are responsible for assessing the ability of the to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the



Operators either intend to liquidate the or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers

VINCENZO DEDE'

Vincenzo Dede
Partner

Newcastle
30 April 2026