Law Courts Ltd

ABN: 54 885 678 988

Financial report

For the year ended 30 June 2026

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LAW COURTS LTD
ABN: 54 885 678 988

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2026

The Directors present their report together with the financial report of Law Courts Ltd ("the Company") for the year ended 30 June 2026.

Principal activities
The Company's principal activity in the course of the financial year was providing accommodation for courts, court registries and other court support services at a standard that is suitable and available for occupation.

Directors and Alternate Directors of the Company during or since the end of the financial year are:

Directors

Christopher David D'Aeth	Deputy Secretary, Courts Tribunals and Service Delivery Division, Department of Communities and Justice
Qualifications	LLB (Hons), MBA, GAICD
Lida (Lidia) Kaban	General Counsel, Office of the General Counsel, Department of Justice
Katherine Tollner PSM	Executive Director, Infrastructure & Assets, Department of Communities and Justice
Qualifications	BAppSc, G. Dip BA, GAICD
Daryl Adam	Assistant Secretary, Property and Security, Attorney-General's Department
Tanya Howitt	Deputy Chief Financial Officer, Attorney-General's Department
Qualifications	B.Comm, FCA, GAICD
Date of resignation	30 June 2026
Paul Kennedy	Executive Director, Corporate Operations, Federal Court of Australia
Qualifications	BSc, MBIT
Date of resignation	13 October 2025
Cara Lawson	Executive Director, Corporate Operations, Federal Court of Australia
Date of appointment	20 April 2026
Richard Glenn	CEO and Principal Registrar, High Court of Australia
Qualifications	BA, LLB (Hons), LLM
Date of appointment	1 July 2026

Alternate Directors

Nick Sanderson-Gough	Manager, Court Operations & Communications, Supreme Court of NSW
Qualifications	BSc
Special responsibilities	Alternate Director for Chris D'Aeth
Date of resignation	31 December 2025

Directors and Alternate Directors of the Company during or since the end of the financial year are: (Continued)

Cathy Baker	Director, Capital Planning & Investment, Infrastructure & Assets, Department of Communities and Justice
Qualifications	GAICD, SF Fin
Special responsibilities	Alternate Director for Katherine Tollner
Date of resignation	31 December 2025
Liam Demamiel	Assistant Secretary, Federal Courts Branch, Attorney-General's Department
Qualifications	BCom, LLB
Special responsibilities	Alternate Director for Daryl Adam
Date of resignation	8 April 2026
Scott Sharp	Chief Financial Officer, Attorney-General's Department
Qualifications	BA (Hons), CPFA
Special responsibilities	Alternate Director for Tanya Howitt
Date of resignation	30 June 2026
Mary (Connie) Haylller	Director, Commercial and Property, Legal, Department of Communities and Justice
Qualifications	LLB, BTHM
Special responsibilities	Alternate Director for Lida Kaban
Susan O'Connor	National Judicial Registrar, Federal Court of Australia
Qualifications	LLB
Special responsibilities	Alternate Director for Paul Kennedy
Date of resignation	13 October 2025
Yahya Rased	Director, Strategy, Innovation and Sustainability Infrastructure and Assets, Department of Communities and Justice
Special responsibilities	Alternate Director for Katherine Tollner
Date of appointment	1 January 2026
Andrew Heath	Assistant Director of Property, Corporate Services, Federal Court
Special responsibilities	Alternate Director for Cara Lawson
Date of appointment	20 April 2026
Rebel Kenna	Executive Director & Principal Registrar, Supreme Court of NSW
Qualifications	BSc, LLB, GDLP, EMPA
Special responsibilities	Alternate Director for Chris D'Aeth
Date of appointment	1 January 2026

LAW COURTS LTD
ABN: 54 885 678 988

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2026

Directors and Alternate Directors of the Company during or since the end of the financial year are: (Continued)

Tanya Howitt	Deputy Chief Financial Officer, Attorney-General's Department
Qualifications	B.Comm, FCA, GAICD
Special responsibilities	Alternate Director for Daryl Adam
Date of appointment	1 July 2026
Ms Patricia O'Farrell	Manager, Corporate Services, High Court of Australia
Special responsibilities	Alternate Director for Richard Glenn
Date of appointment	1 July 2026

Company secretary
The name of the Company Secretary in office at any time during or since the end of the year is:
Katherine Tollner

Meetings of directors

Directors	Directors' meetings		Security Committee meetings		Finance and Risk Committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Christopher D'Aeth	7	7	3	3	-	-
Lida Kaban	7	5	-	-	5	4
Daryl Adam	7	6	3	3	-	-
Katherine Tollner	7	6	3	3	-	-
Tanya Howitt	7	4	-	-	5	5
Paul Kennedy	2	-	1	-	-	-
Cara Lawson	2	1	1	1	-	-
The Alternate Directors for the above Directors are:	-	-	-	-	-	-
Susan O'Connor (Alternate for Paul Kennedy)	2	2	-	-	-	-
Scott Sharp (Alternate for Tanya Howitt)	3	3	-	-	-	-
Connie Hayllar (Alternate for Lida Kaban)	2	1	-	-	-	-
Liam Demamiel (Alternate for Daryl Adam)	1	1	-	-	-	-
Cathy Baker (Alternate for Katherine Tollner)	1	1	2	-	4	4
Andrew Heath (Alternate for Cara Lawson)	1	-	-	-	-	-

LAW COURTS LTD
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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2026

Contributions on winding up

In the event of the Company being wound up, ordinary members are required to contribute a maximum of $1 each. Honorary members are not required to contribute.

The total amount that members of the Company are liable to contribute if the company is wound up is $8, based on 8 current ordinary members.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183*, the amounts in the Directors' report and in the financial statement have been rounded to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

The Directors' Report is signed in accordance with a resolution of Directors made pursuant to s298(2)(a) of the *Corporations Act 2001*.



Director: _____

Christopher D'Aeth

Dated this 16 day of July 2026

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Parkline Place
Level 25, 252 Pitt Street
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY DAVID SARTORIO TO THE DIRECTORS OF LAW COURTS LTD

As lead auditor of Law Courts Ltd for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Law Courts Ltd.

David Sartorio

Director



BDO Audit Pty Ltd

Sydney

16 July 2026

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Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Parkline Place
Level 25, 252 Pitt Street
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Law Courts Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Law Courts Ltd (the Company), which comprises the statement of financial position as at 30 June 2026, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of Law Courts Ltd, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2026 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards to the extent described in Note 1.

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 Company in accordance with the auditor independence requirements of the *Corporations 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of matter – Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Company's financial reporting

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responsibilities under the *Corporations Act 2021*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Company's annual report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with the basis of accounting described in Note 1 and the *Corporations Act 2001* and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

(i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

(ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf
This description forms part of our auditor's report.

BDO Audit Pty Ltd



David Sartorio
Director

Sydney 16 July 2026

LAW COURTS LTD
ABN: 54 885 678 988

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2026

The Directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The Directors of the Company declare that:

1. In the Directors' opinion, the financial statements and notes thereto, as set out on pages 10 - 23, are in accordance with the *Corporations Act 2001*, including:

   (a) complying with Australian Accounting Standards as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and

   (b) giving a true and fair view of the financial position as at 30 June 2026 and performance for the year ended on that date of the Company in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the Directors' opinion there are reasonable grounds to believe that the Company 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 of Directors.

Director: _____

Christopher D'Aeth

Dated this 16 day of July 2026

LAW COURTS LTD
ABN: 54 885 678 988

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Law Courts Ltd has no controlled entities and, therefore, is not required by Australian Accounting Standards to prepare consolidated financial statements. As a result, section 295(3A)(a) does not apply to the entity.

LAW COURTS LTD
ABN: 54 885 678 988

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 $	2025 $
Revenue and other income			
Revenue and other income	5	15,208,240	18,993,227
		15,208,240	18,993,227
Less: expenses			
Depreciation expense	6	(10,992,933)	(11,000,650)
Repairs and maintenance		(4,167,139)	(1,646,872)
Cleaning, waste and materials disposed		(973,094)	(938,447)
Security costs		(1,933,495)	(1,826,421)
Light and power		(1,363,865)	(1,323,929)
Management and administration fee		(797,384)	(767,052)
Lifts maintenance		(356,322)	(359,568)
Insurance expense		(629,071)	(628,769)
Other expenses		(447,137)	(534,023)
		(21,660,440)	(19,025,731)
Net deficit for the year from continuing operations		(6,452,200)	(32,504)
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Gain on revaluation of building		2,736,204	2,449,463
Profit on revaluation of land		-	4,500,000
		2,736,204	6,949,463
Other comprehensive surplus for the year		2,736,204	6,949,463
Total comprehensive (deficit)/surplus attributable to members		(3,715,996)	6,916,959

The accompanying notes form part of these financial statements.

LAW COURTS LTD
ABN: 54 885 678 988

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Note	2026 $	2025 $
CURRENT ASSETS			
Cash and cash equivalents	7	2,884,203	5,160,652
Trade and other receivables	8	1,291,348	1,671,243
Other assets	9	92,888	43,847
TOTAL CURRENT ASSETS		4,268,439	6,875,742
NON-CURRENT ASSETS			
Property, plant and equipment	10	371,286,576	372,922,699
TOTAL NON-CURRENT ASSETS		371,286,576	372,922,699
TOTAL ASSETS		375,555,015	379,798,441
CURRENT LIABILITIES			
Payables	11	1,638,157	1,293,942
Unspent capital grants	12	647,084	1,518,729
TOTAL CURRENT LIABILITIES		2,285,241	2,812,671
TOTAL LIABILITIES		2,285,241	2,812,671
NET ASSETS		373,269,774	376,985,770
EQUITY			
Reserves	13	313,796,047	311,059,843
Accumulated surplus	14	59,473,727	65,925,927
TOTAL EQUITY		373,269,774	376,985,770

The accompanying notes form part of these financial statements.

LAW COURTS LTD
ABN: 54 885 678 988

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Reserves $	Accumulated surplus $	Total equity $
Balance as at 1 July 2024	304,110,380	65,958,431	370,068,811
Deficit for the year	-	(32,504)	(32,504)
Gain on revaluation of building	2,449,463	-	2,449,463
Gain on revaluation of land	4,500,000	-	4,500,000
Total comprehensive deficit for the year	6,949,463	(32,504)	6,916,959
Balance as at 30 June 2025	311,059,843	65,925,927	376,985,770
Balance as at 1 July 2025	311,059,843	65,925,927	376,985,770
Deficit for the year	-	(6,452,200)	(6,452,200)
Gain on revaluation of building	2,736,204	-	2,736,204
Gain on revaluation of land	-	-	-
Total comprehensive surplus for the year	2,736,204	-	2,736,204
Balance as at 30 June 2026	313,796,047	59,473,727	373,269,774

The accompanying notes form part of these financial statements.

LAW COURTS LTD
ABN: 54 885 678 988

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 $	2025 $
Cash flow from operating activities			
Government contributions		11,588,245	12,330,080
Insurance proceeds		-	783,508
Payments to suppliers		(7,429,853)	(8,694,186)
Interest received		16,554	31,707
Other income		169,211	172,751
Net cash provided by operating activities	15(b)	4,344,157	4,623,860
Cash flow from investing activity			
Payment for property, plant and equipment		(6,620,606)	(10,354,823)
Net cash used in investing activity		(6,620,606)	(10,354,823)
Reconciliation of cash			
Net decrease in cash held		(2,276,449)	(5,730,963)
Cash at beginning of the financial year		5,160,652	10,891,615
Cash at end of financial year	15(a)	2,884,203	5,160,652

The accompanying notes form part of these financial statements.

NOTE 1: BASIS OF PREPARATION

General information

The Directors have determined that Law Courts Ltd ("the Company") is not a reporting entity on the basis that, in the opinion of the Directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy the financial reporting requirements of the *Corporations Act 2001*.

The financial report covers Law Courts Ltd as an individual entity. Law Courts Ltd is a Company limited by guarantee, incorporated and domiciled in Australia. Law Courts Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the Directors at the date of the Directors' report.

The financial report has been prepared in accordance with the *Corporations Act 2001*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of:

AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048:	Interpretation of Standards
AASB 1054:	Australian Additional Disclosures
AASB 1057:	Application of Australian Accounting Standards

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the Company's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 3 to the financial statements.

Material Accounting policies

The following accounting policies have been applied in the preparation and presentation of the financial report.

(a) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company is dependent on the ongoing financial support of the Australian and New South Wales Governments for funding of operating and capital expenditure.

NOTE 1: BASIS OF PREPARATION (CONTINUED)

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, short-term deposits with an original maturity of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(c) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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.

(d) Income tax

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(e) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the Company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the Company's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

NOTE 1: BASIS OF PREPARATION (CONTINUED)

(e) Financial instruments (Continued)

Trade and other receivables
Trade and other receivables arise from the Company's normal operating transactions and are normally settled within 30 days.

Consistent with both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

(f) Income arising from the transfer of assets

Contributions
The Company derives income from the transfer of assets when the Company provides no consideration in exchange for the asset received, or the consideration provided by the Company is significantly less than the fair value of the asset received, principally to enable the Company to further its objectives, and the arrangement does not satisfy the criteria to be accounted for as a 'contract with a customer'.

Assets, liabilities and income arising under such transfer arrangements are recognised as follows:

a) the asset received by the Company is initially recognised at fair value (except for any inventory received, which is initially recognised at current replacement cost), and any right-of-use assets received, which are initially recognised at cost;

b) any related amounts, such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions, are initially recognised in accordance with the applicable Australian Accounting Standard; and

c) the excess of the initial carrying amount of the asset received over the aggregate of the consideration provided by the Company and any related amounts is recognised as income.

A transfer of a financial asset to enable the Company to acquire or construct a recognisable non-financial asset to identified specifications to be controlled by the Company, such as an item of property, plant and equipment, is initially recognised as a unspent capital grants liability, and subsequently recognised as income as, or when, the Company satisfies its obligation to acquire or construct the specified asset. For the acquisition of specified assets, income is recognised when the asset is acquired and controlled by the Company. For the construction of specified assets, income is recognised as the construction progresses on the basis of costs incurred relative to total expected costs.

A transfer of other assets to the Company, such as cash grants, cash donations and goods donated for resale are recognised as income when the Company obtains control of the asset.

NOTE 1: BASIS OF PREPARATION (CONTINUED)

(g) Other revenue and other income

Interest
Interest revenue is measured in accordance with the effective interest method.

Compensation for impairment
Compensation for impairment is recognised when it becomes receivable.

All revenue is measured net of the amount of goods and services tax (GST).

(h) Property, plant and equipment

Land, buildings, plant and equipment, and assets under construction
Freehold land and buildings are measured at revalued amounts, reflecting its fair value at the date of the revaluation. Increases in the carrying amount of freehold land and buildings are recognised in other comprehensive income and reserves in equity.

Depreciation
Land is not depreciated. All other property, plant and equipment is depreciated over their estimated useful lives.

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings	2 - 16.7%	Straight line
Building (Plant component)	2.5 - 12.5%	Straight line
Furniture, fixtures and fittings	6.7 - 10%	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of these new and amended pronouncements. Management has assessed that none of these standards will have a material impact on the Company's financial statements in the period of initial application.

NOTE 3: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Company's accounting policies, management makes various judgements that can significantly affect the amounts recognised in the financial statements. In addition, the determination of carrying amounts of some assets and liabilities require estimation of the effects of uncertain future events. Outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amounts of those assets and liabilities affected by the assumption.

The following outlines the major judgements made by management in applying the Company's accounting policies and/or the major sources of estimation uncertainty, that have the most significant effect on the amounts recognised in the financial statements and/or have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

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

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

Estimate - land and building valuation
Critical judgements are made by the Directors in respect of the fair value of the property. The fair value of this is reviewed regularly by management with reference to independent property valuations, recent open market transactions and market conditions existing at the reporting date, using generally accepted market practices. The major critical assumptions underlying estimates of fair values are those relating to the capitalisation rate and the discount rate adopted for the property.

Other assumptions include retail trading environment, gross market rent, net market rent, average market rental growth, operating expenses, capital expenditure and terminal yield. See further disclosure regarding assumptions used in valuation of investment properties in Note 10.

If there is any change in the assumptions used or economic conditions, a change in the fair value of the land and building may occur.

	2026	2025
	$	$

NOTE 4: CONTRIBUTIONS

Government Contributions

The Australian Government and New South Wales Government provide funds to the Company to fund its operating and capital expenses. The Commonwealth contribution received during the year included a $1,201,378 (FY2025: $1,905,832) contribution for Life Cycle and Capital costs. The NSW contribution received during the year included a $1,908,900 (FY2025: $2,408,700) contribution for Life Cycle costs. These amounts received are initially recognised as an unspent capital grant liability in line with the Note 1. The total amount provided is assessed on the expenditure budget.

The contributions were:

Australian Government	5,513,000	5,919,000
New South Wales Government	6,075,245	6,473,427
	11,588,245	12,392,427

During the FY2019, the Board approved a 10-year plan for the ongoing maintenance of the building and building facilities subject to funding contributions from the Australian and NSW Governments. The implementation of the 10-year capital plan commenced in FY2020.

Contributions recognised as revenue:

Australian Government		
Operating	4,311,621	4,013,168
Life Cycle and Capital	3,108,642	4,918,537
New South Wales Government		
Operating	4,166,345	4,064,727
Life Cycle	3,435,867	5,436,287

NOTE 5: REVENUE AND OTHER INCOME

Interest income	16,554	31,707
Insurance recoveries	-	356,050
Contributions (Note 4)	15,022,475	18,432,719
Other revenue	169,211	172,751
	15,208,240	18,993,227

	2026 $	2025 $
NOTE 6: OPERATING DEFICIT:		
Deficit has been determined after:		
Depreciation		
- building	8,053,130	7,897,383
- plant and equipment	2,933,278	3,096,742
- furniture and fittings	6,525	6,525
	10,992,933	11,000,650
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash on hand	-	2
Cash at bank - Capital	478,373	522,738
Cash at bank - Operating	2,403,156	4,435,198
Cash at bank - Held in Trust	2,674	202,714
	2,884,203	5,160,652

The effective interest rate on short term bank deposits was 0.25% (2025: 0.25%); these deposits are held at call.

The cash at bank - capital relates to cash funding received by the Company to enable the Company to acquire or construct recognisable non-financial assets to be controlled by the Company. The associated liability, for unspent capital grants, is disclosed in Note 12.

NOTE 8: TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	37,655	85,939
GST receivables	1,253,693	1,585,304
	1,291,348	1,671,243
NOTE 9: OTHER ASSETS		
CURRENT		
Prepayments	92,888	43,847

	2026 $	2025 $
NOTE 10: PROPERTY, PLANT AND EQUIPMENT		
Land - at valuation	114,500,000	114,500,000
Building - at valuation	223,426,508	225,125,176
Plant and equipment (building component) - at valuation	32,073,494	30,374,826
Furniture, fixtures and fittings - at cost	5,880,018	5,880,018
Accumulated depreciation	(5,879,678)	(5,873,154)
Total furniture, fixtures and fittings	340	6,864
Assets under construction	1,286,234	2,915,833
Total property, plant and equipment	371,286,576	372,922,699

Valuations
As at 30 June 2026 an independent assessment was obtained from CBRE Valuations Pty Limited, the property valuers, of the fair market value of land and buildings based on existing use. The valuation was made in accordance with the accounting policy with further information included in Note 3.

The fair value of the land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of the buildings was determined based on a combination of a direct comparison and capitalisation approaches.

All of the Company's freehold land and buildings are categorised as level 3 input in the fair value hierarchy as at 30 June 2026.

There were no transfers between Level 1 and Level 2 during the year.

NOTE 11: PAYABLES		
CURRENT		
Sundry creditors and accruals	1,638,157	1,293,942
NOTE 12: UNSPENT CAPITAL GRANTS		
CURRENT		
Unspent capital grants - expected to be completed within 12 months	647,084	1,518,729

	2026 $	2025 $
NOTE 13: RESERVES		
Building revaluation reserve	203,296,047	200,559,843
Land revaluation reserve	110,500,000	110,500,000
	313,796,047	311,059,843

The building revaluation reserve is used to record increments and decrements on the revaluation of the Company's building.

The land revaluation reserve records increments and decrements on the revaluation of the Company's freehold land.

NOTE 14: ACCUMULATED SURPLUS		
Accumulated surplus at beginning of year	65,925,927	65,958,431
Net deficit for the year	(6,452,200)	(32,504)
	59,473,727	65,925,927
NOTE 15: CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand	-	2
Cash at bank	2,884,203	5,160,650
	2,884,203	5,160,652
(b) Reconciliation of cash flow from operations with deficit		
Deficit from continuing operations	(6,452,200)	(32,504)
Adjustments and non-cash items		
Depreciation	10,992,933	11,000,650
Changes in operating assets and liabilities		
Decrease/(increase) in receivables	379,895	(26,165)
Increase in other assets	(49,041)	(27,590)
Increase/(decrease) in payables	344,215	(250,240)
Decrease in other liabilities	(871,645)	(6,040,291)
Cash flows from operating activities	4,344,157	4,623,860

	2026	2025
	$	$

NOTE 16: CAPITAL AND LEASING COMMITMENTS

Operating lease commitments
Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable		
- not later than one year	2,820	2,820
- later than one year and not later than five years	5,405	8,225
	8,225	11,045

NOTE 17: CONTINGENT LIABILITIES

The Company had no commitments for expenditure as at 30 June 2026 and 30 June 2025.

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

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

	2026	2025
	$	$

NOTE 19: REMUNERATION OF AUDITORS

Audit of the financial report		
- BDO	38,110	39,500

NOTE 20: COMPANY DETAILS

Law Courts Ltd's registered office and its principal place of business are as follows:

Law Courts Ltd
Law Courts Building
Queens Square
184 Phillip Street
Sydney NSW 2000

LAW COURTS LTD
ABN: 54 885 678 988

DETAILED UNAUDITED STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED 30 JUNE 2026

PRIVATE INFORMATION FOR THE DIRECTORS
ON THE 2026 FINANCIAL STATEMENTS

	2026 $	2025 $
Income		
Interest income	16,554	31,707
Other revenue	169,211	172,751
Contributions - operating	8,477,966	8,077,895
Contributions - life cycle	6,544,509	10,354,824
Insurance recoveries	-	356,050
Total income	15,208,240	18,993,227
Less expenses		
Audit fees	50,185	45,640
Cleaning, waste and materials disposed	973,094	938,447
Management fees	797,384	767,052
Depreciation	10,992,933	11,000,650
Fire protection	53,911	53,178
General expenses	184,248	235,157
Insurance	629,071	628,769
Light and power	1,363,865	1,323,929
Pest control	3,540	2,930
Professional fees	17,140	29,435
Air conditioning and ventilation	58,517	90,017
Water	61,196	59,331
Repairs and maintenance	4,167,139	1,646,872
Lift maintenance	356,322	359,568
Security costs	1,933,495	1,826,421
Communications	18,400	18,335
Total expenses	21,660,440	19,025,731
Operating surplus from continuing activities	(6,452,200)	(32,504)