Therapy Focus Limited
(Former name "Therapy Focus Incorporated")

ABN: 67 796 715 775

Financial Report
For the Year Ended 30 June 2016

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For the Year Ended 30 June 2016

The Board of Directors ("the Board") of Therapy Focus Limited ("the Company") presents its report for the financial year ended 30 June 2016 and the Independent Audit Report thereon.

During the reporting period, the members voted to change from an Incorporated Association to a Company Limited by Guarantee . This change was voted in by the members at the AGM on 24 October 2015 . Subsequently the Company has applied for, and been granted, equivalent taxation concessions and exemptions as it previously held as an Incorporated Association and as such Therapy Focus Limited continues with a Deductible Gift Recipient status. The Australian Charities and Not-for-profit Commission has been advised of the changes.

Essentially the business has remained the same for the Company, despite these changes. Whilst the changes enable the Company to now trade outside Western Australia, the opportunity to do so has not arisen and all activities have been conducted within the State. The change has also not resulted to any material change of the entity's financial affairs, with no requirement to prepare comparative figures before and after the change.

According to the financial statements accompanying this report, by June 2016 the Company was earning $27.0m in revenue and had $3.5m in retained earnings. This compares favourably with the same time five years ago when the organisation earned $11.1m and had retained earnings of $1.2m. Over five years the revenue has increased by 240% and the retained earnings by nearly 325%.

A continued growth in revenue will be derived from an increased customer base purchasing services at a sustainable price. The continued focus on managing the business to derive surplus funds will be important for the retained earnings to be sufficient in future years to pay for capital and other infrastructure. With most human service reforms being based on efficient market forces underpinned by consumers exercising choice and control with individualised funding, self-reliance will be a key success factor.

1. Board of Management details

The following persons were members of the Board of Management of Therapy Focus Limited during or since the end of the year:

Peter Mildenhall	Chairperson
Michael Banton	Treasurer
Eva Griffiths	Member (resigned 18 November 2015)
Penny Knight	Member
Karen Carriero	Member
David Cox	Member
Grant Bayne	Member
Amanda Reed	Member (appointed 4 May 2016)

2. Principal activities

During the year, the principal activities of the Company were to provide therapy services for children and young people with a disability or learning impairment aged up to 18 years. There has been a change during the year to extend the provision of services to people aged older than 18 years.

3. Objectives

In the Constitution the Objects of the Company list five objectives in 6a through 6e: The Company is a charitable institution established to:

a) provide professional therapy and support services to persons with disabilities;
b) contribute to the evidence base of therapy interventions, including through practice and research;
c) deliver services with a commitment to quality and continuous improvement in that quality;
d) apply resources to, and advocate for, broader benevolent purposes, including the relief of distress, to contribute to a more inclusive and cohesive society; and
e) anything ancillary to the objects referred to in clauses 6(a) to 6(d).

The Strategic Plan 2014-17 builds on the strengths of the Company to diversify services and ensure the business is sustainable in the National Disability Insurance Scheme where block funding is replaced by individualised funding.

4. Operating result

The surplus of the Company for the financial year amounted to 972,200 (2015: 309,816).

5. Progress in meeting objectives of the 2014 - 2017 Strategic Plan

During the past year efforts were applied to meeting the objectives of the 2014-2017 Strategic Plan. Over the past year the Company adopted measurements for monitoring and reporting both financial and non-financial aspects of the business. Some of these are detailed below, according to Strategic Objectives.

In a general sense, the organisation performed well in meeting its core contracted requirements. It met the outputs required of major contracts with the Disability Services Commission and was able to acquit all grants received from that major funder. In addition to the core business funded under the Disability Professional Services program, the organisation attracted growth funding to existing services.

Provider of choice

Client satisfaction remained a priority during 2015-16 with the introduction of Net Promoter Scoring (NPS), undertaken by an external contractor, Edward George. The first two quarter results have been encouraging, with scores of +43 and +47. As a result of feedback received, the Company has reintroduced customer service training as mandatory for all staff.

The biennial client survey, last undertaken in 2014, is scheduled to take place in August 2016. Results will be reported in the subsequent annual report.

Within the WA trial period (2014-16) of the National Disability Insurance Scheme (NDIS), Therapy Focus is proud to report that over 500 clients have chosen the organisation as their therapy service provider. Therapy Focus provides equipment services to a further 360 clients in the sector. The NDIS business now accounts for nearly 20% of the clients serviced by Therapy Focus.

5. Progress in meeting objectives of the 2014 - 2017 Strategic Plan (continued)

Respected employer

Staff attrition was under 16% in 2012-13 and dropped to under 15% during 2013-14, although increased in 2014-15 to 21.75%. Therapy Focus is pleased to report that it once again fell to an all-time low of just 12% in 2015-16 .

The staff count increased from 198 (166 FTE) in June 2015 to 275 (226FTE) in June 2016, or by 36%. The retention strategies implemented involved competitive remuneration for work undertaken, enhanced professional development, reward and recognition for performance, access to wellness initiatives, autonomy with support in work, detailed performance appraisal and development process, and a clear and transparent Employee Benefits Package available to all current and prospective employees. The Company's adherence to, and continued reinforcement of, its values of Respect, Inclusion, Courage and Integrity served to align staff values with the culture of the organisation.

Vibrant service business

The model of the business was enhanced during the year to build on the modular structure with smaller, semi- autonomous teams that was introduced in 2013-14. To maintain efficiencies with the small team structure the number of therapy teams grew from 12 to 17, commensurate with the growth of the organisation. In addition to the emerging focus on mobile workforce solutions, new workplaces (or bases) were established at Armadale, Ellenbrook, Jindalee and Kwinana during the year to house the expanding workforce.

Services meet relevant quality standards

The Quality Management Framework, under the Disability Services Commission program, revealed a high level of satisfaction with the services provided by Therapy Focus. A further independent audit of Therapy Focus' adherence to the disability service standards likewise found no non-conformances. No required actions were issued and the identified recommendations for improvement have been implemented where possible. The Company was recertified during the year through SAI Global under the ISO 9001:2008 quality management standards. Copies of evaluation reports are available on the Company's website.

Leader in sector advocacy and research

Therapy Focus, in conjunction with Curtin University, was awarded the inaugural Dr Louisa Alessandri Research Grant. The grant has enabled research aspects of inclusion and participation in community activities by linking older men involved in the Men's Shed Program as mentors for young men with intellectual disabilities.

5. Progress in meeting objectives of the 2014 - 2017 Strategic Plan (continued)

Collaborator in community partnerships

Therapy Focus started the year with Memorandums of Understanding (MOUs) in place with ldentitywa and Rise Network. These were reviewed during the year and the action plans updated to reflect progress made. During the year further MOUs were entered into with Technology Assisting Disability WA (TADWA), Child Australia, lntework and Interchange.

In addition to the MOUs in place, a Mutual Cooperation Agreement was in place with Autism New Zealand. This agreement has seen three Therapy Focus staff travel to NZ for two weeks and three Autism NZ staff travel to Perth for 10 days during 2015-16. Two further annual cycles of exchange are planned under the current agreement.

Philanthropic partnerships continue to blossom with over $800,000 raised in donations for the year. The major benefactors were Westfield and McDonalds Community Cinemas, but Telethon, Stan Perron Foundation, Variety and Barrows Foundation remain strong supporters also. A one-off donation of approximately $550,000 was made to Therapy Focus by the Barrows Foundation. Donations are fully detailed in the financial report for the Company.

Respected steward of the sector

Therapy Focus is one of the top ten funded organisations by the Disability Services Commission. It is widely regarded as one of Australia's leading providers of professional therapy services.

The perception of Therapy Focus as a respected steward of the sector is reinforced with the award of contracts for sector-wide initiatives including the Community Aids and Equipment (in-kind) NDIS funds, school-aged and adult waitlist strategies, PEBBLES, and home modifications panel of experts involvement.

Business sustainability

The PEBBLES Children's Continence Management Service was again expanded during the year, with over 400 children receiving in excess of 6,300 hours of services. The service provides specialist continence advice, aids and support for children with disabilities who experience bladder and/or bowel health issues, continence issues and require support with toilet training. The service is the first of its kind in Western Australia. The PEBBLES acronym stands for Providing Education on Bladder and Bowel Health, Liaison, Expert Advice and Support.

All contracts were compliant with funders' expectations and no notices of breach were issued to the Company during the year. The Quality Management Framework evaluations mentioned above also verified the Company was operating during the year within the scope of the Disability Services Standards and no breaches were detected. The 2015-16 Financial Report was produced without qualification.

5. Progress in meeting objectives of the 2014 - 2017 Strategic Plan (continued)

Effective governance

The Board continued to govern effectively during the year, with all meetings and sub-committee meetings achieving a quorum. New directors were attracted to the team during the year to contribute to a Board which now reflects broad business skill sets appropriate for the operational context of the organisation, including the challenges it faces with the NDIS reforms ahead.

Member engagement rates have continued to be enhanced during the year through a number of initiatives. These include:

- Sunflower Sunday held in April 2016 with over 1,500 members and public present
- A family focused AGM held at Perth Zoo in October 2015
- The continued operation of the Parent Reference Group, established in 2013
- Improved communication with the members through electronic newsletters, social media and the website

6. Board of Management meetings

The number of meetings of the Board of Management attended by each member was as follows:

	Board Meetings Eligible to Attend	Board Meetings Attended
Peter Mildenhall	6	4
Michael Banton	6	5
Eva Griffiths*	2	1
Penny Knight	6	6
Karen Carriero	6	4
David Cox	6	4
Grant Bayne	6	6
Amanda Reed *3	1	1

* Resigned during the year
*1 Vacated office during the year
*2 Elected during the year
*3 Appointed to casual vacancy during the year

The Board continued to operate two Committees during the year. The Audit and Investment Committee was chaired by Michael Banton and met five times during the year. The Governance and Risk Committee was chaired by David Cox and met four times during the year. Both committees were duly convened with written Charters and reported after each meeting to the Board for consideration of recommendations.

The Annual Report and the Financial Report (this report) of the Company are both published on the Therapy Focus website (www.therapyfocus.org.au) as a measure of full disclosure to members and the public.

Signed in accordance with a resolution of the Board of Directors:

Chairperson: ....

Dated this 19TH day of SEPTEMBER 2016

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

	Note	2016 $	2015 $
RECURRENT OPERATIONS			
Revenue	4	**26,953,351**	19.777,831
Employee benefits expense		**(19,243,218)**	(13,691,708)
Depreciation and amortisation expenses	5	**(727,964)**	(545, 179)
Administration expense		**(862,732)**	(664,811)
Audit and accounting		**(21,915)**	(25,002)
Program expenses		**(5,572,380)**	(3,956,388)
Repairs and maintenance expense		**(313,947)**	(183,910)
Rental expense	5	**(659,762)**	(752,056)
Loss on disposal of property, plant and equipment	5	**(32,736)**	(38,427)
Recurrent (deficit)/surplus for the year		**(481,303)**	(79,650)
NON-RECURRENT OPERATIONS			
Revenue	4	**1,453,503**	389,466
Surplus before income tax		**972,200**	309,816
Income tax expense	2(a)	**-**	-
Surplus after income tax		**972,200**	309,816
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**972,200**	309,816

The accompanying notes form part of these financial statements.

Statement of Financial Position

For the Year Ended 30 June 2016

	Note	2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**9,118,341**	12,321,640
Trade and other receivables	7	**698,144**	361,898
Other assets	8	**194,846**	179,844
TOTAL CURRENT ASSETS		**10,011,331**	12,863,382
NON-CURRENT ASSETS			
Property, plant and equipment	9	**3,049,403**	1,825,570
Other assets	8	**133,477**	145,444
TOTAL NON-CURRENT ASSETS		**3,182,880**	1,971,014
TOTAL ASSETS		**13,194,211**	14,834,396
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**1,328,550**	886,235
Other liabilities	11	**5,886,641**	9,794,658
Employee benefits	12	**1,602,183**	1,154,553
TOTAL CURRENT LIABILITIES		**8,817,374**	11,835,446
NON-CURRENT LIABILITIES			
Employee benefits	12	**409,411**	127,230
TOTAL NON-CURRENT LIABILITIES		**409,411**	127,230
TOTAL LIABILITIES		**9,226,785**	11,962,676
NET ASSETS		**3,967,426**	2,871,720
EQUITY			
Reserves	13	**1,643,105**	992,113
Retained Surplus		**2,324,321**	1,879,607
TOTAL EQUITY		**3,967,426**	2,871,720

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2016

2016

	Retained surplus $	Accommodation development $	The Complete Advantage $	Information technology reserve $	Scholarship fund $	GIVE reserve $	TOTAL $
Balance at 1 July 2015	1,879,607	100,000	200,000	179,179	512,934	-	1,879,607
Surplus attributable to members of the entity	972,200	-	-	-	-	-	972,200
Transfers from retained earnings to general reserve	(527,486)	-	-	-	170,253	480,739	123,506
Balance at 30 June 2016	2,324,321	100,000	200,000	179,179	683,187	480,739	3,967,426

2015

	Retained surplus $	Accommodation development $	The Complete Advantage $	Information technology reserve $	Scholarship fund $	GIVE reserve $	TOTAL $
Balance at 1 July 2014	1,929,904	100,000	200,000	332,000	-	-	2,561,904
Surplus attributable to members of the entity	309,816	-	-	-	-	-	309,816
Transfers from retained earnings to general reserve	(360,113)	-	-	(152,821)	512,934	-	-
Balance at 30 June 2015	1879,607	100,000	200,000	179,179	512,934	-	2,871,720

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and government grants		**25,849,958**	22,822,273
Payments to employees and suppliers		**(27,418,086)**	(21,051,376)
Interest received		**349,362**	409,197
Net cash (used in)/ provided by operating activities	17(b)	**(1,218,766)**	2,180,094
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from disposal of property, plant and equipment		**1,114,298**	537,739
Payments to acquire property, plant and equipment		**(3,098,831)**	(1,465,506)
Net cash used in investing activities		**(1,984,533)**	(927,767)
Net (decrease)/ increase in cash and cash equivalents held		**(3,203,299)**	1,252,327
Cash and cash equivalents at beginning of year		**12,321,640**	11,069,313
Cash and cash equivalents at end of financial year	17(a)	**9,118,341**	12,321,640

The accompanying notes form part of these financial statements.

1. Basis of Preparation

Therapy Focus Limited (formerly named "Therapy Focus Incorporated") (the "Company") applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB), and the Australian Charities and Not-for-profits Commission Act 2012. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

2. Summary of Significant Accounting Policies

a) Income Tax

The Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

b) Fair value of assets and liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset and liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset and liability (i.e. the market with the greatest volume and level of activity for the asset and liability). In the absence of such a market, market information is extracted from the most advantageous market available to the Company at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

2. Summary of Significant Accounting Policies (continued)

b) Fair value of assets and liabilities (continued)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in either profit or loss or as a revaluation decrease if the impairment losses related to a revalued asset. A formal assessment of the recoverable amount is made when impairment indicators are present (refer to Note 2(f) for details of impairment).

All other repairs and maintenance is recognised as expenses in profit or loss during the financial year in which they are incurred.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated on a straight-line basis over the asset's useful life to the Company, commencing from the time the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	**Depreciation rate**
Leasehold Improvements	40 years
Plant and Equipment	3 -7 years
Furniture, Fixtures and Fittings	3 -7 years
Motor Vehicles	5 - 7 years
Office Equipment	3 - 5 years
Computer Equipment	3 - 5 years

2. Summary of Significant Accounting Policies (continued)

c) Property, Plant and Equipment (continued)

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

d) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

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 the equivalent to the date that the Company commits itself to either purchase or sell of the asset (i.e. trade date accounting is adopted).

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

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value (refer to Note 2(b)), amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

2. Summary of Significant Accounting Policies (continued)

e) Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Financial liabilities

Non-derivative financial liabilities (other than financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s) .

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account .

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f) Impairment of assets

At the end of each reporting period the Company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g) Employee provisions

(i) *Short-term employee benefits*

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Contributions are made by the Company to employee nominated superannuation funds and are charged as expenses when incurred. The Company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

(ii) *Other long-term employee benefits*

The Company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

Provision is made for the Company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at-call with banks, and other short-term highly liquid investments with original maturities of three months or less.

i) Trade and other receivables

Trade receivables and other debtors include amounts due from customers for goods sold and services provided in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

j) Revenue and other income

Non-reciprocal grant revenue is recognised in profit or loss when the Company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Company and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the Company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

k) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

m) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

n) Economic dependence

Therapy Focus Limited is dependent on the Disability Services Commission for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe the Disability Services Commission will not continue to support Therapy Focus Limited.

3. Critical accounting estimates and judgments

The Company evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key judgements - provision for impairment of receivables

The receivables at the end of the reporting period have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgements - employee benefits

For the purpose of measurement, MSB119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the Company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows despite an informal company policy that requires annual leave to be used within

3. Critical accounting estimates and judgments (continued)

18 months, the Company believes that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

4. Revenue and Other Income

	2016 $	2015 $
a) Recurrent		
- Main contract revenue	**17,269,960**	13,168,426
- Other contract revenue	**4,127,005**	2,832,728
- Community aids and equipment programme	**4,035,572**	2,198,279
- Alternative equipment support revenue	**798,235**	788,177
- Interest received	**362,763**	400,712
- Sundry income	**359,816**	389,509
Total recurrent revenue	**26,953,351**	19,777,831
b) Non-recurrent		
- Lotterywest	**756,915**	365,572
- Others	**696,588**	23,894
Total non-recurrent revenue	**1,453,503**	389,466

5. Surplus for the Year

The result for the year includes the following specific expenses:

	Note	2016 $	2015 $
Expenses:			
Depreciation and amortisation expenses		**727,964**	545,179
Net loss on disposal of property, plant and equipment		**32,736**	38,427
Rental expense on operating leases:			
- Minimum lease payments		**659,762**	752,056

6. Cash and cash equivalents

	Note	2016	2015
Cash at bank and in hand		**68,850**	64,172
Short-term bank deposits		**9,049,491**	12,257,468
Total recurrent revenue	**15**	**9,118,341**	12,321,640

Included in cash and cash equivalents is an amount of $133,803 which is not available for use by the Company. This amount relates to guarantees issued to the lessors of premises of the Company.

7. Trade and other receivables

CURRENT	Note	2016 $	2015 $
Trade receivables		**270,331**	153,997
Provision for impairment	(a)	**(4,202)**	(6,215)
		266,129	147,782
NDIS receivable		**388,381**	184,283
Interest receivable		**38,036**	24,635
Other receivables		**5,598**	5,198
	(b)	**698,144**	361,898

a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

	2016 $	2015 $
Balance at beginning of the year	**(6,215)**	(6215)
Reversal of impairment	**2,013**	
Balance at end of the year	**(4,202)**	(6,215)

b) Financial assets classified as loans and receivables

	2016 $	2015 $
Trade and other receivables		
- total current	**698,144**	361,898
Financial assets	**698144**	361,898

8. Other assets

	2016 $	2015 $
CURRENT		
Deposits	**53,795**	53,795
Prepayments	**129,051**	114,049
Right of use	**12,000**	12,000
	194,846	179,844
NON-CURRENT		
Right of use	**133,477**	145,444
	133,477	145,444

The Company entered into an agreement for the right of use of a building located at Collier Road Bassendean with Technology Assisting Disability WA (TADWA) for a period of 20 years commencing 29 November 2007. The Company contributed upfront $240,000 towards the construction costs in return for a peppercorn sub-lease. There is an option to renew the lease at the end of the term for an additional term of 20 years.

Notes to the Financial Statements

For the Year Ended 30 June 2016

therapyfocus
growing potential

9. Property, plant and equipment

	2016 $	2015 $
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	**349,859**	184,548
Furniture, fixtures and fittings		
At cost	**239,016**	178,971
Accumulated depreciation	**(153,748)**	(137,610)
Total furniture, fixtures and fittings	**85,268**	41,361
Motor vehicles		
At cost	**1,411,333**	739,983
Accumulated depreciation	**(106,077)**	(39,005)
Total motor vehicles	**1,305,256**	700,978
Office equipment		
At cost	**321,138**	136,437
Accumulated depreciation	**(164,193)**	(120,296)
Total office equipment	**156,945**	16 141
Computer equipment		
At cost	**1,572,852**	978,229
Accumulated depreciation	**(806,575)**	(497,613)
Total computer equipment	**766,277**	480,616
Leasehold improvement		
At cost	**1,447,557**	1,290,719
Accumulated depreciation	**(1,061,759)**	(888,793)
Total leasehold improvements	**385,798**	401,926
Total property, plant and equipment	**3,049,403**	1,825,570

9. Property, plant and equipment (continued)

a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital Works in Progress	Leasehold Improvements	Furniture, Fixtures and Fittings	Motor Vehicles	Office Equipment	Computer Equipment	Total
	$	$	$	$	$	$	$
Year ended 30 June 2016							
Balance at the beginning of year	184,548	401,926	41,361	700,978	16,141	480,616	1,825,570
Additions	262,113	147,327	60,045	1,937,313	184,701	507,332	3,098,831
Disposals	-	-	-	(1,147,034)	-	-	(1,147,034)
Transfers	(96,802)	9,511	-	-	-	87,291	-
Depreciation expense	-	(172,966)	(16,138)	(186,001)	(43,897)	(308,962)	(727,964)
Balance at the end of the year	349,859	385,98	85,268	1,305,256	156,945	766,277	3,049,403

10. Trade and other payables

	Note	2016 $	2015 $
CURRENT			
Trade payables		**139,771**	234,340
GST and PAYG payable		**205,019**	589,286
Accruals		**983,760**	62,609
	(a)	**1,328,550**	886,235

a) Financial liabilities at amortised cost classified as trade and other payables

	Note	2016 $	2015 $
Trade and other payables:			
- total current		**1,328,550**	886,235
		1,328,550	886,235
Less:			
GST and PAYG payable		**(205,019)**	(589,286)
Financial liabilities as trade and other payables	15	**1,123,531**	296,949

11. Other liabilities

	2016 $	2015 $
CURRENT	**76,549**	(61 ,487)
Alternative funding provider	**160,412**	
The Barrows Foundation Funding	**494,947**	1,158,537
DSC	**2,937,799**	2,798,005
DSC - Community aids and equipment programme	**1,831,337**	3,597,480
DSC - Continence Project	**329,819**	686,074
DSC - Waitlist Management	**31,710**	1,405,062
NDIS - Community aids and equipment programme		80,013
Transitioning Accommodation Project	**24,068**	130,974
Others	**5,886,641**	9,794,658
	76,549	(61 ,487)

12. Employee Benefits

	2016 $	2015 $
CURRENT		
Long service leave	**386,881**	329 ,145
Annual leave	**1,215,302**	825,408
	1,602,183	1,154,553
NON-CURRENT		
Long service leave	**409,411**	127,230
	409,411	127,230

Provision for employee benefits represents amounts accrued for salary sacrifice, annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Company does not expect the full amount of long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion of this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria for employee benefits have been disclosed in Note 2(g) to this report.

13. Reserves

a) The Complete Advantage
- To assist with the establishment costs of clinics as required.

b) Accommodation development
- To assist with the establishment of new Therapy Focus bases as required.

c) Information technology reserve
- Established for the information systems strategic plan and Mirrabooka office refurbishment project.

d) Scholarship fund
- To be used to add value to graduated clients and possibly develop a relationship that in turn has them acting as our ambassador.

e) GIVE reserve
- To assist with the purchase of items and activities that support independence, participation and social inclusion of people with disabilities and their families.

14. Capital and Leasing Commitments

	2016 $	2015 $
a) Operating Leases		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- no later than one year	**662,213**	595,682
- between one and five years	**666,050**	1,091,110
- later than five years	**217,736**	155,265
	1,545,999	1,842,057
a) Capital expenditure commitments		
Capital expenditure commitments contracted for:		
Computer equipment purchases and software upgrade	**-**	890,431
	-	890,431

15. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2016 $	2015 $
Financial Assets			
Cash and cash equivalents	6	**9,118,341**	12,321,640
Trade and other receivables	7(b)	**698,144**	361,898
Total financial assets		**9,816,485**	12,683,538
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	10(a)	**1,123,531**	296,949
Total financial liabilities		**1,123,531**	296,949

16. Interests of key management personnel

The totals of remuneration paid to the key management personnel of the Company during the year are as follows:

Key management personnel compensation (Chief Executive Officer and 2 Executive Managers)	637,672	607,266
	637,672	607,266

Any person(s) having authority and responsibility for planning, directing and controlling the activity of the Company, directly or indirectly is considered key management personnel.

The Board of directors act in a voluntary capacity and receive no remuneration for their services.

17. Cash Flow Information

	2016 $	2015 $
a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	**9,118,341**	12,321,640

b) Reconciliation of result for the year to cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2016 $	2015 $
Surplus for the year:	**972,200**	309,816
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in surplus:		
Depreciation and amortisation expenses	**727,964**	545,179
Loss on disposal of property, plant and equipment Bad debts	**32,736**	38,427
Depreciation and amortisation expenses	**3,897**	-
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	**(340,143)**	(192,180)
- (increase)/decrease in prepayments	**(3,035)**	18,625
- increase/(decrease) in other liabilities	**(3,784,511)**	1,235,120
- increase/(decrease) in trade and other payables	**442,315**	18,808
- increase/(decrease) in employee benefits	**729,811**	206,299
Cashflow from operations	**(1,218,766)**	2,180,094

18. Contingencies

In the opinion of the Board, the Company did not have any contingencies at 30 June 2016 (30 June 2015: None).

19. Events Occurring After the Reporting Date

The financial report was authorised for issue on 19 September 2016 by the Board.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

20. Association Details

The principal place of business is:
Suite 5, 1140 Albany Highway
Bentley WA 6102

Directors' Declaration

For the Year Ended 30 June 2016

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 25, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:

   a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and

   b) give a true and fair view of the Company's financial position as at 30 June 2016 and of its performance and cash flows for the year ended on that date.

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 subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013 and is signed for and on behalf of the directors by:

Chairman ....

Peter Mildenhall

Treasurer ....

Michael Banton

Dated this ....19TH.... day of SEPTEMBER.... 2016

THERAPY FOCUS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of Therapy Focus Limited

We have audited the accompanying financial report of Therapy Focus Limited (formerly named "Therapy Focus Incorporated") ("the Company"), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Board determines 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

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

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Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and any applicable code of professional conduct in relation to the audit.

Opinion

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

(a) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance and cash flows for the year ended on that date; and

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

DRY KIRKNESS

B ROTHMAN
Partner

Date: 19th September 2016
West Perth
Western Australia