Mercy Community Services SEQ Limited and its controlled entities

ABN 51 166 477 318

Annual Report - 30 June 2026

Mercy Community Services SEQ Limited and its controlled entities
Directors' report
30 June 2026

The Directors present their report, together with the financial statements, on the Consolidated entity (referred to hereafter as the 'Group') consisting of Mercy Community Services SEQ Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2026.

Directors
The following persons were Directors of Mercy Community Services SEQ Limited 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)

Information on Directors

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 – in his previous role with the Agency he chaired their Clinical Governance Committee. He also serves on the board of Avant Mutual Group Limited as Chair. 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 July 2022*
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 Mt 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 is a company limited by guarantee, registered as a charity with the Australian Charities and Not-for-profits Commission (ACNC). Mercy Community 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 objects as dictated by the Constitution.

Mercy Community 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 SEQ 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 Group is largely funded by government programmes at both federal and state levels and plans to enhance relationships with these funding partners 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 and targeting funding and expansion on those areas that provide the best outcomes for people.

Principal activities

During the year the principal continuing activities of the Group were the provision of services to the community in the areas of family support and referral services; support services for people with disability and; residential and community aged care services.

There was no significant change in the nature of the activity of the Group during the year.

Review of operations
The Group reported a total profit of $2,804,000 (2025: $4,054,000).

Performance measures
The Group measures its performance by meeting the objectives established in the annual budget to deliver the three-year strategic plan objectives. In addition, the Group measures its performance in terms of service outputs and outcomes specified by the government and other sponsors of its programmes in related to the required outcomes for service users across one or more of its service areas.

Significant changes in the state of affairs
There have been no other significant changes in the state of affairs of the Group during the year.

Matters subsequent to the end of the financial year
Subsequent to year end, the loan of $6.9m and associated interest of $0.5m to construct the new residential aged care facility at 75 Ward Street, Rockhampton was fully repaid on 2 July 2026 by Mercy Health and Aged Care Central Queensland Limited.

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

Likely developments and expected results of operations
The Directors expect that the Group will continue to carry out its principal activities as detailed above. There are no other known or likely developments which the Directors foresee which they wish to disclose at this time.

Environmental regulation
The Group is not affected by any significant environmental regulation in respect of its operations.

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 the disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the Group
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.

Rounding of amounts
The Company is of a kind referred to in ASIC Legislative Instrument 2026/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Mercy Community Services SEQ Limited and its controlled entities
Directors' report
30 June 2026

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 SEQ 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 SEQ 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 SEQ Limited and its controlled entities
Contents
30 June 2026

Consolidated statement of profit or loss and other comprehensive income	11
Consolidated statement of financial position	12
Consolidated statement of changes in equity	13
Consolidated statement of cash flows	14
Notes to the consolidated financial statements	15
Directors' declaration	39
Independent auditor's report to the members of Mercy Community Services SEQ Limited	40

General information

The financial statements cover Mercy Community Services SEQ Limited as a Group consisting of Mercy Community Services SEQ Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Mercy Community Services SEQ Limited's functional and presentation currency.

Mercy Community Services SEQ 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:

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

A description of the nature of the Group'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 SEQ Limited and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	Consolidated 2026 $'000	Consolidated 2025 $'000
Revenue from continuing operations	4	65,137	59,096
Other income	5	8,703	7,682
Expenses			
Employee benefits expense	6	(50,644)	(50,050)
Utilities and property expenses		(2,238)	(2,007)
Depreciation and amortisation expense	6	(2,205)	(2,478)
Administration expense		(2,511)	(2,146)
Client service expenses and consumables		(5,680)	(4,253)
IT and communication expenses		(2,788)	(2,723)
Motor vehicle expenses		(135)	(75)
Insurance expense		(879)	(935)
Other expenses		(661)	(760)
Finance costs	6	(4,739)	(4,841)
Surplus/(deficit) from continuing operations		1,360	(3,490)
Surplus from discontinued operations	7	1,444	7,544
Surplus for the year attributable to the members of Mercy Community Services SEQ Limited		2,804	4,054
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to the members of Mercy Community Services SEQ Limited		2,804	4,054
Total comprehensive income for the year is attributable to:			
Continuing operations		1,360	(3,490)
Discontinued operations		1,444	7,544
		2,804	4,054

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

Mercy Community Services SEQ Limited and its controlled entities
Consolidated statement of financial position
As at 30 June 2026

	Note	Consolidated 2026 $'000	Consolidated 2025 $'000
Assets			
Current assets			
Cash and cash equivalents	8	45,798	37,429
Trade and other receivables	9	5,965	4,283
Contract assets		2,721	967
Related party loans receivables	10	7,376	5,193
Other assets	11	1,377	1,631
		63,237	49,503
Assets classified as held for sale	12	-	1,371
Total current assets		63,237	50,874
Non-current assets			
Property, plant and equipment	13	45,781	46,976
Right-of-use assets	14	897	1,253
Total non-current assets		46,678	48,229
Total assets		109,915	99,103
Liabilities			
Current liabilities			
Trade and other payables	15	3,101	3,694
Contract liabilities	16	8,719	993
Borrowings	17	86	96
Lease liabilities	18	407	416
Employee benefits	19	4,004	3,352
Provisions	20	7,766	7,196
Refundable accommodation deposits	21	57,369	57,305
Total current liabilities		81,452	73,052
Non-current liabilities			
Borrowings	17	60	149
Lease liabilities	18	515	843
Employee benefits	19	183	158
Provisions	20	214	214
Total non-current liabilities		972	1,364
Total liabilities		82,424	74,416
Net assets		27,491	24,687
Equity			
Contributed equity		36,040	36,040
Reserves	23	17,175	17,175
Accumulated deficits		(25,724)	(28,528)
Total equity		27,491	24,687

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

Mercy Community Services SEQ Limited and its controlled entities
Consolidated statement of changes in equity
For the year ended 30 June 2026

Consolidated	Contributed equity $'000	Reserves $'000	Accumulated deficits $'000	Total equity $'000
Balance at 1 July 2024	36,040	17,175	(32,582)	20,633
Surplus for the year	-	-	4,054	4,054
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	4,054	4,054
Restated balance at 30 June 2025	36,040	17,175	(28,528)	24,687

Consolidated	Contributed equity $'000	Reserves $'000	Accumulated deficits $'000	Total equity $'000
Restated balance at 1 July 2025	36,040	17,175	(28,528)	24,687
Surplus for the year	-	-	2,804	2,804
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	2,804	2,804
Balance at 30 June 2026	36,040	17,175	(25,724)	27,491

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

Mercy Community Services SEQ Limited and its controlled entities
Consolidated statement of cash flows
For the year ended 30 June 2026

	Note	Consolidated 2026 $'000	Consolidated 2025 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		79,660	66,989
Payments to suppliers and employees (inclusive of GST)		(71,974)	(86,643)
Interest received		1,335	1,420
Interest and other finance costs paid		(252)	(460)
Net cash from/(used in) operating activities		8,769	(18,694)
Cash flows from investing activities			
Payments for property, plant and equipment	13	(752)	(1,570)
Payments for term deposits		(168)	-
Proceeds from disposal of property, plant and equipment		3,682	25,665
Net cash from investing activities		2,762	24,095
Cash flows from financing activities			
Repayment of borrowings		-	(8,693)
Payment of related party loans		(3,003)	(5,193)
Repayment of refundable accommodation deposits and accommodation bonds		(14,974)	(15,420)
Proceeds from refundable accommodation deposits and accommodation bonds		15,313	26,343
Repayment of lease liabilities		(498)	(708)
Net cash used in financing activities		(3,162)	(3,671)
Net increase in cash and cash equivalents		8,369	1,730
Cash and cash equivalents at the beginning of the financial year		37,429	35,699
Cash and cash equivalents at the end of the financial year	8	45,798	37,429

The above consolidated 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 Group 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 Group 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 Group.

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'), the *Australian Charities and Not-for-profits Commission Act 2012* and Queensland legislation, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

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 Group'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.

Parent entity information

In accordance with the Australian Charities and Not-for-profit Commission (ACNC) Act 2012, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mercy Community Services SEQ Limited ('Company' or 'parent entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. Mercy Community Services SEQ Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Material accounting policy information (continued)

Revenue and other income
One of the two criteria for determining whether AASB 15 or AASB 1058 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 (AASB 15)
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group:
- 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.

Government grants
Government grants are recognised in accordance with the performance of the services to which they relate. Grants that compensate the Group for expenses incurred are recognised as revenue from government grants for rendering of services on a systematic basis in the same period in which the expenses are recognised. Should a program cease to operate or fail to spend funding in accordance with the agreements, the Group recognised a liability as specified in the funding agreements.

Grants that compensate the Group are recognised as income upon receipt where the agreement does not specify the circumstances for their expenditure and control of the funds is obtained upon receipt.

NDIS service fees
The Group provides disability support and other related services to clients and their families, including to participants under the National Disability Insurance Scheme (“NDIS”). Revenue from NDIS service fees are recognised over time as services are delivered under the service agreement.

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.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Note 1. Material accounting policy information (continued)

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

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

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

Income tax
As the Group 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.

Discontinued operations
A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

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

An asset is classified as current when:
- It is either expected to be realised or intended to be sold or consumed in the Group'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 Group'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.

Note 1. Material accounting policy information (continued)

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.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Contract assets
Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

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 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	*Expected useful life of asset*
Buildings and improvements	5 - 50 years
Plant and equipment	3 - 25 years
Furniture and fittings	5 - 20 years
Motor vehicles	4 - 8 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 Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The Group leases various premises, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 6 years, but may have extension options as described below.

Note 1. Material accounting policy information (continued)

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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 payment 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 Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group, 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.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- Makes adjustments specific to the lease, eg term, country, currency and security.

The Group 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.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 1. Material accounting policy information (continued)

Extension and termination options
Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

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 Group 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.

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

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 profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 1. Material accounting policy information (continued)

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 long service leave not expected to be settled within 12 months of the reporting date is 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 national government 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.

Rounding of amounts
The Company is of a kind referred to in ASIC Legislative Instrument 2026/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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
Under AASB 15, the Group makes judgements in determining when it has satisfied the performance obligations and thereby when it is able to recognise revenue from any of its contracts where it may have sufficiently specific performance obligations. Similarly, under AASB 1058, where the consideration for the asset being received is significantly less than fair value (principally to further the Group’s objectives), income is recognised as the residual of the difference between the fair value of the asset recognised and the consideration for that asset, after deducting any other related amounts. In such circumstances, the Group assesses and makes a judgement of the fair value of any consideration provided.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group.

Estimation of useful lives of assets
The Group 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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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

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 Group 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.

Payroll Review Provisions
Final validation of the wage remediation amount remains subject to confirmation from the Fair Work Ombudsman regarding the assessment process and conclusions. The actual incorrect payment amount may be greater or smaller than the amount of the provision depending upon this confirmation being received.

It is possible that the Fair Work Ombudsman may impose fines, penalties or interest on the Group as a result of the underpayments. However at the time of signing the financial report no notification of any such penalty has been received and there is no reasonable basis upon which to include these items in the existing provision calculation.

Note 3. Going concern

The Directors consider that Mercy Community Services SEQ Limited has sufficient resources to meet all of its obligations as and when they fall due. Therefore, the financial statements have been prepared on a going concern basis, which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business. In concluding this, management has considered the Groups's liquidity position, any risks to the cash flows and funding, and the Group's outlook.

In determining whether there are indicators, events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, management has considered the following factors:

- Total current asset deficiency of $18,215,000 (30 June 2025: current asset deficiency of $22,178,000);
- The Group has generated a profit in the current period of $2,804,000 (30 June 2025 : $4,054,000);
- A provision exists for incorrect payment of wages of $7,166,000 (30 June 2025 : $7,196,000) and repayment of $86,000 (30 June 2025: $96,000) debt facility is classed as a current liability; and
- The Group has generated positive cash flows from operating activities of $8,769,000 (30 June 2025: negative cash flows $18,694,000).

The Directors are of the view that the effect of the following mitigating factors will enable the Group to continue as a going concern and hence the financial statements have been prepared on a going concern basis:

- The deficiency of current assets arises partially because Refundable Accommodation Deposits (RADs) are classified in full as a current liability, whereas the assets to which the bonds relate (land and buildings), are classified as non-current assets. RADs are classified as a current liability because the Group does not have an unconditional right to defer settlement of RADs for at least twelve months after the reporting period. Frequently, a departing RAD and Bond paying resident may be replaced quickly with a new RAD paying resident. The repayment of individual balances that make up the total current balance will be dependent upon the actual tenure of individual residents. See note 21 for further details in terms of expected timing of cash outflows;
- The timing of the payments that will be required due to the incorrect payment of wages is classed as a current liability. Engagement with the Fair Work Ombudsman will continue to ensure a satisfactory resolution to the issue, however the exact timing of this resolution remains uncertain, and is likely to be staged in its nature. The exit from discontinuing services has facilitated a significant property asset sale process (refer to note 7 and note 29) which will assist in part to meet the incorrect payment of wages liability, as well as expected debt repayments that are likely to be required given the properties that have provided security to existing debt facilities have now been sold.
- The expected demand for payment for liabilities which are classified as current liabilities such as contract liabilities and employee provisions (excluding the payroll investigation related provision) is expected to be spread over a number of future years; and
- Mercy Community Services SEQ Limited (MCS SEQ) has received a letter of financial support from Mercy Community Services North Queensland Limited (MCSNQ), a related party under AASB 124. This letter confirms MCSNQ intention to provide financial assistance to MCS SEQ to enable it to meet its financial obligations as and when they fall due, for a period of 12 months from the date of signing of these financial statements.

Therefore, Directors are confident that there will be no significant disruptions to ongoing operations that may impact the Group's ability to repay its debts as and when they fall due.

Should the Group 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 Group be unable to continue as a going concern and meet its debts as and when they fall due.

Note 4. Revenue

The Group derives revenue from the sale of goods at a point in time. The Group derives revenue primarily from the transfer of services over time as follows:

	Consolidated 2026 $'000	Consolidated 2025 $'000
From continuing operations		
Government grants	17,242	17,757
Aged care service fees	39,049	33,168
NDIS service fees	355	320
Management fee income from related parties	7,934	7,406
Other fees for service	70	34
Sale of goods	487	411
Revenue from continuing operations	65,137	59,096

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

	Consolidated 2026 $'000	Consolidated 2025 $'000
Timing of revenue recognition		
Goods transferred at a point in time	487	411
Services transferred over time	64,650	58,685
	65,137	59,096

Note 5. Other income

	Consolidated 2026 $'000	Consolidated 2025 $'000
Net gain/(loss) on disposal of property, plant and equipment	844	(116)
Aged care lease income	1,538	1,805
Imputed income on Residential Accommodation Deposits (RAD)	4,487	4,381
Interest income	1,335	1,420
Donations	-	16
Other income	499	176
	8,703	7,682

Note 6. Expenses

	Consolidated 2026 $'000	Consolidated 2025 $'000
Surplus/(deficit) from continuing operations includes the following specific expenses:		
Depreciation expense		
Property, plant and equipment	1,786	1,934
Right-of-use assets	419	544
Total depreciation expense	2,205	2,478
Finance costs		
Interest and finance charges paid/payable on loans	13	223
Interest and finance charges paid/payable on lease liabilities	38	63
Imputed interest expense on Residential Accommodation Deposits	4,487	4,381
Bond interest paid	201	174
Finance costs expensed	4,739	4,841
Employee benefits expenses		
Defined contribution superannuation expense	4,652	4,567
Employee benefits expense excluding superannuation	45,992	45,483
Total employee benefits expense	50,644	50,050

Note 7. Discontinued operations

Description
In the prior year, the Board approved a resolution on 6 November 2024 to exit all services relating to Support Co-Ordination. These services ceased on 31 January 2025.

Most of the impact of the discontinuation of these services occurred during FY2024-25. However, FY2025-26 contains the net profit of $1,361,807 in the parent entity for the sale of 426 Zillmere Road, Zillmere and 432 Zillmere Road, Zillmere which was sold on 24 July 2025.

Revenue, expenses, gains and losses relating to the services described above have been disaggregated from the Group's continuing operations and are shown as a single line in the consolidated statement of profit and loss.

During the financial year ended 30 June 2025, the sale was completed for all business operations relating to Supported Independent Living Services. This sale was settled on 21 October 2024.

The discontinued operations had a surplus of $1,444,120 for FY2025-26 and surplus of $7,543,522 for FY2024-25. The reported surplus was driven by the gain on sale of property assets.

The financial performance for discontinued operations has been presented in accordance with the Australian Accounting Standards. Expenses can only be attributed to discontinued operations if they will no longer be incurred by the entity after the discontinuation of the operations.

Note 7. Discontinued operations (continued)

Financial performance information

	Consolidated 2026 $'000	Consolidated 2025 $'000
Discontinued revenue	-	6,626
Discontinued other income	-	932
Net gain on disposal of assets	1,306	12,023
Employee benefits expense	160	(9,270)
Utilities and property expenses	-	(807)
Depreciation and amortisation expense	-	(162)
Administration expense	(34)	(1,560)
Client service expenses and consumables	12	(109)
IT and communication expenses	-	(6)
Motor vehicle expenses	-	(12)
Insurance expense	-	(71)
Other expenses	-	(40)
Total expenses	138	(12,037)
Surplus from discontinued operations	1,444	7,544

Note 8. Cash and cash equivalents

	Consolidated 2026 $'000	Consolidated 2025 $'000
Current assets		
Cash at bank	45,798	37,429

Restricted cash
The cash and cash equivalents disclosed above and in the consolidated 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:

	Consolidated 2026 $'000	Consolidated 2025 $'000
Residential accommodation deposits, accommodation bonds and entry contributions	33,786	34,526
Donations and other restricted funds	175	158
	33,961	34,684

Note 9. Trade and other receivables

	Consolidated 2026 $'000	Consolidated 2025 $'000
Current assets		
Trade receivables	195	100
Less: Allowance for expected credit losses	(52)	(100)
	143	-
Related party receivables (note 27)	5,822	4,282
	5,965	4,283

Note 10. Related party loans receivables

	Consolidated 2026 $'000	Consolidated 2025 $'000
Current assets		
Related party loans receivables (note 27)	7,376	5,193

Note 11. Other assets

	Consolidated 2026 $'000	Consolidated 2025 $'000
Current assets		
Prepayments	1,193	1,616
Security deposits and bonds	184	15
	1,377	1,631

Note 12. Assets classified as held for sale

	Consolidated 2026 $'000	Consolidated 2025 $'000
Current assets		
Land	-	1,300
Building and improvements	-	66
Plant and equipment	-	5
Please refer note 7 for further details regarding discontinued operation	-	1,371

Note 13. Property, plant and equipment

	Consolidated 2026 $'000	Consolidated 2025 $'000
Non-current assets		
Land - at cost	15,771	15,771
Building and improvements - at cost	51,285	51,451
Less: Accumulated depreciation	(23,960)	(23,034)
	27,325	28,417
Plant and equipment - at cost	7,759	7,357
Less: Accumulated depreciation	(5,537)	(5,228)
	2,222	2,129
Fixtures and fittings - at cost	1,730	1,746
Less: Accumulated depreciation	(1,617)	(1,658)
	113	88
Motor vehicles - at cost	1,537	1,798
Less: Accumulated depreciation	(1,187)	(1,227)
	350	571
	45,781	46,976

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

Consolidated	Land $'000	Building and improvements $'000	Plant and equipment $'000	Fixtures and fittings $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2025	15,771	28,417	2,129	88	571	46,976
Additions	-	302	400	50	-	752
Disposals	-	(122)	(7)	-	(32)	(161)
Depreciation expense	-	(1,272)	(300)	(25)	(189)	(1,786)
Balance at 30 June 2026	15,771	27,325	2,222	113	350	45,781

Note 14. Right-of-use assets

	Consolidated 2026 $'000	Consolidated 2025 $'000
Non-current assets		
Property - right-of-use	1,356	1,375
Less: Accumulated depreciation	(459)	(122)
	897	1,253

The Group leases properties for its office space for continuing operations and held for a term between 1 to 5 years.

Note 14. Right-of-use assets (continued)

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

Consolidated	Property $'000
Balance at 1 July 2025	1,253
Additions	82
Disposals	(19)
Depreciation expense	(419)
Balance at 30 June 2026	897

Note 15. Trade and other payables

	Consolidated 2026 $'000	Consolidated 2025 $'000
Current liabilities		
Trade payables	616	735
Accrued expenses	1,905	2,499
Related parties payables (note 27)	-	13
Other payables	580	447
	3,101	3,694

Note 16. Contract liabilities

	Consolidated 2026 $'000	Consolidated 2025 $'000
Current liabilities		
Contract liabilities	8,719	993

At balance date, the Group recognised a contract liability in respect of unspent government funding received for the Two Hearts Family Support Program. Under the funding arrangement, the Group received $7.5 million from the Queensland Government to deliver a three-year pilot program providing accommodation, mental health services, parenting support and related services to vulnerable pregnant women, mothers and babies. The funding is intended to meet the annual operating costs of the program over the funding period and is subject to the delivery of program services and associated outcomes. Annual progress updates regarding implementation and program outcomes are also expected to be provided to the funding body.

Revenue is recognised over time as the Group satisfies its performance obligations by delivering the specified services. Amounts received in advance of service delivery are recognised as a contract liability and brought to income as the related services are provided in accordance with AASB 15 Revenue from Contracts with Customers.

Note 17. Borrowings

	Consolidated 2026 $'000	Consolidated 2025 $'000
Current liabilities		
Bank loans	86	96
Non-current liabilities		
Bank loans	60	149
	146	245

Assets pledged as security
The bank loans are secured by first mortgages over some of the Group's land and buildings.

The carrying amounts of assets pledged as security for borrowings are:

	Consolidated 2026 $'000	Consolidated 2025 $'000
Properties pledged as security	3,193	3,200

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2026 $'000	Consolidated 2025 $'000
Total facilities		
Bank loans	3,395	2,645
Used at the reporting date		
Bank loans	146	245
Unused at the reporting date		
Bank loans	3,249	2,400

The Group has a line of credit totalling $2,395,000 (2025: $2,399,968) with the Archdiosean Development Fund with a rate of 6.2% (2025: 6.2%) and motor vehicle leasing facility totalling $1,000,000 (2025: $1,000,000) with rates ranging from 3.47% to 6.99% (2025: 3.05% to 6.99%).

Note 18. Lease liabilities

	Consolidated 2026 $'000	Consolidated 2025 $'000
Current liabilities		
Lease liability	407	416
Non-current liabilities		
Lease liability	515	843
	922	1,259
Future lease payments		
Future lease payments are due as follows:		
Within one year	438	422
One to five years	551	914
	989	1,336

Lease liabilities are held for office space for continuing operations and held for a term between 1 to 5 years.

Note 19. Employee benefits

	Consolidated 2026 $'000	Consolidated 2025 $'000
Current liabilities		
Annual leave	3,171	2,550
Long service leave	833	802
	4,004	3,352
Non-current liabilities		
Long service leave	183	158
	4,187	3,510

Note 20. Provisions

	Consolidated 2026 $'000	Consolidated 2025 $'000
Current liabilities		
Payroll review provision	7,166	7,196
Other provision	600	-
	7,766	7,196
Non-current liabilities		
Make good provision	214	214
	7,980	7,410

Note 20. Provisions (continued)

Provision for payroll review
In the 2022 financial year, it was identified that the terms of two enterprise agreements have been incorrectly applied to certain Mercy Community's employees since December 2013, instead of the terms of the Social, Community, Home Care and Disability Services Award 2010 (Award). This does not impact employees working in Mercy Community's residential aged care facilities who were not paid under these enterprise agreements.

As a result, it is likely that there has been some incorrect payment of wages to certain employees. Mercy Community has engaged external advisors to conduct a full analysis of the potential incorrect payments over the past 7 year period (2016 to 2023) to analyse the nature and extent of potential incorrect payments. The calculation of the employee payment errors involves a substantial volume of data, a high degree of complexity, interpretation and estimation assumptions. An updated assessment has been made to the provision during the 2026 financial year based on the additional analysis conducted.

Final validation of the wage remediation amount remains subject to confirmation from the Fair Work Ombudsman regarding the assessment process and conclusions. The actual incorrect payment amount may be greater or smaller than the amount of the provision depending upon this confirmation being received.

It is possible that the Fair Work Ombudsman may impose fines, penalties or interest on the Group as a result of the underpayments. However at the time of signing the financial report no notification of any such penalty has been received and there is no reasonable basis upon which to include these items in the existing provision calculation.

Make good provision
The Group is required to restore its leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the right-of-use asset and are amortised over the shorter of the term of the lease and the useful life of the assets.

Movements in provisions
Movements in each class of provision during the current financial year are set out below:

Consolidated - 2026	**Payroll review provision $'000**	**Other provision $'000**	**Make good provision** $'000	**Total $'000**
Carrying amount at the start of the year	7,196	-	214	7,410
Additional provisions recognised	-	600	-	600
Amounts used	(30)	-	-	(30)
Carrying amount at the end of the year	7,166	600	214	7,980

Note 21. Refundable accommodation deposits

	Consolidated	
	2026 $'000	**2025 $'000**
Current liabilities		
Accommodation bonds/refundable deposits	57,369	57,305

Note 21. Refundable accommodation deposits (continued)

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.

	Consolidated	
	2026	2025
	$'000	$'000
Accommodation bonds/refundable deposits payable ageing:		
Expected to be paid within the next 12 months	17,336	20,838
Not expected to be paid within the next 12 months	40,033	36,467
	57,369	57,305

Note 22. 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 (2025: 1).

Note 23. Reserves

	Consolidated	
	2026	2025
	$'000	$'000
Nudgee Land Trust reserve	17,175	17,175

Nudgee Land Trust reserve
Mercy Community as Trustee of the Nudgee Land Trust is permitted to sell or otherwise deal with part or all of land held up by the Trust and invest the proceeds of any such land or sales for the purpose of the Trust. The Trustee hold such land upon trust for the provision and maintenance of facilities, resources and programs for the purposes of providing assistance, support, accommodation and counselling for children, adolescents and adults in need, including the intellectually and physically disabled, aged and infirm.

Note 24. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated 2026 $	Consolidated 2025 $
Aggregate compensation	2,144,991	2,252,434

Note 25. 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:

	Consolidated 2026 $	Consolidated 2025 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit of the financial statements	103,400	89,000
Audit of funding acquittals	31,000	31,000
Prudential compliance	7,508	4,000
Care minutes assurance	7,875	4,000
	149,783	128,000
Other services - Grant Thornton Australia Limited		
Assistance with the compilation of the financial statements	6,542	5,933

Note 26. Contingent liabilities

The Group had contingent liabilities in respect of:

(i) Provision for payroll review

The Group has self-disclosed a wage underpayment issue (refer to note 20) to the Fair Work Ombudsman. It is possible that the Fair Work Ombudsman may impose fines, penalties or interest on the Group as a result of the underpayments. However at the time of signing the financial report no notification of any such penalty has been received and there is no reasonable basis upon which to include these items in the existing provision calculation.

(ii) Bank guarantees

The Group has bank guarantees with CBA totalling $174,631 (2025: $158,381).

Note 27. Related party transactions

Parent entity
Mercy Community Services SEQ Limited is the Parent entity, Mercy partners is the ultimate parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Key management personnel
Disclosures relating to key management personnel are set out in note 24.

Note 27. Related party transactions (continued)

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

	Consolidated 2026 $	Consolidated 2025 $
Sales and purchases of goods and services		
Mercy Health and Aged Care Central Queensland Limited services	5,829,099	5,115,420
Mercy Community Services North Queensland Limited	996,773	1,386,936
Mercy Partners stewardship fees	(64,296)	(152,828)
Holy Cross laundry services	(305,401)	(284,490)

The MSA is an exclusive agreement whereby the Company provides operational leadership and professional management services to MHACCQ under the supervision of the MHACCQ Board of Directors. This MSA continues indefinitely until terminated by either party by giving notice, or a material breach or insolvency event occurs. The services are billed at cost on a regular basis and paid for on terms.

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

Holy Cross and the Company have the same canonical sponsor and sole member, being Mercy Partners.

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

	Consolidated 2026 $	Consolidated 2025 $
Current receivables:		
Mercy Health and Aged Care Central Queensland Limited	5,530,209	4,282,398
Mercy Community Services North Queensland Limited	291,834	-
Total related party receivables (note 9)	5,822,043	4,282,398
Current payables:		
Mercy Community Services North Queensland Limited (note 15)	-	13,198

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2026 $	Consolidated 2025 $
Current receivables:		
Related party loans receivables (note 10)	7,376,248	5,192,976

On 3 June 2025, the Company entered into a loan agreement with Mercy Health and Aged Care Central Queensland Limited to lend a total sum of $6,9m to use for the construction of a new residential aged care facility at 75 Ward Street, Rockhampton. The term of the agreement is 30 years with repayment of the loan to be repaid within 30 years of the date of the agreement. Interest is to be paid at the rate equivalent to the applicable interest rate charged by the Archdiocesan Development Fund. The loan and corresponding interest of $0.5m were repaid on 2 July 2026.

Note 27. Related party transactions (continued)

In addition, the Group's bank loans are secured by mortgages over the land and buildings of related entities Mercy Community Services North Queensland Limited ($700,000) and Mercy Health and Aged Care Central Queensland Limited ($3,161,158). Mercy Community Services North Queensland Limited and Mercy Health and Aged Care Central Queensland Limited also hold a bank account with the Archdiocesan Development Fund containing $2,500,000 and $2,000,000 respectively that has a deed of security over the accounts in relation to the Group' s loan facility. The covenant was discharged/released on 19 November 2024.

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

Letter of Financial Support
MCS SEQ has received a letter of financial support from MCS NQ, a related party under AASB 124 Related Party Disclosures due to common control and governance arrangements.

The letter confirms MCS NQ’s intention to provide financial assistance to MCS SEQ for the purpose of meeting any Project Big Rock remediation payments, for a period of at least 12 months from the date of signing these financial statements.

This support has been considered by the Directors in assessing MCS SEQ's ability to continue as a going concern in accordance with AASB 101 Presentation of Financial Statements. The financial support is not legally binding and does not involve the transfer of cash or other financial assets during the reporting period. No amounts have been recognised in respect of this support in the financial statements.

Mercy Partners have provided mission integration, professional development and other services. No stipends were paid to Mercy Partners during the current year or prior year.

Note 28. Parent entity information

Set out below is the supplementary information about the Parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2026 $'000	**2025 $'000**
Surplus	2,087	4,098
Total comprehensive income	2,087	4,098

Note 28. Parent entity information (continued)

Statement of financial position

	Parent	
	2026 $'000	**2025 $'000**
Total current assets	61,239	50,767
Total assets	92,266	82,344
Total current liabilities	81,282	73,055
Total liabilities	82,254	74,419
Net assets	10,012	7,925
Equity		
Contributed equity	36,040	36,040
Accumulated deficits	(26,028)	(28,115)
Total equity	10,012	7,925

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2026 and 30 June 2025.

Contingent liabilities
The contingent liabilities disclosed in note 26, apply to the parent entity.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025.

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity;
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2026 %**	**2025 %**
Nudgee Trust Land	Australia	100%	100%

An Order by the Supreme Court of Queensland was handed down 4 October 2018 amending the Nomination of Trustees dated 8 October 1869 (the Nudgee Trust) and thereby removing The Corporation of the Order of the Sisters of Mercy in Queensland (the Retiring Trustee) and appointing Mercy Community as Trustee of the Remaining Nudgee Trust Land (Nudgee Trust Land).

The Nudgee Trust Land includes the following titles:
- Lot 1 Survey Plan 272430 - title reference 51000292; and
- Lot 902 Survey Plan 303595 - title reference 51173489.

Note 29. Interests in subsidiaries (continued)

The Trust is administered and managed under a cy-pres scheme in respect of the land situated in Nudgee, Brisbane in the State of Queensland.

1250 Nudgee Road, Nudgee (title reference: 51000292) was sold for a net profit of $0.8 million on 1 August 2026 in the Nudgee Land Trust entity.

Note 30. Economic dependency

The aged care division is dependent on government funding under the Aged Care Act 2024 for operations of its residential aged care facilities.

Note 31. Events after the reporting period

Subsequent to year end, the loan of $6.9m and associated interest of $0.5m to construct the new residential aged care facility at 75 Ward Street, Rockhampton was fully repaid on 2 July 2026 by Mercy Health and Aged Care Central Queensland Limited.

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

Mercy Community Services SEQ Limited and its controlled entities
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 Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date; and

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

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 SEQ Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Mercy Community Services SEQ Limited (the "Registered Entity") and its subsidiaries ("the Group"), which comprises the statement of the consolidated financial position as at 30 June 2026, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 SEQ 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