



FINANCIAL STATEMENTS 2025

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30 June 2025

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Australian Regional and Remote Community Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Revenue			
Revenue from contracts with clients	B1	118,776	107,008
Other income	B1	21,416	10,323
Total revenue		140,192	117,331
Expenses			
Salaries and employee expenses ¹		(93,849)	(81,686)
Supplies and services expenses	B2	(9,232)	(7,433)
Depreciation and amortisation expenses		(7,172)	(6,519)
Property expenses	B2	(12,647)	(9,666)
Other expenses	B2	(8,075)	(7,447)
Finance costs	B2	(697)	(612)
Total expenses		(131,672)	(113,363)
Surplus for the year		8,520	3,968
Total comprehensive income for the year		8,520	3,968

¹ Salaries and employee expenses include agency staffing costs.

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

Australian Regional and Remote Community Services Limited
Statement of financial position
For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Current assets			
Cash and cash equivalents	D1.1	51,415	66,400
Trade and other receivables	C1.1	1,968	1,556
Other assets	C1.2	1,545	2,005
Total current assets		54,928	69,961
Non-current assets			
Property plant and equipment	C2.1	116,331	98,168
Right of use assets	C3	3,421	3,496
Intangible assets	C4	7	11
Total non-current assets		119,759	101,675
TOTAL ASSETS		174,687	171,636
Current liabilities			
Trade and other payables	C1.3	5,945	6,972
Refundable accommodation deposits ¹	D2	7,875	5,735
Lease liabilities	D3.1	910	747
Employee benefits	E1	8,017	6,687
Other liabilities	C1.4	30,331	38,215
Provisions	C1.5	111	195
Total current liabilities		53,189	58,551
Non-current liabilities			
Lease liabilities	D3.1	1,850	2,034
Employee benefits	E1	1,009	960
Provisions	C1.5	507	479
Total non-current liabilities		3,366	3,473
TOTAL LIABILITIES		56,555	62,024
NET ASSETS		118,132	109,612
Equity			
Accumulated funds		118,132	109,612
TOTAL EQUITY		118,132	109,612

¹ Refundable Accommodation Deposits (RADs).

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

Australian Regional and Remote Community Services Limited
Statement of changes in funds
For the year ended 30 June 2025

	Accumulated funds \$'000
Balance at 1 July 2023	105,644
Surplus for the year	3,968
Balance at 30 June 2024	109,612
 Balance at 1 July 2024	 109,612
Surplus for the year	8,520
Balance at 30 June 2025	118,132

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

Australian Regional and Remote Community Services Limited

Statement of cash flows

For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts from clients, funding and others		119,477	114,805
Payments to suppliers and employees		(125,778)	(105,161)
Interest received		2,219	1,991
Interest and financing costs paid		(190)	(226)
Net cash (outflow) / inflow from operating activities	D1.2	(4,272)	11,409
Cash flows from investing activities			
Receipts from the sale of property, plant and equipment		552	182
Payments for property, plant and equipment		(24,853)	(11,398)
Payments for intangible assets		-	(10)
Receipts from capital grants for property, plant and equipment		12,319	16,953
Net cash (outflow) / inflow from investing activities		(11,982)	5,727
Cash flows from financing activities			
Receipts from refundable accommodation deposits		3,408	1,496
Repayments of refundable accommodation deposits		(1,268)	(2,578)
Net receipts from / (repayments of) refundable accommodation deposits	D4	2,140	(1,082)
Payments to reduce lease liabilities	D4	(871)	(681)
Net cash inflow / (outflow) from financing activities		1,269	(1,763)
Net (decrease) / increase in cash and cash equivalents		(14,985)	15,373
Cash and cash equivalents at beginning of year		66,400	51,027
Cash and cash equivalents at end of year	D1.1	51,415	66,400

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

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

A About Australian Regional and Remote Community Services Limited

This section sets out the basis on which Australian Regional and Remote Community Services Limited's financial report is prepared. Where a material accounting policy is specific to a note, the policy is described within that note.

A1 Our organisation

The financial statements comprise the financial statements of Australian Regional and Remote Community Services Limited (ARRCS or the Company). For the purposes of preparing the financial statements, ARRCS is a not-for-profit entity.

ARRCS is a public company limited by guarantee incorporated in Australia under the *Corporations Act 2001* and a registered charity under the *Australian Charities and Not-for-profits Commission Act 2012*. The Company's sole member is UnitingCare Queensland Limited.

The financial statements include financial information for Regional and Remote Indigenous Services Trust (RRIS Trust) for the purpose of reporting to the Australian Charities and Not-for-profits Commission (ACNC) on a consolidated basis for the Australian Regional and Remote Community Services_ACNC Group. The RRIS Trust contains the sole asset of Hetti Perkins Home for the Aged.

ARRCS' principal continuing activities are the provision of aged care, community and disability services in the Northern Territory.

The financial statements of the Company were authorised for issue on 23 September 2025 in accordance with a resolution of the Board of Directors.

The registered office and principal place of business of ARRCS is Level 5, 192 Ann Street, Brisbane, Queensland 4000.

The Company's Australian Business Number (ABN) is 88 167 926 132. The Company's National Approved Provider System Identification (NAPS ID) number is 6871.

A2 Our financial statements

A2.1 Basis of preparation

These financial statements:

- are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs), other authoritative pronouncements issued by the Australian Accounting Standards Board, and the *Australian Charities and Not-for-profits Commission Act 2012*. In some circumstances, where permitted under the AASBs, the Company has elected to apply exemptions available to not-for-profit entities such as for volunteer services and concessional leases;
- have been prepared on the basis of historical cost;
- present all values in Australian dollars, which is the Company's functional currency, and have been rounded to the nearest thousand dollars, unless otherwise stated;
- adjust comparative balances, where applicable, to conform to changes in presentation for the current year; and
- do not early adopt any Australian Accounting Standards and Interpretations issued or amended but not yet effective.

A2.2 Statement of compliance

The Company does not have 'public accountability' as defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* (AASB 1053) and is therefore eligible to apply the 'Tier 2' reporting framework under the Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements of those standards as modified by AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and the disclosure requirements of AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

A2 Our financial statements (continued)

A2.3 New and amended standards adopted

The Company has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for accounting periods beginning on or after 1 July 2024. These are as follows:

Pronouncement	Impact
AASB 2022-5 <i>Amendments to Australian Accounting Standards - Lease liability in a sale and leaseback</i>	This Standard requires a seller-lessee to measure lease liabilities arising from a sale and leaseback transaction in a way that does not result in recognition of a gain or loss that relates to the right-of-use it retains. The Company does not currently have sale and leaseback arrangements. The Company will apply the amendments if sale and leaseback arrangements are entered into in the future.
AASB 2023-3 <i>Amendments to Australian Accounting Standards - Disclosure of non-current liabilities with covenants: Tier 2 disclosures</i>	This Standard clarifies when liabilities should be presented as current or non-current in the statement of financial position, including the impact of covenants on that classification. It requires additional disclosures about the risk that non-current liabilities could become payable within 12 months after the reporting period because of difficulties with complying with the covenants. The amendments did not impact the classification of the Company's financial liabilities. The Company does not have any financial liabilities containing covenants.
AASB 2024-1 <i>Amendments to Australian Accounting Standards - Supplier finance arrangements: Tier 2 disclosures</i>	This Standard requires the disclosure of information about the Company's supplier finance arrangements and their effect on the Company's liabilities and cash flows. The Company does not have any supplier finance arrangements in place. The Company will apply the amendments if supplier finance arrangements are entered into in the future.

None of the above standards have had a material impact on the Company.

A2.4 Standards and interpretations in issue but not yet adopted

Apart from those presented below, there are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions:

Pronouncement	Effective for annual reporting periods beginning on or after	Impact
AASB 2014-10 <i>Amendments to Australian Accounting Standards - Sale or contribution of assets between an investor and its associates or joint venture (as amended)</i>	1 January 2028	This Standard limits the recognition of a gain or loss arising from the loss of control of a subsidiary that does not control a business in a transaction with an associate or joint venture to the extent of the unrelated investors' interest in that associate or joint venture. Similar limitations apply to remeasurements of retained interests in former subsidiaries. The Company does not currently have such arrangements. The Company will apply the amended requirements if such arrangements are entered into in the future.
AASB 2023-5 <i>Amendments to Australian Accounting Standards - Lack of exchangeability</i>	1 January 2025	This Standard specifies how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not. The Company does not currently hold foreign currencies. The Company will apply the amended requirements if it holds foreign currencies in the future.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

A2 Our financial statements (continued)

A2.4 Standards and interpretations in issue but not yet adopted (continued)

Pronouncement	Effective for annual reporting periods beginning on or after	Impact
<i>AASB 2024-2 Amendments to Australian Accounting Standards – Clarification and measurement of financial instruments</i>	1 January 2026	This Standard amends AASB 9 <i>Financial Instruments</i> (AASB 9) to introduce an option to derecognise financial liabilities settled through electronic transfer before the settlement date, clarifies how contractual cash flows should be assessed for financial assets with environmental, social and governance (ESG) and similar features, includes additional guidance in respect of non-recourse features and contractually linked instruments and amends specific disclosure requirements. The Company is currently investigating the impact of this amendment.
<i>AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity</i>	1 January 2026	This Standard amends AASB 9 and AASB 7 <i>Financial Instruments: Disclosures</i> (AASB 7) by introducing additional guidance for contracts referencing nature-dependent electricity (often structured as power purchase agreements), including contracts to buy or sell nature-dependent electricity and financial instruments that reference such electricity. Amendments added applications guidance to AASB 9 to clarify the 'own-use' criteria for contracts to buy electricity generated from nature-dependent sources. In respect of hedges for forecast electricity transactions the amendments to AASB 9 permit a variable nominal amount of the forecast electricity transaction to be designated as the hedged item that is aligned with the variable amount of nature-dependent electricity expected to be delivered by the generation facility as referenced in the hedging instrument. The Company is currently investigating the impact of this amendment.
<i>AASB 18 Presentation and disclosure in financial statements (not-for-profit entities)</i>	1 January 2028	AASB 18 <i>Presentation and Disclosure in Financial Statements</i> (AASB 18) replaces AASB 101 <i>Presentation of Financial Statements</i> (AASB 101). It will not change the recognition and measurement of items in the financial statements, but it will affect presentation and disclosure in the financial statements, including introducing new categories and defined subtotals in the statement of profit or loss, requiring the disclosure of management-defined performance measures, and changing the grouping of information in the financial statements. The Company is currently investigating the impact of this Standard.

A2.5 Going concern

The financial statements include the assumption that the Company will continue to operate as a going concern. The Company expects to be able to settle its liabilities as they arise in the ordinary course of business for at least the next 12 months. The Company is in a net current asset position of \$1,739,000 (2024: \$11,410,000).

A2.6 Economic dependency

The Company is dependent on Commonwealth and Territory Government subsidies and grants to fund its operations. The continued support and funding of community care and aged care program facilities by the Commonwealth and Territory Governments are subject to regular reviews and accreditation requirements. The revenue from these Government entities is expected to continue in the foreseeable future. See Note F5.2 for information relating to government funding.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

A2 Our financial statements (continued)

A2.7 Significant accounting policy judgements, estimates and assumptions

In preparing these financial statements, the Board and management have made judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical accounting judgements, estimates and assumptions are included in the following notes:

Accounting judgements, estimates and assumptions	Note
Imputed DAP revenue on RAD balances	B1
Expected credit losses on trade receivables	C1.1
Estimated useful life of property, plant and equipment	C2.1
Capitalisation of configuration and customisation costs in software-as-a-service arrangements	C4
Refundable accommodation deposits (RADs)	D2
Lease term and option renewals	D3.1
Incremental borrowing rates	D3.1
Annual and long service leave assumptions	E1

A2.8 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 a cash equivalent unless being restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

A2.9 Comparatives

During the year the Company made reclassifications of minor asset and liability accounts to enhance comparability with the current year presentation. Comparative amounts in the primary financial statements and relevant notes were reclassified for consistency.

A2.10 Goods and Services Tax (GST)

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the statement of financial position. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows within the receipts from clients, funding and others and payments to suppliers and employees.

A2.11 Income Taxes

No provision for income tax has been made as the Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act (1997)* and have been so endorsed by the Commissioner of Taxation.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

B Results for the Year

This section provides additional information on the Company's results for the year, including details on revenue and expenses, that are considered most relevant in the context of the Company's operations.

B1 Revenue and other income

The Company primarily derives revenue from the provision of aged care, community and disability services across the Northern Territory.

	2025 \$'000	2024 \$'000
Revenue from contracts with clients		
Aged care and community services	112,284	100,678
Daily accommodation payments (DAP)	6,485	5,786
National Disability Insurance Scheme (NDIS) services	7	544
Total revenue from contracts with clients	118,776	107,008
Other income		
Other not-for-profit income		
Capital grants	16,895	6,870
Fundraising and donations	76	26
Lessor income		
Lessor income	375	254
Other income		
Other income ¹	1,351	824
Interest income		
Imputed DAP revenue on RAD and bond balances	500	358
Other interest ²	2,219	1,991
Total other income	21,416	10,323

¹ Other income includes income from insurance recoveries.

² Other interest income includes interest on cash at bank and short-term deposits.

Accounting judgements, estimates and assumptions

Imputed DAP revenue on RAD balances	The Company has determined the use of the Maximum Permissible Interest Rate (MPIR) prevailing at the date of admission as the interest rate to be used in the calculation of the imputed DAP revenue on RAD balances. The MPIR is a rate set by the Government and is used to calculate the DAP to applicable residents.
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Accounting policies

Revenue from contracts with clients

Revenue is measured based on the consideration the entity expects to be entitled to in exchange for transferring promised goods or services as specified in a contract with a client. The Company recognises revenue when it transfers control over a good or provides a service to a client.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with clients, including significant payment terms, and the related revenue recognition policies.

Where an agreement is enforceable and contains sufficiently specific performance obligations for the Company to transfer goods or services to a third-party, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers* (AASB 15). Otherwise, revenue is accounted for under AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058), whereby revenue is recognised upon receipt, except for certain capital grants noted below.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

B1 Revenue and other income (continued)

Accounting policies (continued)

Revenue from contracts with clients (continued)

Type of good or service	Revenue recognition policies including nature and timing of satisfaction of performance obligations and significant payment terms
Aged care and community services	This revenue stream includes revenue derived from Home Care Packages (HCP), Commonwealth Home Support Programme (CHSP), residential funding under Australian National Aged Care Classification (AN-ACC), basic daily fees, aged care supplements and client fees for services relating to aged care and community services. Performance obligations are deemed to be the delivery of the services relevant to the above programs. Services are provided primarily on a daily or monthly basis. Revenue is recognised over time when the services are performed and delivered.
Grant funded programs	Grants are received for the funding of aged care, community and disability services programs. Where these specify certain specific performance obligations, the Company recognises revenue from services over time as performance obligations are satisfied. Such services are primarily provided on a daily or monthly basis. Any unused funds are to be returned to the funder unless otherwise agreed and associated grant funding liability is recognised (see Note C1.4). Cyclic and annual acquittals are required to be submitted to the funder for the majority of funded programs, in addition to output-based performance reporting. Funding is generally received quarterly or bi-annually in advance or in arrears.
NDIS services	The Company provides services to clients under the National Disability Insurance Scheme (NDIS) as identified in individual contracts. After the provision of the agreed services, the Company may submit a claim through the National Disability Insurance Agency (NDIA) or invoice a client directly for the recoupment of revenue for the service. The Company recognises revenue from services over time as performance obligations are satisfied, which is as the services are rendered, primarily on a daily or a monthly basis. There are no related unused funds as claims or invoices for payment are submitted after services are provided.
Daily accommodation payments (DAP)	The Company has assessed its resident agreements relating to residential aged care accommodation arrangements to be leases under AASB 16 <i>Leases</i> (AASB 16) due to the security of tenure that these offer to its residents. The resident agreement only requires 14 days written notice to vacate. For arrangements where residents have elected to pay a DAP, the associated lessor revenue is accounted for under AASB 16.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

B1 Revenue and other income (continued)

Accounting policies (continued)

Other not-for profit income

The Company is the recipient of income that is accounted for in accordance with AASB 1058, which covers transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the Company to further its objectives. This includes the following:

(i) Capital grants

For capital grants received under an enforceable agreement where it includes a transfer to enable the Company to acquire or construct a recognisable non-financial asset to identified specifications which will be controlled by the Company when completed, the Company recognises a capital grant funding liability for the excess of the fair value of the transfer over any related amounts recognised, and recognises income as it satisfies its obligations under the transfer (see Note C1.4).

As the capital grants received by the Company are primarily for the construction of buildings, the Company recognises income as the buildings are constructed (when it satisfies its obligations).

(ii) Fundraising, donations and bequests

Income is recognised when received, unless it contains sufficiently specific performance obligations that require it to be recognised in accordance with AASB 15, in which case the Company recognises as unearned income liability for the amount received, and recognises income as it satisfies its obligations under the donation (see Note C1.4).

Lessor income

Lessor income includes lease payments from operating leases recognised on a straight-line basis over the lease term in accordance with AASB 16.

Interest Income

Interest income 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 (EIR), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Imputed DAP revenue on RAD and bond balances

Accommodation services provided to residents who have chosen to pay a RAD or accommodation bond are accounted for as a lease under AASB 16. The Company has recognised as revenue an imputed non-cash charge for accommodation representing the resident's right to occupy a room under the arrangement. The accounting treatment results in a non-cash increase in revenue for accommodation and a non-cash increase in finance costs on the outstanding RAD and accommodation bond balance, with no net impact on profit and loss for the year. See Note B2 for imputed interest expense on RAD and bond balances.

Unrecognised revenue

(i) Volunteer services

The Company regularly receives volunteer services as part of its operations. Under AASB 1058, private sector not-for-profit entities have a policy option to account for donated services at fair value if the fair value can be reliably measured. The Company has elected not to recognise the receipt of volunteer services as revenue as the fair value cannot be measured reliably.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

B2 Expenses

This note presents a breakdown of specific expenses to help users understand the Company's financial performance.

	2025 \$'000	2024 \$'000
Supplies and services expenses		
Resident services and supplies	7,457	5,902
Cleaning and housekeeping	937	825
Other supplies and services ¹	838	706
Total supplies and services expenses	9,232	7,433
Property expenses		
Repairs and maintenance expense	6,473	3,582
Communications and utilities expense	2,191	1,974
Motor vehicle expense	1,208	1,047
Rental expense	985	1,491
Rates and taxes	594	597
Other property expense ²	528	401
Property insurance	668	574
Total property expenses	12,647	9,666
Other expenses		
Administrative and other expenses	3,954	4,671
Business expenses	2,221	2,040
Consulting and professional fees	1,900	736
Total other expenses	8,075	7,447
Finance costs		
Imputed interest expense on RAD and bond balances	500	358
Interest expense on leases ³	152	217
Interest expense	38	27
Bank charges and fees	7	10
Total finance costs	697	612

¹ Other supplies and services expenses include the purchase of consumables.

² Other property expenses includes security costs.

³ Includes interest expense on lease liabilities (see Note D3.1) and unwinding of discounts on lease restoration provisions (see Note C1.5).

Expense classifications

The Company's major categories of expenses have been disclosed above. We note that:

- Supplies and services expenses include the cost of goods sold and costs incurred in delivering services to residents;
- Property expenses comprise all costs associated with the ownership and maintenance of the Company's property, plant and equipment, intangible assets, and leased assets;
- Other expenses include external contractors, consulting and professional fees, software-as-a-service expenses, and general business and administrative expenses; and
- Finance costs comprise interest expense on lease liabilities (see Note D3.1), imputed interest expense on RAD and bond balances under AASB 16 (see Note B1), and bank fees.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

C Operating Assets and Liabilities

This section explains the Company's operating base used to support the provision of aged care, community and disability services, and the liabilities incurred as a result.

C1 Working capital

C1.1 Trade and other receivables

Trade and other receivables primarily consist of amounts outstanding from governments and residents of aged care facilities for delivering aged care, community and disability services.

	2025 \$'000	2024 \$'000
Trade receivables	4,305	4,027
Loss allowance	(2,337)	(2,471)
Total trade and other receivables	1,968	1,556

Ageing analysis

The ageing analysis of trade receivables at reporting date is as follows:

	Current - 90 days past due \$'000	90+ days past due \$'000	Total \$'000
30 June 2025			
Gross carrying amount - trade receivables	1,382	2,923	4,305
Loss allowance	(522)	(1,815)	(2,337)
Net trade receivables	860	1,108	1,968
30 June 2024			
Gross carrying amount - trade receivables	1,218	2,809	4,027
Loss allowance	(667)	(1,804)	(2,471)
Net trade receivables	551	1,005	1,556

Credit risk

Refer to Note D5.1(a) for details of the Company's exposure to credit risk on trade receivables.

Related party balances

Trade receivables contain balances with related parties. Refer to Note F2 for further information.

Allowance for expected credit losses

Movements in the allowance for expected credit losses were as follows:

	2025 \$'000	2024 \$'000
Opening loss allowance at the start of the year	2,471	1,190
Allowance arising during the year	665	1,400
Allowance utilised during the year	(799)	(119)
Closing loss allowance at the end of year	2,337	2,471

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

C1 Working capital (continued)

C1.1 Trade and other receivables (continued)

Accounting judgements, estimates and assumptions

Expected credit losses on trade receivables To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing profile. The expected loss rates are based on the historical payment profiles of debtors over a period of up to 12 months before 30 June 2025 and 30 June 2024 respectively. The historical loss rates are adjusted to reflect current and forward-looking information on economic factors affecting the ability of the clients to settle the receivables.

Accounting policies

Trade receivables

Trade receivables are amounts due from clients for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are classified as current. No interest is charged on outstanding balances. Trade receivables are recognised initially at the transaction price unless they contain significant financing components, then they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and measures them subsequently at amortised cost using the effective interest method.

Loss allowance

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 90 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within the statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

An allowance for expected credit loss (ECL) is recognised based on the difference between the contractual cash flows and the expected cash flows. ARRCs has adopted a simplified approach in calculating ECLs and uses a lifetime expected loss allowance for all trade receivables.

C1.2 Other assets

Other assets comprise prepayments, accrued income and other current assets.

	2025 \$'000	2024 ¹ \$'000
Current		
Prepayments	667	540
Accrued income	812	1,395
Other current assets ²	66	70
Total other current assets	1,545	2,005

¹ The comparative information related to other accrued income and other current assets has been reclassified. Refer to Note A2.9 for more information.

² Other current assets include security deposits on leased properties.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

C1 Working capital (continued)

C1.3 Trade and other payables

Trade and other payables consist of amounts owing to suppliers for goods and/or services delivered.

	2025 \$'000	2024 \$'000
Current		
Trade payables	684	3,679
Accrued expenses	4,930	2,316
GST payable	331	977
Total current trade and other payables	5,945	6,972

Supplier finance arrangements

The Company has not entered into any supplier finance arrangements in the current financial year (2024: \$Nil).

Related party balances

Trade payables contain balances with related parties. Refer to Note F2 for further information.

C1.4 Other liabilities

Other liabilities predominantly comprise amounts received in advance of provision of services and include operational and capital grant funding.

	2025 \$'000	2024 ¹ \$'000
Current		
Capital grant funding liabilities	24,030	28,606
Grant funding liabilities	6,063	8,781
Other current liabilities ²	238	828
Total other current liabilities	30,331	38,215

¹ The comparative information related to other liabilities has been reclassified. Refer to Note A2.9 for more information.

² Other current liabilities include resident fund account liabilities.

Accounting policies

Grant funding liabilities

Grant funding liabilities (including capital grants) comprise unfulfilled performance obligations for government and other grants received. Liabilities are released to the statement of profit or loss and other comprehensive income as performance obligations are satisfied or returned to the funder unless otherwise agreed (see Note B1).

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

C1 Working capital (continued)

C1.5 Provisions

A provision is a liability with uncertain timing and amount, but the expected settlement amount can be reliably estimated by the Company. The main provisions held are in relation to lease restoration provisions on leased properties.

	2025 \$'000	2024 \$'000
Current		
Lease restoration provision	111	195
Total current provisions	111	195
Non-current		
Lease restoration provision	507	479
Total non-current provisions	507	479

Movements in provisions were as follows:

	Lease Restoration \$'000	Total \$'000
Carrying amount at 1 July 2024	674	674
Provisions arising during the year ¹	242	242
Provisions utilised during the year	(298)	(298)
Carrying amount at 30 June 2025	618	618
Carrying amount at 1 July 2023	241	241
Provisions arising during the year ¹	471	471
Provisions utilised during the year	(38)	(38)
Carrying amount at 30 June 2024	674	674

¹ Provisions arising during the year includes the unwinding of discounts on lease restoration provision (see Note B2).

Accounting policies

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

Lease restoration provisions

Lease restoration provisions comprise an estimate of the cost to restore leased properties to their original condition on expiry (or surrender) of the lease agreement. Lease restoration provisions on lease agreements are initially measured at the present value of the estimated cost of restoration on expiry (or surrender) of the lease agreement, discounted to present value using an appropriate discount rate. Lease restoration provisions are included in the cost of the right of use asset for leases subject to the recognition and measurement requirements of AASB 16 (see Note C3). If the lease agreement is short-term and exempt from the requirements of AASB 16, the Company initially measures the lease restoration provision at the undiscounted estimated cost of restoration.

Lease restoration provision values are reviewed at each reporting date and adjusted if appropriate.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

C2 Property plant and equipment

C2.1 Property, plant and equipment

Property, plant and equipment represents the investment by the Company in tangible assets such as land, buildings, and plant and equipment. It also includes capital works in progress.

	Work in progress	Land and buildings	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
2025				
Cost	22,699	98,557	26,233	147,489
Accumulated depreciation	-	(18,689)	(12,469)	(31,158)
Carrying amount at 30 June 2025	22,699	79,868	13,764	116,331
Carrying amount at 1 July 2024	5,920	78,126	14,122	98,168
Additions	22,720	383	1,750	24,853
Disposals and derecognitions	(293)	(51)	(166)	(510)
Transfers: from work in progress	(5,648)	5,161	487	-
Depreciation expense	-	(3,751)	(2,429)	(6,180)
Carrying amount at 30 June 2025	22,699	79,868	13,764	116,331
2024				
Cost	5,920	93,097	26,800	125,817
Accumulated depreciation	-	(14,971)	(12,678)	(27,649)
Carrying amount at 30 June 2024	5,920	78,126	14,122	98,168
Carrying amount at 1 July 2023	388	80,163	12,069	92,620
Additions	7,336	2,608	1,455	11,399
Disposals and derecognitions	(53)	(27)	(102)	(182)
Transfers: from work in progress	(1,751)	1,751	-	-
Transfers: between asset classes	-	(3,094)	3,094	-
Depreciation expense	-	(3,275)	(2,394)	(5,669)
Carrying amount at 30 June 2024	5,920	78,126	14,122	98,168

Property, plant and equipment pledged as security

The Company has not pledged any property, plant and equipment as security in the current year (2024: \$Nil).

Accounting judgements, estimates and assumptions

Estimated useful life of property, plant and equipment

The estimated useful lives of property, plant and equipment are assessed annually. This assessment takes into consideration legislative and safety requirements and plans to ensure continued compliance therewith. The estimated useful lives reflect existing redevelopment plans which are also subject to review based on requirements and cost. Future changes to the redevelopment program may impact on the assessment of useful lives with a corresponding impact on depreciation expense in future periods.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

C2 Property, plant and equipment (continued)

C2.1 Property, plant and equipment (continued)

Accounting policies

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss and other comprehensive income.

The cost of capital works in progress includes directly attributable expenditure including the cost of materials, direct labour, an initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located, an appropriate proportion of production overheads and directly attributable borrowing costs.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the statement of profit or loss and other comprehensive income. Land is not depreciated.

The depreciation expense is recognised in 'depreciation and amortisation expenses' in the statement of profit or loss and other comprehensive income.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings and improvements	Up to 40 years
Plant and equipment - general	1 to 40 years
Plant and equipment – motor vehicles	1 to 10 years

Assets are depreciated on a straight-line basis from the date of acquisition or from the time an asset is completed and held ready for use.

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

Impairment of assets

The carrying amounts of assets are reviewed annually to determine whether there is any indication of impairment. If any indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the current replacement cost of the asset.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

C2 Property, plant and equipment (continued)

C2.2 Commitments for capital expenditure

Commitments for capital expenditure are the Company's contractual obligations to make future payments in relation to purchases of assets. Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2025 \$'000	2024 \$'000
Not later than 1 year		
Buildings	20,586	5,651
Total commitments for capital expenditure	20,586	5,651

C3 Right of use assets

A right of use asset represents the Company's right to use an asset over the life of a lease. See Note D3.1 for the Company's lease arrangements and related lease liabilities recognised.

	Land and buildings \$'000	Motor vehicles \$'000	Total \$'000
2025			
Cost	3,666	2,331	5,997
Accumulated depreciation	(1,562)	(1,014)	(2,576)
Carrying amount at 30 June 2025	2,104	1,317	3,421
Carrying amount at 1 July 2024	2,573	923	3,496
Additions	121	723	844
Lease modifications	(36)	105	69
Depreciation expense	(554)	(434)	(988)
Carrying amount at 30 June 2025	2,104	1,317	3,421
2024			
Cost	3,978	1,583	5,561
Accumulated depreciation	(1,405)	(660)	(2,065)
Carrying amount at 30 June 2024	2,573	923	3,496
Carrying amount at 1 July 2023	856	402	1,258
Additions	1,101	886	1,987
Lease modifications	1,095	-	1,095
Depreciation expense	(479)	(365)	(844)
Carrying amount at 30 June 2024	2,573	923	3,496

Right of use assets pledged as security

Leased motor vehicle right of use assets with a carrying amount value of \$1,317,000 (2024: \$923,000) are pledged as security under the terms of the lease (see Note D3.1).

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

C3 Right of use assets (continued)

Accounting policies

Recognition and measurement

The Company recognises right of use assets at the commencement date of the lease which is when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised (see Note D3.1), lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred by the Company, and an estimate of costs incurred in restoring the underlying asset to the condition required by the terms and conditions of the lease (see Note C1.5). Unless the Company is reasonably certain to be able to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight line basis over the shorter of the estimated useful life of the assets and the lease term. The depreciation expense is recognised in 'depreciation and amortisation expenses' in the statement of profit or loss and other comprehensive income. Right of use assets are subject to impairment testing.

C4 Intangible assets

The Company's investment in intangible assets includes computer software acquired from third party vendors or developed in-house.

	2025 \$'000	2024 \$'000
Computer software		
Cost	565	1,465
Accumulated amortisation	(558)	(1,454)
Carrying amount at the end of the year	7	11
Computer software		
Carrying amount at start of the year	11	8
Additions	-	9
Amortisation expense	(4)	(6)
Carrying amount at end of the year	7	11

Commitments for capital expenditure

The Company has not entered into any contractual obligations to make future payments in relation to purchases of intangible assets (2024: \$Nil).

Accounting judgements, estimates and assumptions

Capitalisation of configuration and customisation costs in software-as-a-service arrangements	In implementing SaaS arrangements, the Company has developed software code that either enhances, modifies or creates additional capability to the existing owned software. This software is used to connect with the SaaS arrangement's cloud-based application. Judgement has been applied in determining whether the changes to the owned software meets the definition and recognition criteria for an intangible asset in accordance with AASB 138 <i>Intangible Assets</i> (AASB 138).
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Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

C4 Intangible assets (continued)

Accounting policies

Recognition and measurement

Expenditure on research activities for software development is recognised in the statement of profit or loss and other comprehensive income when incurred.

Software development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to be able to use or sell the asset. Otherwise, it is recognised in the statement of profit or loss and other comprehensive income as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the statement of profit or loss and other comprehensive income as incurred.

Amortisation

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the statement of profit or loss and other comprehensive income. The amortisation expense is recognised in 'depreciation and amortisation expenses' in the statement of profit or loss and other comprehensive income.

The estimated useful life for software development costs is 1 to 8 years.

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

Impairment

Intangible assets are tested for impairment when an indicator of impairment exists. If the recoverable amount is less than its carrying value, an impairment loss is recorded to adjust the carrying value. The Company does not have intangibles with indefinite lives.

Software-as-a-service arrangements

Software-as-a-service (SaaS) arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud providers application software, are recognised as operating expenses when the services are received.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability of, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate. Judgement is required to determine whether the additional code meets the definition of an intangible asset.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

D Capital Structure and Financing

This section provides information on the Company's capital structure, including cash and cash equivalents, RADs, and leases. It also contains a summary of the Company's exposure to key financial risks, including interest rate, credit and liquidity risks, and the Company's policies and strategies to mitigate these risks.

D1 Cash and cash equivalents

D1.1 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, cash at bank and short-term deposits that are readily convertible to cash. This note presents the amount of cash at year end, together with a reconciliation of ARRCs' surplus to net cash flow from operating activities.

	2025 \$'000	2024 \$'000
Cash on hand	4	-
Cash at bank	16,411	31,400
Deposits – other	35,000	35,000
Total cash and cash equivalents	51,415	66,400

Deposits with UCIS

Uniting Church Investment Services (UCIS) is the Treasury arm of the Uniting Church in Australia Property Trust (Q.) (the Property Trust). UCIS is a Religious Charitable Development Fund (RCDF) as it meets the definition of a banking business under the *Banking Act 1959* but is exempt from the requirement to be authorised under the Act. Deposits with UCIS are disclosed as a related party balance (see Note F2).

Restricted balances included within cash and cash equivalents

Restricted balances are restricted in use for certain purposes defined in either a grant agreement, trust agreement or other externally imposed requirements. Included in cash and cash equivalents are \$497,000 (2024: \$1,083,000) of such restricted balances. In addition, all residential aged care bond deposits received since 1 October 2011 that have been expended on projects, meet the *Aged Care Act 1997* definition of "permitted purposes".

Interest

Cash at bank earns interest at floating rates based on daily bank deposit rates. Deposits are made for varying terms depending on the immediate cash requirements of the Company and earn interest at the respective deposit rates.

Interest rate risk

Refer to Note D5.2(a) for details of the Company's exposure to interest rate risk on cash and cash equivalents.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short-term deposits that are readily convertible to cash. For the purpose of the statement of cash flows, cash and cash equivalents are as defined above.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

D1 Cash and cash equivalents (continued)

D1.2 Reconciliation of surplus to net cash flow from operating activities

	2025 \$'000	2024 \$'000
Surplus for the year	8,520	3,968
Depreciation and amortisation expense	7,172	6,519
Capital grants from government	(16,895)	(6,870)
Non-cash transactions included in the surplus for the year	(153)	1
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(648)	(479)
Decrease / (increase) in other current assets	51	(19)
(Decrease) in trade and other payables	(384)	(557)
(Decrease) / increase in employee benefits and other provisions	(3,312)	1,556
Increase in other liabilities	1,377	7,290
Net cash (outflow) / inflow from operating activities	(4,272)	11,409

D2 Refundable accommodation deposits

Refundable accommodation deposits are held in respect of clients in residential aged care facilities.

	2025 \$'000	2024 \$'000
Refundable accommodation deposits - aged care facilities		
Expected to be paid within 12 months	1,796	2,148
Not expected to be paid within 12 months	6,079	3,587
Total refundable accommodation deposits	7,875	5,735

Accounting judgements, estimates and assumptions

Refundable accommodation deposits	Management use historical performance for resident exits and the average value of current RADs held for the basis of estimating the expected payment periods for current RADs.
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Accounting policies

Refundable accommodation deposits (RADs)

RADs are repayable on demand and are classified as current liabilities because the Company does not have an unconditional right to defer settlement of any specific balance for at least 12 months after the reporting date. This classification does not reflect the expected annual net movement of cash received from the receipt and refund of accommodation balances over the normal course of business.

RADs are recorded at the amount initially received less any retention the Company is allowed to deduct in accordance with the relevant legislation and resident agreement. Retentions may take the form of DAPs, interest on unpaid amounts, additional service fees, and any other fees drawn from the RAD balances, and are not discounted. DAPs are accounted for under AASB 16 (see Note B1).

Interest is payable to residents on RADs from the date of the resident's death or departure to the date of repayment. Interest is charged on RADs and fees that are received after their due date.

The cash required to cover the refund of RADs is subject to a documented liquidity management strategy.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

D3 Lease liabilities

D3.1 Lease liabilities

The Company has lease contracts for the use of properties, motor vehicles and equipment which it uses in its operations.

	2025 \$'000	2024 \$'000
Current		
Lease liabilities	910	747
Total current lease liabilities	910	747
Non-current		
Lease liabilities	1,850	2,034
Total non-current lease liabilities	1,850	2,034
Interest expense (included in finance costs)	132	199
Expense relating to short-term leases (included in property expenses)	809	1,059

Total cash outflows for leases (excluding short-term leases) for the year ended 30 June 2025 was \$1,002,000 (2024: \$879,000).

Accounting judgements, estimates and assumptions

Lease term and option renewals The lease term is determined to be the non-cancellable term of a lease, together with any periods covered by an option to extend if it is reasonably certain to be exercised.

Where the Company has the option to extend a lease for additional terms, judgement is applied in evaluating whether it is reasonably certain to exercise the option to renew, taking into account relevant factors that create an economic incentive to exercise the renewal option. After commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew.

Incremental borrowing rates Where the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to calculate the present value of future lease payments. The Company estimates the IBR using market interest rates and adjusts these rates to include the effect of its own stand-alone credit rating.

Accounting policies

Identification of lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Recognition and measurement

Lease liabilities are initially measured at the present value of the lease payments to be made over the lease term that have not paid at the commencement date, discounted using the Company's incremental borrowing rate (IBR) if the interest rate implicit in the lease cannot be determined. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Variable payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

D3 Lease liabilities (continued)

D3.1 Lease liabilities (continued)

Accounting policies (continued)

Recognition and measurement (continued)

After commencement date, the carrying amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments, or a change in the assessment to purchase the underlying asset. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in consolidated statement of profit and loss and other comprehensive income if the carrying amount of the right of use asset has been reduced to zero.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less, while low-value assets include items such as IT equipment.

Concessionary leases

The Company has applied the option to measure these leases at cost in accordance with AASB 16 and expenses them on a straight-line basis when incurred.

Lessor accounting

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, it is an operating lease.

If an arrangement contains lease and non-lease components, the Company applies AASB 15 to allocate the consideration in the contract.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as 'lessor income'.

Significant leasing arrangements

Lease liabilities are secured by the assets leased and represented the discounted future rentals payable by the Company for:

- Office, retail, warehouse and residential properties – these leases are negotiated on an individual basis for between 1 to 42 years. Rentals are increased annually based on a fixed, market rate or other index and may contain options to extend for a further 20 years at the then prevailing market rate;
- Motor vehicles used in the provision of community and disability services – these leases are negotiated on an individual basis for between 3 to 8 years. The majority of the Company's motor vehicle leases are governed by an overarching fleet management agreement. Rentals are fixed but may be adjusted for changes in kilometres travelled; and
- Equipment used for administration – these leases are negotiated on an individual basis for up to 4 years.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Sale and leaseback transactions

The Company has not entered into any sale and leaseback arrangements in the current financial year (2024: \$Nil).

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

D3 Lease liabilities (continued)

D3.1 Lease liabilities (continued)

Concessionary leases

The Company has 1 (2024: 1) below market lease accounting for 1% (2024: 1%) of the total number of leases. The Company is dependent on this lease to further its objectives as it utilises the land to run its operations and deliver its services. The Company is restricted on the use of the land subject to this lease as agreed with the respective lessor being the Northern Territory Government. The following table outlines the nature of the Company's concessionary leases.

Category	Source	Company Objectives	Lease term	Avg payment p.a. (\$)
Aged care 1: land	Northern Territory Government	Regional and remote high care	34 years	1

D3.2 Future minimum lease payments

The future minimum lease payments arising under the Company's lease contracts at the end of the reporting period, including short-term leases, are as follows:

	2025 \$'000	2024 \$'000
Not more than one year	989	841
Later than one year and not later than five years	2,026	2,002
Later than five years	170	187
Total future minimum lease payments	3,185	3,030

D4 Movement in liabilities from financing activities

The table below details changes in the Company's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities. Cash flows presented below exclude interest.

	1 July 2024 \$'000	Cash flows \$'000	New leases \$'000	Other \$'000	30 June 2025 \$'000
RADs and accommodation bonds	5,735	2,140	-	-	7,875
Lease liabilities	2,781	(871)	779	71	2,760
Total liabilities from financing activities	8,516	1,269	779	71	10,635

	1 July 2023 \$'000	Cash flows \$'000	New leases \$'000	Other \$'000	30 June 2024 \$'000
RADs and accommodation bonds	6,817	(1,082)	-	-	5,735
Lease liabilities	809	(681)	1,791	862	2,781
Total liabilities from financing activities	7,626	(1,763)	1,791	862	8,516

Other changes for lease liabilities relate primarily to lease modifications, including changes to future lease payments resulting from a reassessment of the likelihood of exercising option renewals, or a change in an index or rate used to determine those payments, such as a change to reflect market rental rates following a market rent review.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

D5 Financial risk management objectives

The primary responsibility for identification and control of financial risks lies with the Audit, Risk and Compliance Committee (the ARCC) under the authority of the Board. The Board reviews and approves policies for managing each of the risks identified below. The Company's principal financial instruments comprise trade receivables, trade payables, and cash and cash equivalents.

The Company's activities expose it to a variety of financial risks, including credit risk, market risk, and liquidity risk. The Company manages its exposure to financial risks in accordance with its risk management framework and associated policies. The Company's objectives are to safeguard its ability to continue as a going concern, to ensure the funding structure enhances, protects and balances financial flexibility against minimising the cost of capital, and to meet regulatory requirements.

The Company uses different methods to measure and manage different types of risk to which it is exposed. These include ageing analysis and monitoring of specific credit allowances to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

D5.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from trade receivables.

(a) Trade receivables

The Company's customer credit risk is managed subject to established policies, procedures and internal controls relating to customer credit risk management.

An impairment analysis is performed on an ongoing basis using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of customers with similar credit risk characteristics, adjusted for any material expected changes to the future credit risk of that group. The Company applies the simplified approach to measuring expected credit losses, using the lifetime expected credit loss allowance for all trade receivables.

Generally, trade receivables are written off only once all reasonable avenues to recover the balance have been exhausted and there is no reasonable expectation of recovery.

The Company's exposure to credit risk is spread across Government departments, disability services, private companies and individuals. Whilst the Company does have significant credit risk exposure to single debtors or groups of related debtors, the credit quality of these debtors is considered high. Individual debtors typically comprise a mix of high-volume low-value balances, and low-volume high-value balances (a portion of which are secured via the provision of refundable accommodation deposits). The maximum exposure to credit risk is represented by the carrying amount of the trade receivable balance.

D5.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises interest rate risk. The Company is not exposed to commodity, equity, foreign currency or price risks.

The sensitivity analyses in the following sections have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates are all constant at 30 June 2025 and 30 June 2024. Further, it is assumed that the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks only. This is based on the financial assets and liabilities held at 30 June 2025 and 30 June 2024.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's interest-bearing cash and cash equivalents.

The effective interest rate of financial assets and liabilities recognised at reporting date are disclosed in the maturity profile table in the liquidity risk section below. All other financial assets and liabilities are non-interest bearing.

Interest rate sensitivity

At the end of the reporting period, if the floating interest rates on cash and cash equivalents had been 1% higher or lower, assuming all other variables remain constant, the Company's surplus would have increased / (decreased) by \$455,000 (2024: \$436,000) as a result.

Australian Regional and Remote Community Services Limited
Notes to the financial statements
For the year ended 30 June 2025

D5 Financial risk management objectives (continued)

D5.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company has established a liquidity risk management strategy in compliance with requirements of the *Aged Care Act 1997*. The Company continually reviews its' liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The table on the following page details the contractual maturity for the Company's financial assets and liabilities based on contractual undiscounted amounts. The inclusion of information on financial assets and liabilities is necessary to understand the liquidity risk management as liquidity is managed by the Company on a net asset and liability basis.

	Interest	Effective	Maturing (Years)			
	Rate Type	Interest Rate %	< 1 \$'000	1 to 2 \$'000	> 2 \$'000	Total \$'000
30 June 2025						
ASSETS						
Cash and cash equivalents	Floating	4.68	51,415	-	-	51,415
Trade and other receivables	-	-	1,968	-	-	1,968
Total financial assets			53,383	-	-	53,383
LIABILITIES						
Trade and other payables	-	-	5,945	-	-	5,945
Refundable accommodation deposits	-	-	7,875	-	-	7,875
Lease liabilities	Fixed	5.41	910	736	1,114	2,760
Other liabilities	-	-	30,331	-	-	30,331
Total financial liabilities			45,061	736	1,114	46,911
30 June 2024 ¹						
ASSETS						
Cash and cash equivalents	Floating	4.56	66,400	-	-	66,400
Trade and other receivables	-	-	1,556	-	-	1,556
Total financial assets			67,956	-	-	67,956
LIABILITIES						
Trade and other payables	-	-	6,972	-	-	6,972
Refundable accommodation deposits	-	-	5,735	-	-	5,735
Lease liabilities	Fixed	5.69	747	475	1,559	2,781
Other liabilities	-	-	38,215	-	-	38,215
Total financial liabilities			51,669	475	1,559	53,703

¹ The comparative information related to other liabilities has been reclassified. Refer to Note A2.9 for more information.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

E Our People

This section provides further details of the Company's investment in our people, including employee benefits and remuneration of key management personnel.

E1 Employee benefits

Employee benefits consist of amounts owing to employees for annual and long service leave.

	2025 \$'000	2024 \$'000
Current		
Annual leave	6,160	5,120
Long service leave	1,857	1,567
Total current employee benefits	8,017	6,687
Non-current		
Long service leave	1,009	960
Total non-current employee benefits	1,009	960

Amounts recognised as an expense for defined contribution plans (included in salaries and employee expenses)	6,745	5,214
--	-------	-------

Current leave obligations

The current portion of employee benefits liability includes all of the employee benefits where employees have completed the required period of service or will complete the required period of service within 12 months from the balance date. The entire annual leave provision is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

The current portion of the long service leave represents the unconditional entitlement where employees have completed the required period of service, or are expected to complete the required period of service within 12 months, and also for those employees that are entitled to pro-rata payments in certain circumstances.

The Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Current leave obligations not expected to be settled within 12 months, included in current employee benefits, were \$4,039,000 (2024: \$3,433,000).

Accounting judgements, estimates and assumptions

Annual and long service leave assumptions	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 considered.
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Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

E1 Employee benefits (continued)

Accounting policies

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company recognises benefits accruing to employees in respect of wages and salaries, annual leave, long service and accumulating sick leave as short-term benefits and measures these at their nominal values using the remuneration rate expected to apply at the time of settlement (including relevant on-costs).

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is measured as 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 credit unit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match the estimated future cash outflows.

E2 Key management personnel compensation

In addition to their salaries, the Company provides non-cash benefits to key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including all directors. Key management personnel compensation paid or payable included in salaries and employee expenses in the statement of profit or loss and other comprehensive income are as follows:

	2025 \$'000	2024 \$'000
Short-term employee benefits	564	513
Post-employment benefits	45	40
Total key management personnel compensation	609	553

No transactions other than those disclosed above were made with key management personnel (2024: Nil).

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

F Other Disclosures

This section contains information about the financial performance and position of the Company that must be disclosed to comply with the Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulations 2022*.

F1 Auditor's remuneration

This note summarises the total remuneration received or receivable by the Company's external auditors for audit, assurance and other services provided.

	2025 \$	2024 \$
Amounts received or due and receivable by Deloitte and related network firms for:		
An audit of the financial report of the Company ¹	120,900	114,975
Total auditors remuneration	120,900	114,975

¹ Includes audits of statutory financial statements, grant acquittals, and Australian Prudential Compliance Statements (APCS).

The auditor for the Company is Deloitte Touch Tohmatsu. Management has an Auditor Independence Policy in place to formally approve the non-audit services provided by Deloitte and is satisfied that the provision of non-audit services during the year ended 30 June 2025 is compatible with the general standard of independence for auditors imposed by the *Australian Charities and Not-for-profits Commission Act 2012*.

F2 Related party disclosures

This note discloses the Company's transactions with its related parties, including their relatives or related businesses.

Related parties

UnitingCare Queensland Limited is the sole member of the Company. The Company has an arm's length Service Level Agreement in place with UnitingCare Queensland Limited for advisory and corporate services provided to the Company.

ARRCS has a related party relationship and undertakes transactions with various agencies and departments of The Uniting Church in Australia Property Trust (Q.) including the Uniting Church in Australia – Queensland Synod, Uniting Church Investment Services, (UCIS) and UnitingCare Queensland Limited. Insurance services are also provided through The Uniting Church in Australia – Queensland Synod.

The Company only discloses transactions with related parties for the period in which the entity meets the definition of a related party under AASB 124 *Related Party Disclosures* (AASB 124). Balances are only disclosed for entities meeting this definition at reporting date.

Transactions with related parties are on terms and conditions no more favourable than those available to other persons or entities unless otherwise stated. The Company has not recognised a provision for doubtful debts in relation to related party trade receivables, nor has it written off any related party trade receivables as uncollectable.

The Company records and manages all conflicts of interest in accordance with its Conflict of Interest Policy and good governance principles.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

F2 Related party disclosures (continued)

The statement of profit or loss and other comprehensive income and statement of financial position contains the following amounts arising from transactions and balances with related parties:

	2025 \$'000	2024 \$'000
(a) Transactions with related parties		
Uniting Church in Australia – Queensland Synod		
Insurance premiums expense	(602)	(512)
Sub-total	(602)	(512)
UnitingCare Queensland Limited (formerly UnitingCare Queensland)		
Service Level Agreement management fee	(2,819)	(2,972)
Sub-total	(2,819)	(2,972)
(b) Balances with related parties		
Uniting Church in Australia – Queensland Synod		
Net receivables owed	-	10
Sub-total	-	10
Uniting Church Investment Services		
Cash at bank at the end of the year	109	104
Sub-total	109	104
UnitingCare Queensland Limited (formerly UnitingCare Queensland and including BlueCare)		
Net payables owing	(135)	(247)
Sub-total	(135)	(247)

F3 Contingent liabilities

Contingent liabilities are possible future cash flows arising from past events that are not recognised in the financial statements, as the likelihood of payment is not considered probable or cannot be reliably measured.

National Redress Scheme

Periodically, the Company is notified of claims from previous and/or current people who have received services from the Company, the Uniting Church or its predecessor Denominations. As relevant, the Company and the Uniting Church meet with claimants, and any payments made to claimants prior to establishment of the Company are paid by the Church and / or its insurers and not by the Company.

Capital funding grants

The Company has received capital funding grants from the Commonwealth Government. Funding received may be repayable in circumstances where the asset is sold or it ceases to be used for its funded purposes, depending on the specific contractual obligations of each contract. The estimated contingent liability at 30 June 2025 is \$75,477,000 (2024: \$67,975,000). The Company is also aware of capital funding grants provided by the Commonwealth Government to agencies previously responsible for the delivery of residential care services.

Other than the above matters, the Board is not aware of any other contingent liabilities at the date of this report.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

F4 Events after the reporting period

This note outlines events which have occurred between the reporting date, being 30 June 2025, and the date these financial statements are released.

Pukatja Aged Care Home in South Australia

In June 2025 ARRCs entered into an agreement with the Commonwealth Department of Health and Aged Care to temporarily manage the Pukatja Aged Care Home and six communities across the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands in South Australia. ARRCs will receive total NATSIFAC Program funding of \$3,669,000 to provide services for 14 Residential Aged Care and 120 Home Care places between 1 July to 31 December 2025. ARRCs has also entered into several operating leases on commercial terms to secure the aged care home and staff accommodation. ARRCs has not acquired any assets or liabilities as part of this arrangement. ARRCs will undertake due diligence during this period to determine the financial viability of retaining the APY Lands service delivery.

There were no further matters subsequent to the end of the year that have come to attention that would have a material impact on the financial statements or disclosures therein.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

F5 ACNC disclosure

F5.1 Financial statements by ACNC Reporting Group

As per section A1, the Australian Regional and Remote Community Services_ACNC Group includes Australian Regional and Remote Community Services Limited and Regional and Remote Indigenous Services Trust.

A reconciliation of the ARRCs ACNC Reporting Group is presented below, with any reclassifications required to comply with ACNC disclosure requirements:

Statement of profit or loss and other comprehensive income	ARRCS ACNC reporting Group \$'000
Revenue	
Revenue from Government (including grants) ¹	122,120
Donations and bequests ²	74
Revenue from providing goods or services	13,553
Revenue from investments	2,719
Other revenue	1,726
Total revenue	140,192
Other income	-
Total gross income	140,192
Expenses	
Employee expenses ³	(79,077)
Interest expenses	(697)
Other expenses	(51,898)
Total expenses	(131,672)
Net surplus	8,520
Other comprehensive income	-
Total comprehensive income	8,520
 Statement of financial position	
Assets	
Total current assets	54,928
Total non-current assets	119,759
Total assets	174,687
Liabilities	
Total current liabilities	53,189
Total non-current liabilities	3,366
Total liabilities	56,555
Net assets	118,132

¹ Government revenue includes both aged care and community services, capital grants from government and non-recurring revenue and income (see Note B1)

² Donations and bequests includes both fundraising, donations and bequests (see Note B1)

³ Employee expenses do not include agency staffing costs for ACNC disclosure purposes. These are included in other expenses.

Australian Regional and Remote Community Services Limited

Notes to the financial statements

For the year ended 30 June 2025

F5 ACNC disclosure (continued)

F5.2 Revenue and other income from government

The ARRCs ACNC Reporting Group receives significant funding from government departments and agencies to enable its continued operations. The following table outlines the largest sources of revenue and other income (including grants) received from the respective level of government department or agency.

	2025 \$'000
Commonwealth Government	
Department of Health, Disability and Ageing	121,207
National Indigenous Australians Agency	376
Department of Education	324
Department of Employment and Workplace Relations	150
National Disability Insurance Agency	7
Total income from Commonwealth Government	122,064
Territory Government	
Northern Territory Health	56
Total income from Territory Government	56
Total income for Government	122,120

F5.3 Related party transactions disclosure in Annual Information Statement

For the purpose of the ARRCs ACNC Reporting Group's Annual Information Statement, related party transactions are categorised as follows:

- Fees paid to a related party for providing goods or services to the Reporting Group; and
- Other:
 - Trade payables owing to a related party;
 - Trade receivables owed from a related party.

F6 Department of Health, Disability and Ageing disclosure

For the purposes of the *Aged Care Act 1997*, the Company (NAPS ID 6871) is an Approved Provider for Commonwealth funded aged care services in the Northern Territory. These financial statements are prepared on a service level basis and contain the following Government Provider Management System Identification (GPMS ID) numbers included under NAPS ID 6871:

NAPS ID	Residential Service	RACS ID
ARRCS (6871)	Flynn Lodge	4402
ARRCS (6871)	Hetti Perkins	4400
ARRCS (6871)	Juninga Centre	4395
ARRCS (6871)	Katherine Hostel	4398
ARRCS (6871)	Old Timers	4391
ARRCS (6871)	Rocky Ridge	4394
ARRCS (6871)	Terrace Gardens	4396

Declaration by the Board of Australian Regional and Remote Community Services Limited

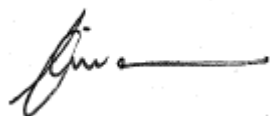
30 June 2025

The Board of Australian Regional and Remote Community Services Limited declares that:

- (a) the financial statements and notes set out on pages 1 to 35:
 - i. comply with the *Australian Charities and Not-for-profits Commission Act 2012* including compliance with Australian Accounting Standards and mandatory professional reporting requirements; and
 - ii. give a true and fair view of the financial position of Australian Regional and Remote Community Services Limited as at 30 June 2025 and of its performance as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that Australian Regional and Remote Community Services Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board.

Dated 23 September 2025



Bryan Wyborn, Chair
Australian Regional and Remote
Community Services Limited Board



Geoff Batkin, Chair
Australian Regional and Remote
Community Services Limited, Audit Risk and
Compliance Committee

Brian Wyborn
Chair, Board
Australian Regional & Remote Community Services Limited
Level 5, 192 Ann Street
Brisbane Qld 4000
Australia

23 September 2025

Dear Brian,

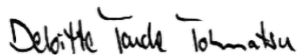
Auditor's Independence Declaration to Australian Regional & Remote Community Services Limited

In accordance with section 60-40 of the *Australian Charities and Not-for-Profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Board of Australian Regional & Remote Community Services Limited.

As lead audit partner for the audit of the financial report of Australian Regional & Remote Community Services Limited for the financial year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



R G Saayman
Partner
Chartered Accountants

Independent Auditor's Report to the Board of Australian Regional & Remote Community Services Limited

Opinion

We have audited the financial report of Australian Regional & Remote Community Services Limited (the "Entity") which comprises the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the declaration by the Board of the Australian Regional & Remote Community Services Limited (the "Board") as set out on pages 1 to 36.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Entity's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for Opinion

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

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

Responsibilities of Board for the Financial Report

The Board of the Entity is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC Act and for such internal control as Board determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity as a basis for forming an opinion on the Entity financial report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Entity's audit. We remain solely responsible for our audit opinion.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



R G Saayman

Partner

Chartered Accountants

Brisbane, 23 September 2025



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