Mercy Health and Aged Care Central Queensland Limited

ABN 34 096 724 033

Annual Report - 30 June 2026

Mercy Health and Aged Care Central Queensland Limited
Directors' report
30 June 2026

The Directors present their report, together with the financial statements, on Mercy Health and Aged Care Central Queensland Limited for the year ended 30 June 2026.

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

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

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 23 November 2021, 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 Health and Aged Care Central Queensland Limited is a company limited by guarantee registered as a charity with the Australian Charities and Not-for-profits Commission (ACNC). Mercy Health and Aged Care Central Queensland Limited does not issue shares to its members and under its constitution it does not have the capacity to issue dividends to its members. Any surplus on winding up will be distributed to an organisation which has similar objects as dictated by the Constitution.

Mercy Health and Aged Care Central Queensland Limited is a Public Benevolent Institution endorsed to access GST and FBT concessions and is income tax exempt. It is also endorsed as a Deductible Gift Recipient (DGR).

Objectives

Mercy Health and Aged Care Central Queensland Limited is a Catholic ministry continuing God's mission of mercy - compassionately inspiring and supporting people to live hopeful, connected lives within inclusive communities.

Strategy for achieving the objectives

The Company is largely funded by government and plans to enhance relationships to support increased service provision in its portfolio areas. A key focus continues to be measuring and delivering outcomes for the people supported by Mercy Health and Aged Care Central Queensland Limited 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 Company were the provision of residential and community aged care services.

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

Mercy Health and Aged Care Central Queensland Limited
Directors' report
30 June 2026

Review of operations
The deficit from ordinary activities amounted to $2,558,000 (2025 surplus: $7,634,000).

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

Significant changes in the state of affairs
There are no significant changes in the state of affairs during the year ended 30 June 2026.

Matters subsequent to the end of the financial year
Subsequent to the year end, Mercy Health and Aged Care Central Queensland Limited fully repaid the loan of $6.9m and associated interest of $0.5m to Mercy Community Services SEQ Limited. This loan was for the construction of Mercy Haven, the new residential aged care facility at 75 Ward Street, Rockhampton.

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

Likely developments and expected results of operations
The Directors expect that the Company 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 Company 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.

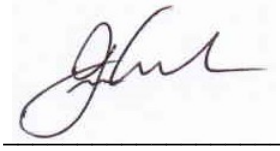
Proceedings on behalf of the Company
No person has applied to the Court for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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

Rounding of amounts
The Company is of a kind referred to in ASIC Legislative Instrument 2026/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to 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.

This report is made in accordance with a resolution of Directors.



Jeffrey Carlos
Deputy Chair

28 October 2026

Grant Thornton Audit Pty Ltd
King George Central
Level 18
145 Ann Street
Brisbane QLD 4000
GPO Box 1008
Brisbane QLD 4001

T +61 7 3222 0200

Auditor's Independence Declaration

To the Directors of Mercy Health and Aged Care Central Queensland Limited

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Mercy Health and Aged Care Central Queensland Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C D Philp - Audit & Assurance

Brisbane, 28 October 2026

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Mercy Health and Aged Care Central Queensland Limited
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General information

The financial statements cover Mercy Health and Aged Care Central Queensland Limited as an individual entity. The financial statements are presented in Australian dollars, which is Mercy Health and Aged Care Central Queensland Limited's functional and presentation currency.

Mercy Health and Aged Care Central Queensland Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
'McAuley Building', 131 Queens Road, Nudgee, QLD 4014.	75 Ward Street, The Range, QLD 4700.

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

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

Mercy Health and Aged Care Central Queensland Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Revenue from contracts with customers	4	42,274	32,722
Other income	5	7,311	16,269
Expenses			
Employee benefits expense	6	(28,652)	(23,123)
Utilities and property expense		(2,994)	(3,021)
Depreciation and amortisation expense	6	(2,675)	(644)
Administration expenses		(7,654)	(6,464)
Client service expenses and consumables		(5,490)	(4,943)
IT and communication expenses		-	(234)
Motor vehicle expenses		(127)	(141)
Insurance expenses		(581)	(501)
Other expenses		(20)	(75)
Finance costs	6	(3,950)	(2,211)
(Deficit)/surplus for the year attributable to the members of Mercy Health and Aged Care Central Queensland Limited		(2,558)	7,634
Other comprehensive income for the year		-	-
Total comprehensive (deficit)/income for the year attributable to the members of Mercy Health and Aged Care Central Queensland Limited		(2,558)	7,634

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

Mercy Health and Aged Care Central Queensland Limited
Statement of financial position
As at 30 June 2026

	Note	2026 $'000	2025 $'000
Assets			
Current assets			
Cash and cash equivalents	7	38,974	17,048
Trade and other receivables	8	373	782
Other current assets	9	415	604
Total current assets		39,762	18,434
Non-current assets			
Property, plant and equipment	10	55,640	56,569
Right-of-use assets	11	362	415
Total non-current assets		56,002	56,984
Total assets		95,764	75,418
Liabilities			
Current liabilities			
Trade and other payables	12	10,856	10,662
Refundable accommodation deposits	13	50,687	30,857
Contract liabilities	14	350	373
Borrowings	15	7,376	5,193
Lease liabilities	16	50	61
Employee benefits	17	3,163	2,419
Total current liabilities		72,482	49,565
Non-current liabilities			
Lease liabilities	16	325	362
Employee benefits	17	156	132
Total non-current liabilities		481	494
Total liabilities		72,963	50,059
Net assets		22,801	25,359
Equity			
Retained surpluses		22,801	25,359
Total equity		22,801	25,359

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

Mercy Health and Aged Care Central Queensland Limited
Statement of changes in equity
For the year ended 30 June 2026

	Retained surpluses $'000	Total equity $'000
Balance at 1 July 2024	17,725	17,725
Surplus for the year	7,634	7,634
Other comprehensive income for the year	-	-
Total comprehensive income for the year	7,634	7,634
Balance at 30 June 2025	25,359	25,359

	Retained surpluses $'000	Total equity $'000
Balance at 1 July 2025	25,359	25,359
Deficit for the year	(2,558)	(2,558)
Other comprehensive income for the year	-	-
Total comprehensive deficit for the year	(2,558)	(2,558)
Balance at 30 June 2026	22,801	22,801

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

Mercy Health and Aged Care Central Queensland Limited
Statement of cash flows
For the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		50,338	35,408
Payments to suppliers and employees (inclusive of GST)		(48,770)	(35,025)
Interest received		797	312
Interest and other finance costs paid		(152)	(149)
Net cash from operating activities		2,213	546
Cash flows from investing activities			
Payments for property, plant and equipment	10	(1,929)	(28,610)
Grant contributions for capital projects		-	10,000
Proceeds from disposal of property, plant and equipment		79	-
Net cash used in investing activities		(1,850)	(18,610)
Cash flows from financing activities			
Proceeds from refundable accommodation deposits and accommodation bonds		30,663	15,195
Payments for refundable accommodation deposits and accommodation bonds		(10,679)	(5,599)
Repayment of resident loans		(80)	(807)
Repayment of lease liabilities		(48)	(54)
Receipts from related party loans		1,707	5,193
Net cash from financing activities		21,563	13,928
Net increase/(decrease) in cash and cash equivalents		21,926	(4,136)
Cash and cash equivalents at the beginning of the financial year		17,048	21,184
Cash and cash equivalents at the end of the financial year	7	38,974	17,048

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

Note 1. Material accounting policy information

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

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

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

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

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue and other income
One of the two criteria for determining whether AASB 15 or AASB 1058 applies to the recognition of revenue and income of not-for-profit 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.

The Company recognises revenue and other income as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company:
- Identifies the contract with a customer;
- identifies the performance obligations in the contract;
- Determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- Allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- Recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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.

Note 1. Material accounting policy information (continued)

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 by the middle of the month of services delivery, a short period in advance.

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

Grant income under AASB 1058
During the period, the Department of Health and Aged Care provided funding for the entity to construct a recognisable non-financial asset to be controlled by the entity. The entity recognises income in the statement of profit or loss as the entity satisfies its obligations under the transfer.

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

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

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

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

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

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

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

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

All other assets are classified as non-current.

Note 1. Material accounting policy information (continued)

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

All other liabilities are classified as non-current.

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

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

The Company 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.

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 assets*
Buildings (excluding retirement villages)	40 years
Buildings under lease	6.5 years
Plant and equipment	3-20 years
Fixtures and fittings	3-20 years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Retirement village buildings are not depreciated as the entity contributes to a statutory Capital Replacement fund in accordance with the professional advice of third-party quantity surveyors.

Capital work in progress
The cost of plant and equipment being constructed by the Company includes the cost of the contract that has been invoiced to the year end date.

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 Company 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.

Note 1. Material accounting policy information (continued)

The Company 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.

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

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

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

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

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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.

Note 1. Material accounting policy information (continued)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on 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, relating to the 'rounding off' of amounts in the directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Comparatives
Where necessary, comparative figures have been reclassified to conform with the changes in presentation in the current year.

Note 2. Critical accounting judgements, estimates and assumptions

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

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

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

Carrying value of non-current assets assessed for indicators of impairment
The Company assesses whether there is an indication that a non-current asset may be impaired. Where an indicator of impairment exists relating to the carrying amount of the non-current asset the Company makes a formal estimate of recoverable amount. Where the carrying amount of the non-current asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

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

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

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

Note 3. Going concern

The financial statements of Mercy Health and Aged Care Central Queensland Ltd indicate that the following factors exist in relation to the Company's ability to continue as a going concern:

- Net current asset deficiency of $32,720,000 (2025: current asset deficiency of $31,131,000).

- Positive operating cash flows of $2,213,000 (2025: positive operating cash flows of $546,000).

The Directors are of the view that the effect of the following mitigating factors will enable the Company to continue to pay its debts as and when they fall due, hence the financial statements have been prepared on a going concern basis:

- The deficiency of net current assets arises because resident loans of $2,603,000 (2025: $2,704,000) and Refundable Accommodation Deposits (RADs) of $50,687,000 (2025: $30,857,000) are classified in full as a current liability, whereas the assets to which the loans and RADs relate (land, buildings and retirement village assets of $55,640,000 (2025: $56,569,000), are classified as non-current assets. Resident loans and RADs are classified as a current liability because the Company does not have an unconditional right to defer settlement of resident loans or RADs for at least 12 months after the reporting period.

- The Company has assessed the future estimated cashflows for going concern purposes and as a result the Directors believe that the Company has adequate resources to continue in operational existence for a minimum of 12 months from the date of signing this report. Additionally, the Board of related entity, Mercy Community Services SEQ Limited, have signed a resolution to allow the Company to borrow RAD money on normal commercial terms to assist with cash flows for the construction of the Mercy Haven development should this be required. Accordingly, they continue to adopt the going concern basis in preparing the financial report.

- The Company has received a letter of financial support from Mercy Community Services North Queensland Limited (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 The Company 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 these financial statements.

  This support has been considered by the Directors in assessing The Company'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.

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

Note 4. Revenue from contracts with customers

	2026 $'000	2025 $'000
Revenue from contracts with customers - (AASB 15)		
Government subsidies	34,544	27,321
Aged care service fees	7,689	5,401
	42,233	32,722
Other revenue - (AASB 15)		
Retentions income	41	-
Revenue from contracts with customers	42,274	32,722

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

	2026 $'000	2025 $'000
Timing of revenue recognition		
Services transferred over time	42,274	32,722

Note 5. Other income

	2026 $'000	2025 $'000
Imputed income on RAD, bonds and aged care lease income	4,920	3,131
Government grants	820	11,939
Interest income	797	312
Retirement village and other income	774	887
Other income	7,311	16,269

The Department of Health and Aged Care contributed $17.8 million funding for the Mercy Haven Building redevelopment that reached the final stage of practical completion on 22 August 2025. During FY 2025-26, the Company received the final eighth instalment of $324,400 (exclusive GST) and recognised the remainder of the funding as grant income in accordance to the accounting standards outlined in Note 1, of which $697,810 was recognised as grant revenue. In FY 2024-25, the Company received $10.0 million (exclusive of GST) as the fourth, fifth and sixth instalment ($5.0 million was received as second and third instalment in FY 2023-24 and $2.5 million was received as first instalment in FY 2022-23) of which $11.9 million was recognised as grant revenue (included above in the comparative).

Note 6. Expenses

	2026 $'000	2025 $'000
(Deficit)/surplus includes the following specific expenses:		
Depreciation and amortisation expense		
Property, plant and equipment	2,631	581
Right-of-use asset	53	63
Total depreciation and amortisation expense	2,684	644
Finance costs		
Interest and finance charges paid on lease liabilities	11	17
Imputed interest on Refundable Accommodation Deposits	3,390	2,062
Bond interest paid	549	132
Finance costs expensed	3,950	2,211
Employee benefits expense		
Defined contribution superannuation expense	2,601	1,721
Employee benefits expense excluding superannuation	26,051	21,402
Total employee benefits expense	28,652	23,123

Note 7. Cash and cash equivalents

	2026 $'000	2025 $'000
Current assets		
Cash at bank	38,941	17,048
Cash on deposit	33	-
	38,974	17,048

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

	2026 $'000	2025 $'000
Residential Accommodation Deposits and Accommodation Bonds	31,231	11,674
Other restricted and Retirement Village Funds	832	860
	32,063	12,534

Note 8. Trade and other receivables

	2026 $'000	2025 $'000
Current assets		
Trade receivables	525	396
Less: Allowance for expected credit losses	(152)	(89)
	373	307
Other receivables	-	475
	373	782

Note 9. Other current assets

	2026 $'000	2025 $'000
Current assets		
Prepayments	373	562
Security deposits and bonds	42	42
	415	604

Note 10. Property, plant and equipment

	2026 $'000	2025 $'000
Non-current assets		
Land - at cost	3,108	3,108
Buildings - at cost	62,668	61,174
Less: Accumulated depreciation	(12,192)	(10,969)
Less: Impairment	(7,729)	(7,729)
	42,747	42,476
Buildings under lease - at cost	4,330	7,047
Less: Accumulated depreciation	(590)	(1,426)
Less: Impairment	-	(1,291)
	3,740	4,330
Plant and equipment - at cost	9,683	8,998
Less: Accumulated depreciation	(4,418)	(4,413)
Less: Impairment	-	(264)
	5,265	4,321
Fixtures and fittings - at cost	704	2,342
Less: Accumulated depreciation	(127)	(8)
	577	2,334
Work in progress	203	-
	55,640	56,569

Note 10. Property, plant and equipment (continued)

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

	Land $'000	Buildings $'000	Buildings under lease $'000	Plant and equipment $'000	Fixtures and fittings $'000	Work in progress $'000	Total $'000
Balance at 1 July 2025	3,108	42,476	4,330	4,321	2,334	-	56,569
Additions	-	-	-	50	-	1,879	1,929
Disposals	-	-	-	(79)	-	-	(79)
Write off of assets	-	-	-	-	-	(148)	(148)
Transfers from WIP	-	1,494	-	1,672	(1,638)	(1,528)	-
Depreciation expense	-	(1,223)	(590)	(699)	(119)	-	(2,631)
Balance at 30 June 2026	3,108	42,747	3,740	5,265	577	203	55,640

Buildings under lease
McAuley Place is subject to an occupancy lease which transfers all risks and obligations associated with ownership of the building to the company while retaining the legal title in the Institute of Sisters of Mercy of Australia and Papua New Guinea. The term of the lease was originally for 30 years, commencing on 1 October 2011 and expiring on 30 September 2041. The lease was terminated earlier and ceased on 26 May 2026.

The Range Village also operates on land under lease. In October 2007 the Company entered into a 25 year lease for the land which is due to expire on 31 October 2032.

Mercy Haven was a newly constructed residential aged care facility that commenced accepting occupants from 16 June 2025. This project was partially funded by the Department of Health and Aged Care (refer to note 5 for details of the funding) and the remaining balance funded by residential accommodation deposits from MHACCQ and Mercy Community Services SEQ (refer to note 22 for details).

Note 11. Right-of-use assets

	2026 $'000	2025 $'000
Non-current assets		
Property - right-of-use assets	477	477
Less: Accumulated depreciation	(115)	(62)
	362	415

The company leases a property for allied health services for a period of 3 to 9 years (which includes the option to extend). On renewal the terms of the lease are renegotiated.

Note 11. 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:

	Property $'000
Balance at 1 July 2025	415
Depreciation expense	(53)
Balance at 30 June 2026	362

Note 12. Trade and other payables

	2026 $'000	2025 $'000
Current liabilities		
Trade payables	342	329
Sundry payables and accrued expenses	1,586	2,508
Resident loans	2,603	2,704
Retirement village liabilities	795	839
Related party payables (note 22)	5,530	4,282
	10,856	10,662

Note 13. Refundable accommodation deposits

	2026 $'000	2025 $'000
Current liabilities		
Accommodation bonds and refundable deposits	50,687	30,857

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

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

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

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

Note 13. Refundable accommodation deposits (continued)

	2026 $'000	2025 $'000
Accommodation bonds/refundable deposits payable ageing:		
Expected to be paid within the next 12 months	16,319	9,213
Not expected to be paid within the next 12 months	34,368	21,644
	50,687	30,857

Note 14. Contract liabilities

	2026 $'000	2025 $'000
Current liabilities		
Contract liabilities	350	373

Note 15. Borrowings

	2026 $'000	2025 $'000
Current liabilities		
Related party loans payables (note 22)	7,376	5,193

Note 16. Lease liabilities

	2026 $'000	2025 $'000
Current liabilities		
Lease liability	50	61
Non-current liabilities		
Lease liability	325	362
	375	423
Future lease payments		
Future lease payments are due as follows:		
Within one year	61	72
One to five years	306	306
More than five years	51	112
	418	490

Note 17. Employee benefits

	2026 $'000	2025 $'000
Current liabilities		
Annual leave	2,269	1,536
Long service leave	894	883
	3,163	2,419
Non-current liabilities		
Long service leave	156	132
	3,319	2,551

Note 18. Key management personnel disclosures

All of the key management personnel for the period 1 July 2025 to 30 June 2026 were paid through Mercy Community Services SEQ Limited, a related company. Accordingly, all associated KMP remuneration expenses were recognised by Mercy Community Services SEQ Limited.

Note 19. Remuneration of auditors

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

	2026 $	2025 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit of the financial statements	46,200	46,200
Prudential compliance	7,150	4,200
Retirement village certification	10,250	6,300
Care minutes assurance	8,500	-
	72,100	56,700
Other services - Grant Thornton Australia Limited		
Assistance with compilation of the financial statements	6,542	6,230

Note 20. Contingent liabilities

In September 2021, the Company was awarded a building fund grant by the Department of Health for the construction of Mercy Haven aged care facility in Rockhampton. A condition of the grant was that MHACCQ must ensure that a majority of the care recipients who receive care at Mercy Haven must be to people from special needs groups (as defined in the *Aged Care Act 1997*) or concessional, assisted or supported residents (as defined in the *Aged Care Act 1997* (Transitional Provisions)) or low-means recipients (as defined in the Allocation Principles 2014). Given Mercy Haven is a 90-bed facility this implies at least 46 rooms should be available for residents that fulfill this criterion. This condition is applicable from 7 years from the project completion date of June 2025. This condition has been satisfied for the financial year ended 30 June 2026.

The Company had no other contingent liabilities at 30 June 2026.

Note 21. Commitments

	2026 $'000	2025 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities payable:		
Mercy Haven building project	-	1,214

Note 22. Related party transactions

Ultimate parent
In accordance with the Australian Charities and Not-for-profit Commission (ACNC) Act 2012, Mercy Partners is the sole ultimate holding company of Mercy Health and Aged Care Central Queensland Limited.

Key management personnel
Disclosures relating to key management personnel are set out in note 18.

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

	2026 $	2025 $
Other transactions:		
Mercy Community Services SEQ Limited - costs per Management Service Agreement	(5,829,100)	(5,115,420)
Mater Misericordiae Limited - costs per Management Service Agreement	(2,362,525)	(2,347,725)
Mercy Partners - stewardship fees	(67,353)	(36,964)
	(8,258,978)	**(7,500,109)**

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

	2026 $	2025 $
Current payables:		
Mercy Community Services SEQ Limited (note 12)	5,530,209	4,282,398

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

	2026 $	2025 $
Current borrowings:		
Related party loans payables (note 15)	7,376,248	5,192,976

On 3 June 2025, the Company entered into a loan agreement with Mercy Community Services SEQ Limited to borrow 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 associated interest of $0.5m was fully repaid on 2 July 2026.

The Company held a bank account with the Archdiocesan Development Fund (ADF) containing $2,000,000 that has a deed of security over the account in relation to loan facility agreement between the ADF and Mercy Community Services SEQ Limited (a related party). The covenant was discharged/released on 20 November 2024.

Note 22. Related party transactions (continued)

Terms and conditions
Transactions with related parties are on normal commercial terms and conditions and are no more favourable than those available to other parties unless otherwise stated. Related party payables are unsecured and due within 30 days of recognition.

Where Directors of the Company provide services to the Company (in their professional capacity individually or as part of a third party entity), these services are provided on normal commercial terms and conditions.

The support functions of the Company were split out as follows:

(a) Management Services Agreement
On 2 November 2020, the Company entered into a Management Services Agreement (MSA) with Mercy Community Services SEQ Limited (Mercy Community). Both the Company and Mercy Community have the same canonical sponsor and sole member, being Mercy Partners. In addition, from 1 November 2020 both the Company and Mercy Community have the same composition of their respective Board of Directors. The MSA is an exclusive agreement whereby Mercy Community provides operational leadership and professional management services 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.

(b) Support Services Agreement
On 2 November 2020, the Company entered into a Support Services Agreement (SSA) with Mater Misericordiae Limited (MML). Both the Company and MML have the same canonical sponsor and sole member, being Mercy Partners.

The SSA is a non-exclusive agreement whereby MML provides operational services. The agreement ceased on 31 December 2024.

Letter of Financial Support
MHACCQL 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. Please refer to Note 3 Going Concern for more details on this letter of support.

Note 23. Economic dependency

The aged care division is dependent on Government Funding under the *Aged Care Act 2024* for operation of its residential aged care facilities.

Note 24. Members' guarantee

The Company is incorporated under the *Australian Charities and Not-for-profit Commission (ACNC) Act 2012* 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 25. Events after the reporting period

Subsequent to the year end, Mercy Health and Aged Care Central Queensland Limited fully repaid the loan of $6.9m and associated interest of $0.5m to Mercy Community Services SEQ Limited. This loan was for the construction of Mercy Haven, the new residential aged care facility at 75 Ward Street, Rockhampton.

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

Mercy Health and Aged Care Central Queensland Limited
Directors' declaration
30 June 2026

In the Directors' opinion:

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

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

- There are reasonable grounds to believe that the Company 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

Grant Thornton Audit Pty Ltd
King George Central
Level 18
145 Ann Street
Brisbane QLD 4000
GPO Box 1008
Brisbane QLD 4001

T +61 7 3222 0200

Independent Auditor's Report

To the Mercy Health and Aged Care Central Queensland Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Mercy Health and Aged Care Central Queensland Limited (the "Registered Entity"), which comprises the statement of financial position as at 30 June 2026, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and the Directors' declaration.

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

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

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Other information

The Directors are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Entity to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

C D Philp
Partner – Audit & Assurance

Brisbane, 28 October 2026