Mercy Community Services North Queensland Limited

ABN 80 154 512 026

Annual Report - 30 June 2026

Mercy Community Services North Queensland Limited
Directors' report
30 June 2026

The Directors present their report, together with the financial statements of Mercy Community Services North Queensland Limited (the "Company"), for the financial year ended 30 June 2026.

Directors
The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Names

Jeffrey Carlos (Deputy Chair)	
Dr Steven Hambleton AM	
Michael Keir	
Patrick O'Sullivan	
Suzanne Greenwood	
Esmeralda Strydom	(Appointed: 1 February 2026)
Dr John McVeigh (Chair)	(Appointed: 24 September 2026)
Sr Mary Lowcock	(Term ended: 31 December 2025)
Dr Christine Foley	(Term ended: 11 September 2026)
Rowena McNally (Chair)	(Term ended: 23 September 2026)

Director information

Name: **Jeffrey Carlos**
Title: *Deputy Chair - appointed 24 February 2021*
Qualifications: **BBus, FCA, FCPA, MAICD**
Experience: Jeff joined the Board as Deputy Chair on 24 February 2021. He is also chair of the Finance, Audit and Risk Management Committee.

Jeff has over 40 years' experience as a Chartered Accountant and has 20 years' experience as board director and chair. He has worked in public practice consulting to corporate and family groups in the areas of Audit, Taxation, Superannuation and Business Planning.

Directorships held include both profit and non-for-profit companies including mission-based organisations. Currently Jeff also sits on the finance council for The Roman Catholic Trust Corporation for The Diocese of Rockhampton, the body of governance for Central Queensland Catholic Education schools and colleges, Catholicare, Diocesan Development Fund and the Diocese and Parishes. Jeff is also a member of the Queensland Bishops Provincial Salary Remuneration Committee.

Jeff has previously been a Registered Company Auditor and Superannuation Fund Auditor and has an extensive experience on finance, audit and risk committees as well as interacting with many such committees in the capacity of external auditor.

Name: **Dr Steven Hambleton AM**
Title: *Non-Executive Director - appointed 24 June 2020*
Qualifications: **MBBS, FAMA, FRACGP(hon), FAICD**
Experience: Dr Steven Hambleton is a General Practitioner in Brisbane. He is a former State and Federal President of the Australian Medical Association and is a Specialist Advisor to the Australian Digital Health Agency. He also serves on the boards of Avant Mutual Group Limited as Chair and the Digital Health CRC. He is a former President of the AMA Queensland Foundation and served as an independent director of the Queensland Aboriginal and Islander Health Council for two years. He is Chair of the Service Delivery and Quality Committee.

Name: **Michael Keir**
Title: *Non-Executive Director - appointed 1 October 2016*
Qualifications: **LLB (hons), BCom- Law, Commerce**
Experience: With over 25 years experience, Michael Keir (Keir Steele Waldon Lawyers) practices law primarily in the areas of rural, commercial, corporate, mergers and acquisitions, health industry and property development.

Advising agribusiness operators, local governments, government owned corporations, corporate and family businesses across a range of industries requires an appreciation of the commercial reality involved in each particular transaction, which Michael's business sense allows him.

He has quality experience in the beef, cane, aquaculture, aviation, energy, solar, marine, mining, quarry, health, probity, property and construction industries and sits on several private advisory boards in that regard.

Name: **Patrick O'Sullivan**
Title: *Non-Executive Director - appointed 11 November 2020*
Qualifications: **BCOM, ACA**
Experience: Patrick O'Sullivan is the Corporate Services Executive at Brisbane Catholic Education, a position he has held since March 2020. Patrick is a seasoned senior executive with a strong background in financial services, asset and infrastructure services, procurement services and governance. As the Corporate Services Executive, Patrick is responsible for the people and culture, asset and infrastructure, financial services and office services functions.

Previously, Patrick worked with St Vincent's Health Australia in the roles of Executive General Manager, Corporate Services and Chief Financial Officer for St Vincent's Care Services (the aged care arm of St Vincent's Health Australia). In this role he stewarded significant transformative changes to the delivery of consumer-based aged care, focusing on streamlining service delivery, strengthening governance and maintaining a culture of continuous improvement.

He has been instrumental in establishing new models and frameworks for the provision of health and aged care support services embedded in a culture of excellence and integrity.

Patrick holds a Bachelor of Commerce from University of Queensland and is a member of the Chartered Accountants Australia and New Zealand.

He has been a significant contributor to several Archdiocesan Committees in Brisbane, including CentaCare. He has also previously held a number of governance roles including Councillor on the Mercy Partners Council and a Director of St Michael's College Ltd.

Name: **Suzanne Greenwood**
Title: *Non-Executive Director - appointed 1 July 2024*
Qualifications: **EMBA, LLM, LLB, FIML, FAICD, MCHSM, MICDA**
Experience: Suzanne is a highly experienced board director, chairperson and CEO. With Masters level qualifications in Law (UQ) and Business (QUT), Suzanne's experience as a Catholic professional includes roles as General Counsel for the St Vincent de Paul Society Queensland, as Corporate Counsel for St Vincent's Health Australia in Queensland and as a Director of the Good Sams Foundation. She was a Director of the Board of the Archdiocesan Development Fund, Chaired the Women's Resource Advisory Commission and was a member of the Archbishop's Women's Taskforce all for the Archdiocese of Brisbane before relocating to Canberra to take on the role of National Chief Executive for Catholic Health Australia for 5 years.

Whilst at Catholic Health Australia, Suzanne was an Australian representative to the International Confederation of Catholic Health Care Institutes (Vatican), an Ex Officio member of the Bishops Commission for Social Justice of the Australian Catholic Bishops Conference and a member of the Australian Catholic Housing Alliance and the Catholic Alliance for International Development. She is currently a member of the Australian Chapter of Centesimus Annus Pro Pontifice Fondazione (a Pontifical foundation).

Suzanne is the Chief Executive Officer of Families Australia, a Director of Innov8 HQ Pty Ltd, and a Board Director and Company Secretary of Grand Pacific Health Limited. Previously she was Executive Director of The Pharmacy Guild of Australia.

She is a fierce advocate for improved health, wellness and social outcomes for all Australians and was named Australia's Healthcare, Pharmaceutical and Biotech Lawyer of the Year in 2017. Suzanne is a graduate of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Managers and Leaders.

Suzanne joined the Board on 1 July 2024 and is also the chair of the People, Mission & Culture Committee.

Name: **Esmeralda Strydom**
Title: *Non-Executive Director - appointed 1 February 2026*
Qualifications: **BComm (UNISA), MHealth Care (LUC), MBA (USQ), D.HCML (LUC), FAHRI, GAICD GCert MigLaw.**
Experience: Dr Esme Strydom is an experienced people, culture and governance leader with more than 25 years' senior leadership experience across the health and education sectors. She currently serves as Executive Director, People & Culture, where she leads enterprise-wide strategy spanning workforce capability, culture, leadership, governance, wellbeing, industrial relations and organisational development.

Esme brings a strong alignment to mission-driven and community-centred organisations, underpinned by her academic background, which includes a Doctorate in Healthcare Mission Leadership and a Master of Business Administration. Her qualifications reflect a deep commitment to ethical leadership, stewardship, and values-based decision-making in complex human-centred systems.

A Fellow of the Australian HR Institute and a Graduate of the Australian Institute of Company Directors, Esme combines contemporary governance expertise with practical executive experience. She is recognised for her ability to foster psychologically safe, inclusive and high-performing cultures while ensuring compliance, risk management and long-term organisational sustainability.

Esme's contribution at board level is informed by her strong strategic insight, her understanding of workforce and system risk, and her passion for ensuring that people, dignity and purpose remain at the heart of organisational success. She brings a thoughtful, collaborative and mission-aligned perspective to her role as a Director of Mercy Community, supporting the organisation to deliver meaningful outcomes for the communities it serves.

Name:	**Dr John McVeigh**
Title:	*Chair - appointed 24 September 2026*
Qualifications:	B. Bus (Marketing and Economics), DDIAE; MBA, Bond University; PhD (Agribusiness Management), UQ.
Experience and expertise:	John is an experienced Non-Executive Director and Chair with over 30 years governance and executive experience spanning agribusiness, manufacturing, regional development, environment, government, energy and education. John is the Chancellor of the University of Southern Queensland (with campuses at Toowoomba, Ipswich and Springfield), Chair of R.L. Windsor & Son Pty Ltd (Clontarf), and Chair of the Toowoomba Diocese Catholic Schools Council. He was previously Executive Director and Professor of the Institute for Resilient Regions (UniSQ) and a Director of Toowoomba Surat Basin Enterprise. During his public career John worked across the three levels of Government as the Federal Member for Groom and Federal Cabinet Minister for Regional Development, Territories & Local Government; State Member for Toowoomba South, Queensland Minister for Agriculture, Fisheries and Forestry, Queensland Shadow Minister for Science, Information Technology and Innovation; and Councillor, Toowoomba Regional Council. John's earlier career was in sales and management roles with Australian and International agribusiness and agriculture organisations, followed by 15 years operating an Agribusiness Management Consulting firm.
Name:	**Sr. Mary Lowcock**
Title:	*Non-Executive Director - appointed 24 February 2021, term ended 31 December 2025*
Qualifications:	**Diploma of Teaching, BA, MTh, MBA**
Experience:	Mary Lowcock is a Sister of Mercy of the Institute of the Sisters of Mercy of Australia and Papua New Guinea (ISMAPNG) and has a broad range of experience in various sectors within the Catholic Church. Her early years in ministry were in teaching and administration in a number of Catholic schools in the Diocese of Townsville but in the 1990's she accepted other ministries within the Church. Mary was a member of the Leadership Team of the Congregation of the Sisters of Mercy Townsville, the Executive Officer of Pastoral Planning in the Diocese of Townsville, the Director of Catholic Mission in the Archdiocese of Brisbane and the Executive Officer of Catholic Religious Australia, Queensland. In these positions, throughout her life, Mary was a member of many committees and boards. In recent years, Mary retired from active ministry and has been enjoying more rest and relaxation, pursuing hobbies such as cooking. Mary lives in Townsville and is a member of the Mary MacKillop Parish, Mundingburra.

Name: **Dr Christine Foley**
Title: *Non-Executive Director - appointed 1 February 2022, term ended 11 September 2026*
Qualifications: **Doctor of Philosophy (Nursing); Masters in Health Management; Bachelor of Nursing; Graduate Diploma in Landscape Architecture; General Nursing Certificate; Post Basic Certificate in Nephrology, Dialysis and Transplantation**
Experience: Christine (Chris) has worked in the healthcare industry since 1985. She is a hospital trained Registered nurse and holds an undergraduate degree in nursing and a range of post graduate qualifications in management, built environment and a Doctor of Philosophy. Chris is currently appointed as the Director of Clinical Governance, Mater.

Chris's career has seen her work across all sectors of health from public to private, metropolitan and regional, community services and aged care. She has held state and national Executive roles with a strong focus on Clinical Governance, quality and risk management, clinical care, consumer partnerships, clinical deterioration and effective communication.

Chris has previously been appointed as a Member of the Queensland Board of the Australian Medical Board and a Member of the Board for Wesley Medical Research. She has developed a strong interest in translational research in health and aged care and completed research at doctoral level on the relationship nurses have with policy in their everyday work.

Chris has a deep connection with the philosophy of servant leadership and has a proven track record in public sector and catholic health and aged care governance in developing and sustaining a strong and positive workplace culture where respect, transparency and quality of service thrive.

Name: **Rowena McNally**
Title: *Chair - appointed 24 June 2020, term ended 23 September 2026*
Qualifications: **LLB, FAICD, FAIML, FRI, DUniv (honorisCausa) (ACU)**
Experience: Rowena is a former corporate lawyer with extensive governance, risk management and board experience, including in the Catholic and not for profit sector. She has served on a number of national and regional boards across a broad range of areas including hospital, health and aged care services, disability, water and energy infrastructure and professional membership organisations. In addition to serving as the Chair of Mercy Community Services SEQ Ltd, Mercy Community Services NQ Ltd, and Mercy Health and Aged Care CQ Ltd, Rowena is also the Chair of the Queensland Energy and Water Ombudsman's Advisory Council, the Chapter Coordinator of the Centesimus Annus Pro Pontiface Foundation and is a board member of the St John Henry Newman College in Brisbane. Ms McNally has formerly served on the Boards of the Archdiocesan Development Fund, Catholic Health Australia, Cherish Life, Mary Aikenhead Ministries, Mercy Ministry Companions, the Lasallian Mission Counsil; St Vincent's Health & Aged Care (Qld), Cerebral Palsy Australia, Mary Aikenhead Education and as a Director of Professional Standards for the Church in Queensland.

Rowena holds a Bachelor of Law and is a Fellow of the Australian Institute for Company Directors, a Fellow of the Australian Institute of Managers and Leaders and a Fellow of the Resolution Institute. She also facilitates modules of the AICD's governance course including in relation to directors' duties and cyber.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2026, and the number of meetings attended by each Director were:

	Full meetings of Directors		Finance, Audit and Risk Management Committee (FARM)		Service Delivery and Quality Committee		People, Mission and Culture Committee*	
	A	B	A	B	A	B	A	B
Jeffrey Carlos	7	7	7	7	0	0	1**	0
Dr Steven Hambleton AM	7	7	3**	0	4	4	0	0
Michael Keir	7	7	7	7	0	0	0	0
Patrick O'Sullivan	7	7	7	7	0	0	2	4
Suzanne Greenwood	7	7	2**	0	1**	0	4	4
Esmeralda Strydom	1	2	2**	0	1**	0	2**	0
Sr Mary Lowcock	3	7	2**	0	0	0	2	4
Dr Christine Foley	7	7	2**	0	4	4	1**	0
Rowena McNally	7	7	6	7	2	4	4	4

**People, Culture and Safety Committee (PCAS) was renamed People, Mission and Culture Committee (PMAC) in November 2025.*

**Please note these Directors are not members of the Committee and not obligated to attend all the meetings.

A Number of meetings attended; and
B Number of meetings held during the time the Director held office or was eligible to attend or was a member of the committee during the year.

The AGM was held on 26 November 2025.

Company secretary

Melanie Jones was appointed as Company Secretary on 14 November 2022 and completed her term on 18 April 2026. Tara Hastings was appointed as Company Secretary on 20 April 2026.

Corporate information

Mercy Community Services North Queensland Limited is a company limited by guarantee, registered as a charity with the Australian Charities and Not-for-profits Commission (ACNC). Mercy Community Services North Queensland Limited does not issue shares to its members and under its constitution it does not have the capacity to issue dividends to its members. Any surplus on winding up will be distributed to an organisation which has similar objectives as dictated by the Constitution.

Mercy Community Services North Queensland Limited is a Public Benevolent Institution endorsed to access Goods and Service Tax (GST) and Fringe Benefit Tax (FBT) concessions and is income tax exempt. It is also endorsed as a Deductible Gift Recipient (DGR).

Objectives

Mercy Community Services North Queensland Limited is a catholic ministry continuing God's mission of mercy compassionately inspiring and supporting people to live hopeful, connected lives within inclusive communities.

Strategy for achieving the objectives

The Company is largely funded by the government and plans to enhance relationships to support increased service provision in its portfolio areas. A key focus continues to be measuring and delivering outcomes for the people supported by Mercy Community Services North Queensland Limited and targeting funding and expansion on those areas that provide the best outcomes for people.

Principal activities

During the financial year the principal continuing activities of the Company were the provision of residential and community aged care services.

No significant changes in the nature of these activities occurred during the financial year.

Mercy Community Services North Queensland Limited
Directors' report
30 June 2026

Review of operations
The surplus for the Company amounted to $2,353,238 (30 June 2025: $1,508,576).

Performance measures
The Company measures its performance by meeting the objectives established in the annual budget. In addition, the Company measures its performance in terms of outputs and outcomes specified by the government.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Company during the year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Environmental regulation
The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Indemnity and insurance of officers
The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

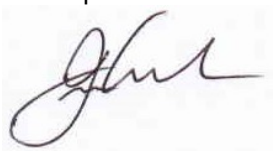
During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against liabilities. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the Company
No person has applied to the Court for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Contributions on winding up
In the event of the Company being wound up, the sole ordinary member is required to contribute a maximum of $10.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-profit Commission (ACNC) Act 2012* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors



Jeffrey Carlos
Deputy Chair

28 October 2026

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Auditor's Independence Declaration

To the Directors of Mercy Community Services North Queensland Limited

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Mercy Community Services North Queensland Limited for the year ended 30 June 2026, 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.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C D Philp - Audit & Assurance

Brisbane, 28 October 2026

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Mercy Community Services North Queensland Limited
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General information

The financial statements cover Mercy Community Services North Queensland Limited as an individual entity. The financial statements are presented in Australian dollars, which is Mercy Community Services North Queensland Limited's functional and presentation currency.

Mercy Community Services North Queensland Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office

McAuley Building,
131 Queens Road,
Nudgee, QLD 4014.

Principal place of business

Villa McAuley Retirement Village,
Acacia Street,
Mundingburra, QLD 4812.

Loreto Residential Aged Care,
20-24, Fullham Road,
Pimlico, QLD 4812.

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 October 2026. The Directors have the power to amend and reissue the financial statements.

Mercy Community Services North Queensland Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	2026 $	2025 $
Revenue from contracts with customers	4	5,799,349	5,507,739
Other income	5	6,549,357	4,842,786
Net fair value movement in financial assets held at fair value through profit or loss		496,215	365,758
Expenses			
Finance costs	6	(632,176)	(563,034)
Client service expenses and consumables		(960,246)	(444,390)
Retirement living expenses for resident share of capital gain		(1,380,000)	(387,000)
Employee benefits expense	6	(4,858,341)	(4,393,019)
Insurance expenses		(162,515)	(180,875)
Depreciation expense	6	(307,142)	(274,847)
IT and communication expenses		(14,228)	(18,726)
Motor vehicle expenses		(17,178)	(10,810)
Utilities and property expenses		(813,204)	(1,178,648)
Administration expenses		(1,346,653)	(1,756,358)
Surplus for the year attributable to the owners of Mercy Community Services North Queensland Limited		2,353,238	1,508,576
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net fair value movement in financial assets held at fair value through other comprehensive income		-	368,279
Other comprehensive income for the year		-	368,279
Total comprehensive income for the year attributable to the owners of Mercy Community Services North Queensland Limited		2,353,238	1,876,855

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

Mercy Community Services North Queensland Limited
Statement of financial position
As at 30 June 2026

	Note	2026 $	2025 $
Assets			
Current assets			
Cash and cash equivalents	7	25,213,129	10,503,050
Trade and other receivables	8	266,211	259,055
Total current assets		25,479,340	10,762,105
Non-current assets			
Financial assets	9	-	12,270,052
Property, plant and equipment	10	9,917,470	10,013,789
Investment properties	11	28,054,684	25,116,526
Total non-current assets		37,972,154	47,400,367
Total assets		63,451,494	58,162,472
Liabilities			
Current liabilities			
Trade and other payables	12	18,426,375	17,200,681
Employee benefits	13	497,630	517,628
Refundable accommodation deposits (RAD)	14	8,861,178	7,103,384
Total current liabilities		27,785,183	24,821,693
Non-current liabilities			
Employee benefits	13	25,501	53,207
Total non-current liabilities		25,501	53,207
Total liabilities		27,810,684	24,874,900
Net assets		35,640,810	33,287,572
Equity			
Financial asset reserve	15	-	1,767,724
Retained profits		35,640,810	31,519,848
Total equity		35,640,810	33,287,572

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

Mercy Community Services North Queensland Limited
Statement of changes in equity
For the year ended 30 June 2026

	Financial asset reserve $	Retained profits $	Total equity $
Balance at 1 July 2024	1,513,169	29,897,548	31,410,717
Surplus for the year	-	1,508,576	1,508,576
Other comprehensive income for the year	368,279	-	368,279
Total comprehensive income for the year	368,279	1,508,576	1,876,855
Transfers upon sale of equity instruments	(113,724)	113,724	-
Balance at 30 June 2025	1,767,724	31,519,848	33,287,572

	Financial asset reserve $	Retained profits $	Total equity $
Balance at 1 July 2025	1,767,724	31,519,848	33,287,572
Surplus for the year	-	2,353,238	2,353,238
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	2,353,238	2,353,238
Transfers upon sale of equity instruments	(1,767,724)	1,767,724	-
Balance at 30 June 2026	-	35,640,810	35,640,810

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

Mercy Community Services North Queensland Limited
Statement of cash flows
For the year ended 30 June 2026

	Note	2026 $	2025 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,954,718	6,932,249
Payments to suppliers and employees (inclusive of GST)		(9,900,400)	(7,818,833)
		(945,682)	(886,584)
Interest received		599,977	359,767
Interest and other finance costs paid		(20,408)	(16,351)
Net cash used in operating activities		(366,113)	(543,168)
Cash flows from investing activities			
Payments for investments properties	11	(44,885)	(107,090)
Payments for property, plant and equipment	10	(164,285)	(41,518)
Payments for investments		-	(2,194,469)
Proceeds from disposal of investments		12,766,268	1,283,863
Proceeds from disposal of property, plant and equipment		-	1,834,192
Dividend income received		200,945	413,811
Net cash from investing activities		12,758,043	1,188,789
Cash flows from financing activities			
Proceeds from resident loans		1,810,000	2,466,532
Repayment of resident loans		(1,264,594)	(1,660,194)
Refundable accommodation deposits received		2,829,880	2,742,500
Refundable accommodation deposits refunded		(1,057,137)	(2,352,001)
Net cash from financing activities		2,318,149	1,196,837
Net increase in cash and cash equivalents		14,710,079	1,842,458
Cash and cash equivalents at the beginning of the financial year		10,503,050	8,660,592
Cash and cash equivalents at the end of the financial year	7	25,213,129	10,503,050

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

Note 1. Material accounting policy information

The accounting policies that are material to the Company are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the *Australian Charities and Not-for-profits Commission Act 2012*, as appropriate for not-for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, and certain classes of property, plant and equipment.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue and other income
One of the two criteria for determining whether *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* applies to the recognition of revenue and income of NFP entities is identifying whether a contract has sufficiently specific performance obligations. This is an important and fundamental concept as the specificity of performance obligations (together with enforceability) will determine whether the transaction is accounted for under AASB 1058 (which may result in point in time upfront income recognition) or under AASB 15 (which may require overtime and/or point in time revenue recognition depending on the contract terms of the arrangement).Judgement is required to assess whether a promise is sufficiently specific. Such judgement takes into account any conditions specified in the arrangement, whether explicit or implicit, regarding the promised goods or services.

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company :

- Identifies the contract with a customer;
- Identifies the performance obligations in the contract;
- Determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- Allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- Recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 1. Material accounting policy information (continued)

Government funded residential care subsidies and supplements
The Australian Government determines the amount of subsidies and supplements in accordance with the provisions of the Aged Care Act 2024 and associated legislative instruments. Funding is determined based on a range of factors including the care needs of individuals receiving services, eligibility for specific supplements, accommodation arrangements, and other funding criteria prescribed under aged care legislation.

The Government may require a resident to pay a proportion of that subsidy or supplement dependent on their own financial circumstances. These means tested fees reduce the amount the Government pays directly to the provider as a result.
Government subsidies and supplements for residential aged care and in-home care are recognised in profit or loss when the Company satisfies the performance obligations stated within the funding agreements. If conditions are attached to the grant which must be satisfied before the Company is eligible to retain the contribution, the grant subsidy will be recognised in the statement of financial position as a contract liability until those conditions are satisfied.

Aged care service fees
The entity receives daily fees in accordance with the *Aged Care Act* which are funded directly by the resident as a Basic Daily Fee which is set by the Government. The Basic Daily Fee is calculated as a daily rate and is payable by a resident and recognised as revenue for each day that a resident is in a facility. Payment is typically made by the resident a short period in advance.

Revenue from service fees are recognised over time based on the proportion of accommodation, care or services.

Deferred management fees
Deferred management fees are earned whilst a resident occupies an independent living unit or serviced apartment and is recognised as income over the resident's expected tenure.

Imputed income on RAD and bond balances
Where a resident of one of the aged care facilities has elected to pay a Resident Accommodation Deposit (RAD) or accommodation bond, the Company receives a financing benefit in the form of an interest free loan. The fair value of this benefit is recognised as revenue reflecting the interest free financing benefit the Company receives.

The value of the financing component has been determined based on the following inputs:
- Monthly average RAD or accommodation bond balances; and
- An interest rate.

The interest rate used in the calculation is the Maximum Permissible Interest Rate (MPIR). The MPIR is rate set by the Government and is used in the calculation of the Daily Accommodation Payment to applicable residents.

Interest
Interest revenue is recognised as interest accrues using the effective interest method.

Rental income
Rental income is recognised straight-line over the term of the lease agreement.

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

Income tax
As the Company is a charitable institution in terms of subsection 50-5 of the *Income Tax Assessment Act 1997*, as amended, it is exempt from paying income tax.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 1. Material accounting policy information (continued)

An asset is classified as current when:
- It is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within 12 months after the reporting period; or
- The asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
- It is either expected to be settled in the Company's normal operating cycle;
- It is held primarily for the purpose of trading; or
- It is due to be settled within 12 months after the reporting period.

All other liabilities are classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include investments in managed investment unit trusts that are not available for the irrevocable election through other comprehensive income. Subsequent movements in fair value are recognised in the profit or loss.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 1. Material accounting policy information (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Investment properties
Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the company. Investment properties are made up of two categories those held at cost less accumulated depreciation and impairment or those held at fair value. Retirement village investment properties held at fair value are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Fair value is determined using the market comparison approach, which reflects recent prices for similar properties in comparable locations and conditions. Where necessary, adjustments are made to reflect differences in property characteristics, including refurbishment status, age, condition, and tenancy arrangements.

The valuations are performed by independent qualified valuers or internally by management, with reference to observable market data and professional judgment. Adjustments for refurbishments are based on estimated costs to bring the property to market standard and their impact on market value.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Other investment properties are depreciated on a straight-line basis at 2% per year.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis and dimishing value to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Class of asset	*Estimated useful life*
Buildings	40 years
Plant and equipment	3 - 10 years
Motor vehicles	4 - 5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 1. Material accounting policy information (continued)

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Exit fees payable

Exit fees payable are recognised at fair value through profit or loss and are calculated in line with the Resident Contract provided to each resident of Villa McAuley annually as per the *Retirement Villages Act 1999*. Exit fees payable are measured as the principal amount under the Resident Contract plus the resident’s share of any increases in the market value of the occupied independent living unit (for contracts that contain a capital gain share clause) net of any deferred management fees accruing up to the reporting date which are deducted from the loan on repayment following the resident’s departure.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue recognition
To determine if a grant contract should be accounted for under AASB 1058 or AASB 15, the Company has to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations. When assessing if the performance obligations are 'sufficiently specific', the Company has applied significant judgement in this regard by performing a detailed analysis of the terms and conditions contained in the grant contracts, review of accompanying documentation and holding discussions with relevant parties. Income recognition from grants received by the Company has been appropriately accounted for under AASB 1058 or AASB 15 based on the assessment performed.

Estimation of useful lives of assets
The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Maximum Permissible Interest Rate
The Company has determined the use of the Maximum Permissible Interest Rate (“MPIR”) as the interest rate to be used in the calculation of the Imputed DAP Revenue on RAD and Bond balances. The MPIR is a rate set by the Government and is used to calculate the Daily Accommodation Payment applicable to residents.

Deferred management fees
Revenue from deferred management fees is recognised over the expected length of stay of a resident. The expected length of stay of a resident is estimated based on historical tenure data, including industry data.

Exit fees payable
Exit fees payable are recognised at fair value through profit or loss and are measured as the principal amount under the Resident Contract plus the resident’s share of any increases in the market value of the occupied independent living unit (for contracts that contain a capital gain share clause) net of any deferred management fees accruing up to the reporting date which are deducted from the loan on repayment following the resident’s departure. The recognition of any increases in the market value of the occupied independent living units is based on recent comparable market sales and involves a degree of estimation and judgement.

Fair value measurements
The Company’s investment properties are measured at fair value in accordance with AASB 140 Investment Property. The determination of fair value involves significant estimates and judgments.

Fair values are primarily determined using the market comparison approach, which considers recent sales of similar properties in comparable locations. This approach requires judgment in assessing:

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Comparable market data:	Selection of appropriate comparable properties and adjustments for differences in location, size, condition, and use.
Refurbishment adjustments:	Estimating the impact of refurbishment requirements on market value, including costs to bring the property to market standard and the expected uplift or reduction in value.
Market conditions:	Evaluating current market trends, vacancy rates, and rental yields.

Where external valuations are not obtained, management applies internal valuation techniques using observable market inputs where available, supplemented by professional judgment.

Due to the inherent uncertainty in property valuations, actual results may differ from these estimates, and such differences may be material.

Note 3. Going concern

The Statement of Financial Position discloses total current assets of $25,479,340 and total current liabilities of $27,785,183, resulting in a net current asset deficiency of $2,305,843 (2025: $14,059,588). The deficiency of current assets arises because resident exit fees payable of $16,661,513 (2025: $15,728,302) and refundable accommodation deposits (RADs) of $8,861,178 (2025: $7,103,384) are classified in full as a current liability, whereas the assets to which the exit fees payable and bonds relate (land, buildings and retirement village assets), are classified as non-current assets. Resident loans and RADs are classified as a current liability because the Company does not have an unconditional right to defer settlement of resident exit fees payable or RADs for at least twelve months after the reporting period. The financial statements have been prepared on a going concern basis as the demand for repayment is expected to be spread over future years. Further, the repayment of accommodation bonds and ingoing contributions will be offset by incoming refundable accommodation deposits and ongoing contributions.

The Company converted the financial asset investment portfolio during FY2025-26 into cash and cash equivalents. In prior year this was held in the investment portfolio of shares (Financial assets 2025: $12,270,052).

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Note 4. Revenue from contracts with customers

	2026 $	2025 $
Revenue from contracts with customers - (AASB 15)		
Government subsidies	4,722,963	4,540,375
Aged care service fees	1,070,291	967,364
	5,793,254	5,507,739
Other revenue- (AASB 15)		
RAD retention income	6,095	-
Revenue from contracts with customers	5,799,349	5,507,739

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	2026 $	2025 $
Timing of revenue recognition		
Services transferred over time	5,799,349	5,507,739

Note 5. Other income

	2026 $	2025 $
Imputed income on refundable accommodation deposits	611,768	546,683
Investment income	800,922	699,636
Net fair value movement of investment property	2,939,811	828,000
Retirement village income (including deferred management fees)	1,550,122	1,238,183
Sundry income	100,634	98,049
Rental income	323,562	271,584
Aged care accommodation lease income	222,538	248,634
Net gain on disposal of property, plant and equipment	-	912,017
Total other income	6,549,357	4,842,786

Note 6. Expenses

	2026 $	2025 $
Surplus includes the following specific expenses:		
Depreciation and amortisation expense		
Property, plant and equipment	260,604	274,847
Investment properties	46,538	-
Total depreciation and amortisation	307,142	274,847
Finance costs		
Interest expense	20,408	16,351
Imputed interest on refundable accommodation deposits	611,768	546,683
Finance costs expensed	632,176	563,034
Employee benefits expenses		
Defined contribution superannuation expense	391,864	345,042
Employee benefits expense excluding superannuation	4,466,477	4,047,977
Total employee benefits expense	4,858,341	4,393,019

Note 7. Cash and cash equivalents

	2026 $	2025 $
Current assets		
Cash at bank	25,213,129	10,503,050

Restricted cash
The cash and cash equivalents disclosed above and in the statement of cash flows include amounts that are subject to a number of internal and external restrictions that limit amounts available for discretionary future use. These include:

Note 7. Cash and cash equivalents (continued)

	2026 $	2025 $
Residential accommodation deposits, accommodation bonds and entry contributions	6,108,129	4,313,471
Retirement village funds	450,052	512,836
	6,558,181	4,826,307

Note 8. Trade and other receivables

	2026 $	2025 $
Current assets		
Trade debtors	10,565	3,200
Other receivables	164,810	222,105
GST receivable	30,887	20,532
Prepayments	59,949	-
	266,211	245,837
Related party receivables (note 19)	-	13,218
	266,211	259,055

Note 9. Financial assets

	2026 $	2025 $
Non-current assets		
Investments in equity instruments designated at fair value through profit or loss	-	2,484,625
Investments in equity instruments designated as at fair value through other comprehensive income	-	5,920,008
Financial assets- amortised cost	-	3,865,419
	-	12,270,052

Note 10. Property, plant and equipment

	2026 $	2025 $
Non-current assets		
Land - at cost	1,559,136	1,559,136
Buildings - at cost	11,348,017	11,348,017
Less: Accumulated depreciation	(3,313,648)	(3,089,849)
	8,034,369	8,258,168
Plant and equipment - at directors valuation	379,285	351,670
Less: Accumulated depreciation	(215,403)	(185,530)
	163,882	166,140
Motor vehicles - at cost	103,840	103,840
Less: Accumulated depreciation	(93,106)	(86,175)
	10,734	17,665
Work in progress	149,349	12,680
	9,917,470	10,013,789

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

	Land $	Buildings $	Plant and equipment $	Motor vehicles $	Work in progress $	Total $
Balance at 1 July 2025	1,559,136	8,258,168	166,140	17,665	12,680	10,013,789
Additions	-	-	27,616	-	136,669	164,285
Depreciation expense	-	(223,799)	(29,874)	(6,931)	-	(260,604)
Balance at 30 June 2026	1,559,136	8,034,369	163,882	10,734	149,349	9,917,470

Note 11. Investment properties

	2026 $	2025 $
Non-current assets		
Investment buildings and improvements - at cost	1,317,688	1,272,803
Less: Accumulated depreciation	(337,405)	(290,867)
	980,283	981,936
Investment land - at cost	420,000	420,000
Investment land, buildings and improvements - at fair value	26,654,401	23,714,590
	28,054,684	25,116,526
Opening balance	25,116,526	24,181,436
Additions	44,885	107,089
Revaluation increments	2,939,811	828,001
Depreciation	(46,538)	-
Closing balance	28,054,684	25,116,526

Investment properties consist of a commercial shop and a retirement village. Retirement village investment properties are held at fair value and the commercial shop held at cost less accumulated depreciation.

Valuations of investment properties
The basis of the valuation of investment properties is fair value. The investment properties are revalued every 3 years based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. In the intervening years, management would complete an assessment based on observable market prices for similar assets.

Note 12. Trade and other payables

	2026 $	2025 $
Current liabilities		
Trade creditors	23,342	81,602
Exit fees payable	16,661,513	15,728,302
Sundry payables and accrued expenses	782,890	852,374
Retirement village liabilities	630,061	538,403
Related party payables (note 19)	328,569	-
	18,426,375	17,200,681

Retirement village liabilities
Revenue received in advance relates deferred management fee income that has been received under retirement living contracts but does not yet qualify for recognition based on the length of occupancy of the resident.

Note 13. Employee benefits

	2026 $	2025 $
Current liabilities		
Annual leave	277,907	304,389
Long service leave	219,723	213,239
	497,630	517,628
Non-current liabilities		
Long service leave	25,501	53,207

Note 14. Refundable accommodation deposits (RAD)

	2026 $	2025 $
Current liabilities		
Refundable accommodation bonds	8,861,178	7,103,384

Accommodation bonds/refundable deposits are paid by certain classes of non-concessional/unsupported residents under the Aged Care Act 2024.

The approved provider may make deductions which include interest on unpaid amounts, resident fees agreed to be drawn from the deposit, retention amounts, or any other deduction authorised under the Aged Care Act 2024.

Refundable accommodation deposits (RADs) and other refundable deposits are protected by the aged care prudential framework, which requires providers to maintain sufficient liquidity and governance arrangements to ensure refunds can be paid when due. Each accommodation bond/refundable deposit is refundable within 14 days upon receipt of Probate or Letters of Administration for deceased residents, or 14 days from advice of departure for residents transferred to another facility. The amount refunded is equal to the initial deposit less retentions and any outstanding fees due.

Providers are required to have sufficient liquidity to ensure they can refund refundable deposit balances as they fall due. Providers are also required to implement and maintain a liquidity management strategy updated on an annual basis. As there is no unconditional right to defer payment for 12 months, accommodation bond/refundable deposit liabilities are recorded as current liabilities.

Note 15. Financial asset reserve

	2026 $	2025 $
Financial asset reserve	-	1,767,724

Financial asset reserve
The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Note 15. Financial asset reserve (continued)

Movements in reserves
Movements in each class of reserve during the current financial year are set out below:

	Financial asset reserve $
Balance at 1 July 2025	1,767,724
Transfer to retained earnings on disposal	(1,767,724)
Balance at 30 June 2026	-

Note 16. Key management personnel disclosures

All of the key management personnel for the period 1 July 2025 to 30 June 2026 were paid through Mercy Community Services SEQ Limited, a related company of MCS NQ, with all of the expense recorded in the related company. Refer to note 19 for management services fees paid to Mercy Community SEQ Limited.

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company, and its network firms:

	2026 $	2025 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	46,200	46,200
Other services - Grant Thornton Audit Pty Ltd		
Prudential compliance	7,508	4,200
Retirement village certification	12,075	6,300
Care minutes assurance	6,563	-
	26,146	10,500
	72,346	56,700
Other services - Grant Thornton Australia Limited		
Assistance with compilation of the financial statements	6,542	6,230

Note 18. Contingent assets and liabilities

There were no contingent assets or contingent liabilities as at 30 June 2026 (30 June 2025: nil).

Note 19. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 16.

Transactions with related parties
The following transactions occurred with related parties:

	2026 $	2025 $
Mercy Community Services SEQ Limited - Management services	996,773	1,386,936
Mercy Partners stewardship fees	11,310	10,980
Mater Misericordiae Ltd	387,440	302,860

Note 19. Related party transactions (continued)

On 1 June 2022, the Company entered into a Management Services Agreement (MSA) with Mercy Community Services SEQ Limited (MCS SEQ). Both the Company and MCS SEQ have the same canonical sponsor and sole member, being Mercy Partners. In addition, from 1 July 2022, both the Company and MCS SEQ have the same composition of their respective Board of Directors.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2026 $	2025 $
Current payables:		
Mercy Community Services SEQ Limited	291,835	-
Mercy Health and Aged Care Central Queensland Limited	156	-
Mater Misericordiae Ltd	36,578	-
Total related party payables (note 12)	328,569	-
Current receivables:		
Mercy Community Services SEQ Limited	-	13,198
Mercy Health and Aged Care Central Queensland Limited	-	20
Total related party receivables (note 8)	-	13,218

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
Related party receivables are unsecured, non-interest bearing and payable on demand.

Letter of Financial Support
MCS NQ is a related party to both MHACCQL and MCS SEQ by virtue of common control and governance arrangements. During the reporting period, MCS NQ provided letters of financial support to MHACCQL and MCS SEQ. These letters confirm MCS NQ's intention to provide financial assistance to each entity to enable them to meet their obligations as and when they fall due for a period of at least 12 months from the date of signing the financial statements.

These letters of support do not involve the transfer of cash or other financial assets during the current reporting period. However, they represent a significant related party arrangement that may affect the assessment of going concern and liquidity risk for MHACCQL and MCS SEQ.

The letters of support have been considered in the preparation of the financial statements of MHACCQL and MCS SEQ, particularly in the assessment of going concern under AASB 101. No amounts have been recognised in respect of these letters in the financial statements.

Note 20. Economic dependency

The aged care division is dependent on Government Funding under the *Aged Care Act 2004* for operation of its residential aged care facilities.

Note 21. Member's guarantee

The Company is incorporated under the Australian Charities and Not-for-profit Commission (ACNC) and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding liabilities and obligations of the Company. At 30 June 2026, the number of members was 1 (30 June 2025: 1).

Note 22. Events after the reporting period

No matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Mercy Community Services North Queensland Limited
Directors' declaration
30 June 2026

In the Directors' opinion:

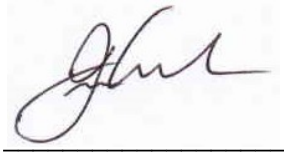
- The attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosures, the *Australian Charities and Not-for-profits Commission Act 2012* and other mandatory professional reporting requirements;

- The attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;

- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of Directors.

On behalf of the Directors



Jeffrey Carlos
Deputy Chair

28 October 2026

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Independent Auditor's Report

To the Members of Mercy Community Services North Queensland Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Mercy Community Services North Queensland Limited (the "Registered Entity"), which comprises the statement of financial position as at 30 June 2026, and 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 Directors' declaration.

In our opinion, the financial report of Mercy Community Services North Queensland Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a giving a true and fair view of the Registered Entity's financial position as at 30 June 2026 and of its financial performance for the year then ended; and

b complying with Australian Accounting *Standards AASB 1060 General Purpose Financial Statements -Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the 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.

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Other information

The Directors are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 30 June 2026, 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.

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, 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 Directors for the financial report

The Directors of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Registered Entity or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

C D Philp
Partner – Audit & Assurance

Brisbane, 28 October 2026