Therapy Focus Limited

ABN: 67 796 715 775

Financial Statements

For the Year Ended 30 June 2018

Therapy Focus Limited

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Contents

For the Year Ended 30 June 2018

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Members' Report

For the Year Ended 30 June 2018

The Board of Directors ("the Board") of Therapy Focus Limited presents its members' report for the financial year ended 30 June 2018 and the Independent Auditor's Report.

This report provides an overview of the progress of Therapy Focus in meeting the strategic objectives of the 2017-2020 Strategic Plan. It also provides an overview of selected aspects of Therapy Focus corporate governance framework and key focus areas of the Board and its Committees in the 2017-2018 financial year.

Principal activities

During the year, the principal activity of Therapy Focus Limited was to continue to provide therapy services for people living with disability. According to the financial statements accompanying this report, by June 2018 the Company was earning $30.4 million in revenue from services and had $4.2 million in retained earnings. This represents almost a $1 million increase in revenue over the past 12 months, with no significant change in retained earnings.

Objectives

The objectives of Therapy Focus during the year continue to align with those stated in the company s Constitution, specifically to:

- provide professional therapy and support services to persons with disabilities
- contribute to the evidence base of therapy interventions, including through practice and research
- deliver services with a commitment to quality and continuous improvement
- apply resources to, and advocate for, broader benevolent purposes, including the relief of distress, to contribute to a more inclusive and cohesive society

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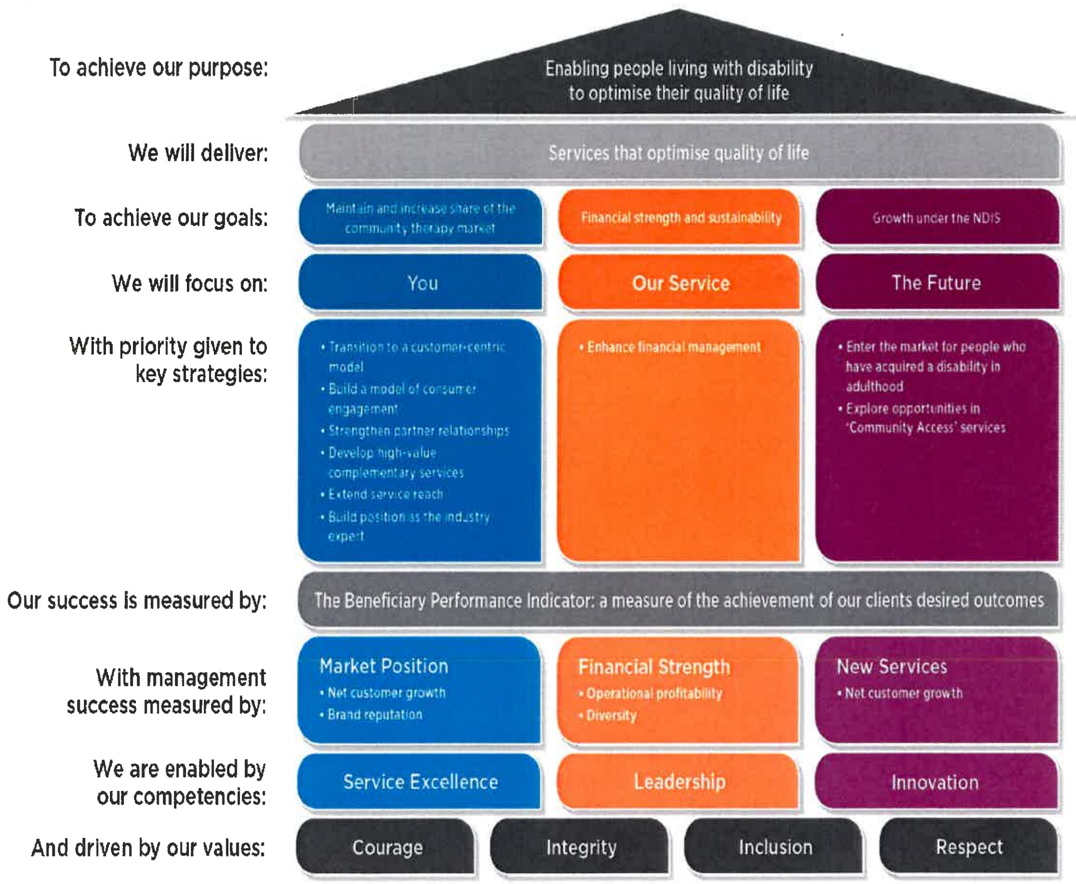
Members' Report

For the Year Ended 30 June 2018

2017-2020 Strategic Plan

The 2017-2020 Strategic Plan was launched in July 2017. An overview of the Strategic Plan in provided in the diagram below.



Beneficiary Performance Indicator

The Beneficiary Performance Indicator is a score that helps Therapy Focus to measure how well it is achieving its purpose. Customers are surveyed monthly to score their level of agreement with the statement The services provided by Therapy Focus are achieving the outcomes I expect . Over the last 12 months, an average of 89% of customers surveyed have agreed with this statement.

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Members' Report

For the Year Ended 30 June 2018

Progress towards strategic goals

Maintain and increase share of the community therapy market

Therapy Focus aims to maintain and increase its share of the community therapy market. It does this by focusing on understanding its customers, strengthening relationships in the community, providing services that people value, extending into regional areas, and building a position as the industry expert. Therapy Focus has made progress in this area over the 2017 - 2018 financial year. A summary of key achievements made are included below.

Based on feedback received from customers, and through the Parent Reference Group, Therapy Focus has started exploring and trialling new models of on-boarding customers to make the process easier and more consistent for customers. The organisation also hosted two information sessions for parents in locations where the NDIS was rolling-out. The sessions were well attended, and due to demand, more information sessions will be planned for 2018-2019.

Therapy Focus has recently partnered with Kalparrin. This partnership will help families who receive a disability diagnosis through the hospital system become aware of Therapy Focus and how the organisation might support them in their journey. Work is also continuing to build strong relationships and partnerships within the disability sector, and with organisations who contribute to optimising the quality of life of people living with disabilities.

Providing services that people value is key to Therapy Focus success. Over the past 12 months, Therapy Focus has continued to develop and commercialise specialist services such as the Mealtime Eating Allied Health Liaison Service (MEAHLS) program and a Communication Matters Alternative and Augmentative Communication (AAC) Clinic to better meet the needs of its customers. These projects ensure that clinicians with specialised skillsets are available to customers to help with challenges such as navigating mealtimes, toilet training, and choosing the best AAC device. The projects also focus on building competencies in these specialist areas across the organisation.

In February 2018, Therapy Focus opened its Margaret River office, providing a base for the team and clinic rooms for customers accessing therapy services in the Lower South West. Therapy Focus continues to evaluate the feasibility of moving into other regional areas as the NDIS rolls out. Limited physiotherapy services have commenced in Karratha as part of the PEBBLES program.

Therapy Focus has taken steps to position itself as the industry expert in therapy. The organisation s response to the McKinsey & Co. Independent Pricing Review was commended by therapists, professional associations, service provides, and the NDS. It was evidence that the sector acknowledged our expertise in therapy and the subsequent right to speak, based on that expertise. Following this response, Therapy Focus has been invited to sit on panel discussions, talk to newspapers, meet with NDIA representatives, and speak with McKinsey consultants as they work with the sector to review the recommendation related to therapy pricing. Other publications, submissions, and presentations by the CEO and senior staff at national conferences continue to position Therapy Focus as the expert in therapy.

Finally, Therapy Focus has been working with an external agency to explore the employee journey to identify how the organisation might better position and promote its brand to attract and retain staff. One strategy to help attract and retain staff has been through annual study tours. In November 2017, three staff travelled to New Zealand to visit with Autism New Zealand as part of a three-year Memorandum of Understanding (MOU). In March 2018, a further two employees had the opportunity to attend a study tour in California through an MOU formed between Therapy Focus and Achieve Kids. This enabled them to learn about the differences in therapy service provision between the two countries, attend a conference Autism through the lifespan at Stanford University Autism Centre, and share their learnings with colleagues on their return.

Progress towards strategic goals (Continued)

Financial strength and sustainability

Although ending the year with a modest surplus, the 2017-2018 financial year was a challenging year for Therapy Focus. A number of major announcements, including the decision for WA to join the federal NDIS scheme in December and the release of the Independent Pricing Review in March, required Therapy Focus to evaluate how these decisions would impact the business and what strategies would be required to respond. Further, internal issues in rolling out a new CRM system, needed to support services under an individualised funding model, have added to the challenge impacting on the end-user experience as well as reporting visibility at all levels.

The focus over the past year has been improving the useability of the CRM system, remediation work to improve technology infrastructure, and investing in data governance and quality across the organisation. Plans are currently underway to improve invoicing and billing for private and self-managed NDIS customers. Work has also commenced to streamline a number of processes via automation.

Growth under the NDIS

In June 2018, the Board and Executive team engaged an expert consultant to facilitate a strategic workshop. The workshop helped create a shared understanding of Therapy Focus future direction, and exploration of opportunities for growth aligned with the organisation s purpose in the broader disability and therapy market.

Over the past year, Therapy Focus has grown and developed its Support Coordination function under the NDIS. This has enabled Therapy Focus to better support people living with disabilities accessing services and building formal and informal connections within the community.

Therapy Focus has experienced growth providing home modification and equipment services through a variety of funding sources. A Home Modifications Building Consultancy Service has been launched attracting referrals from both WA NDIS and NDIS clients across Perth and the Lower South West.

Therapy Focus was successful in securing a place as a provider on the Department of Communities - Housing Panel contract panel. This enables Therapy Focus to provide Occupational Therapy Home Access Assessments to people with disabilities living in Housing Authority properties. Members of the Equipment Funding team are also registered under the NDIS to provide complex home modification occupational therapy services.

Corporate Governance Framework

Structure and composition of the Board

Therapy Focus is committed to ensuring that the composition of the Board includes directors who bring an appropriate mix of skills, experience, expertise, and diversity (including age and gender diversity) to Board decision-making.

The Board currently comprises seven non-executive directors. Biographies of the directors as at 30 June 2018 are available on the Board of Directors section of the Therapy Focus website: **https://therapyfocus.org.au/about-us/our-people/board/**

Corporate Governance Framework (Continued)

Structure and composition of the Board (Continued)

The current directors possess an appropriate mix of skills, experience, expertise, and diversity to enable the Board to discharge its responsibilities and deliver the company s strategic priorities. Additionally, two of the seven directors have children receiving a service from Therapy Focus and a lived experience of disability.

The Directors in office as at the 30th June 2018, as well as their roles and tenure are indicated in the table below:

Name	Role	Tenure
Fiona Payne	Chairperson	18 months
Tony Vis	Deputy Chairperson	18 months
Michael Banton	Director	9 years
Amanda Reed	Director	2 years
Julie Carr	Chairperson Governance and Risk Committee	8 months
Ann Dawson (Witt)	Chairperson Audit and Investment Committee	7 months
Kane Blackman	Director	< 1 month

Rachel Cottier, who is not a Director, sits as an external member on the Audit Investment Committee.

Therapy Focus had a number of changes in the membership of the Board during the financial year.

Welcomed

- Julie Carr (23/11/2017)
- Ann Dawson (Witt) (8/01/2018)
- Elizabeth Kraus (30/04/2018)
- Kane Blackman (25/06/2018)

Farewelled

- Penny Knight (29/08/2017) (3 years tenure)
- David Cox (12/02/2018) (3 year tenure)
- Grant Bayne (27/11/2017) (3 year tenure)
- Elizabeth Kraus (24/05/2018) (<1 month tenure)

In 2017, Therapy Focus took active steps to increase the level of age diversity on the Board. Therapy Focus was proud to become a Community Partner of the Engaging Young Leaders on Aged Care and Community Boards Program. This Program encourages young and emerging leaders to take on positions within the community sector through a supportive 12-week program. Therapy Focus supported two emerging leaders to observe a Board meeting and hosted an event which saw a panel of community sector directors share their experiences with the cohort. In 2018, Therapy Focus held a recruitment campaign to specifically attract a younger director. This resulted in the appointment of Elizabeth Kraus. However, Elizabeth subsequently accepted a position with a deemed conflict of interest and therefore resigned as a director.

With further recruitment the Board identified and appointed Kane Blackman to the Board as a director.

Corporate Governance Framework (Continued)

Committees of the Board

The Board has established an Audit and Investment Committee and a Governance and Risk Committee as standing committees to assist with the discharge of its responsibilities. Each Committee is convened with a written charter and reports after each meeting to the Board for consideration of recommendations. Details of the role and current membership of each committee are outlined below.

Audit and Investment Committee

The Audit and Investment Committee assists the Board in overseeing the reliability and integrity of financial information, the integrity of the internal control framework, the independence of the external auditor, and general compliance with legislation and standards.

The current membership of the Committee is as follows:

Name	Role
Ann Dawson (Witt)	Chairperson Audit Investment Committee
Fiona Payne	Member/ Board Chairperson
Michael Banton	Member/ Director
Tony Vis	Member/ Director
Rachel Cottier	External Member
Matt Burrows	Chief Executive Officer
Brian Chapman	Executive Manager Corporate Services

The company s external auditor is Dry Kirkness. Dry Kirkness was appointed Therapy Focus auditor in October 2014. The auditor provided the required independence declaration to the Board for the financial year ended 30 June 2018.

Governance and Risk Committee

The Governance and Risk Committee assists the Board in fulfilling its legal, ethical, and functional responsibilities through governance policy development, board recruitment strategies, training programs, monitoring of board activities, evaluation of board members' performance and monitoring and evaluating risks.

The current membership of the Committee is as follows:

Name	Role
Julie Carr	Chairperson Governance and Risk Committee
Fiona Payne	Member/ Board Chairperson
Tony Vis	Member/ Director
Matt Burrows	Chief Executive Officer
Ruth Lee	Executive Manager Clinical Services

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Members' Report

For the Year Ended 30 June 2018

Meeting attendance

During the 2017-2018 financial year, the attendance of directors at Board and Committee meetings was as follows:

	Board & AGM	Audit and Investment Committee	Governance and Risk Committee	All meetings		
Director	**Attended**	**Attended**	**Attended**	**Apologies**	**# Eligible**	**Attendance rate**
Penny Knight (*)	2	1	0	0	3	100%
Grant Bayne (*)	4	3	0	0	7	100%
Fiona Payne (***)	10	5	5	1	21	95%
David Cox (*)	5	0	3	1	9	89%
Tony Vis (***)	9	3	4	2	18	89%
Amanda Reed	8	0	0	2	10	80%
Julie Carr (**)	5	0	2	2	9	78%
Michael Banton	8	4	0	4	16	75%
Ann Dawson (**)	4	2	0	2	8	75%
Rachel Cottier (^)	0	2	0	1	3	67%
Elizabeth Kraus (*)(**)	0	0	0	0	0	n/a
Kane Blackman (**)	0	0	0	0	0	n/a

* Resigned during the year

** Appointed to casual vacancy during the year

*** Elected during the year

^ Appointed to a committee as an external member

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

Chairperson: ....
Fiona Payne

Dated this 17TH day of SEPTEMBER 2018

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 $	2017 $
RECURRENT OPERATIONS			
Revenue	4(a)	**30,119,760**	29,244,761
Employee benefits expense		**(21,540,187)**	(20,303,477)
Depreciation and amortisation expense	5	**(849,290)**	(1,121,397)
Administration expenses		**(1,421,911)**	(1,136,993)
Auditor's remuneration		**(18,344)**	(18,081)
Program expenses		**(5,131,196)**	(5,896,373)
Repairs and maintenance		**(293,139)**	(269,968)
Lease rentals on operating lease	5	**(856,234)**	(763,759)
Loss on disposal of assets	5	**(56,768)**	(32,827)
Recurrent deficit for the year		**(47,309)**	(298,114)
NON-RECURRENT OPERATIONS			
Other revenue	4(b)	**233,193**	440,552
Surplus before income tax		**185,884**	142,438
Income tax expense	2(a)	**-**	-
Surplus for the year		**185,884**	142,438
Other comprehensive income, net of income tax		**-**	-
Total comprehensive income for the year		**185,884**	142,438

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 30 June 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**15,138,189**	8,050,058
Trade and other receivables	7	**384,998**	840,758
Other assets	8	**309,155**	288,169
TOTAL CURRENT ASSETS		**15,832,342**	9,178,985
NON-CURRENT ASSETS			
Property, plant and equipment	9	**2,545,047**	2,933,659
Other assets	8	**109,477**	121,477
TOTAL NON-CURRENT ASSETS		**2,654,524**	3,055,136
TOTAL ASSETS		**18,486,866**	12,234,121
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**1,806,113**	1,457,012
Other liabilities	11	**9,969,700**	4,430,240
Employee benefits	12	**1,992,626**	1,800,406
TOTAL CURRENT LIABILITIES		**13,768,439**	7,687,658
NON-CURRENT LIABILITIES			
Employee benefits	12	**507,676**	436,599
TOTAL NON-CURRENT LIABILITIES		**507,676**	436,599
TOTAL LIABILITIES		**14,276,115**	8,124,257
NET ASSETS		**4,210,751**	4,109,864
EQUITY			
Reserves	13	**1,495,236**	1,580,233
Retained earnings		**2,715,515**	2,529,631
TOTAL EQUITY		**4,210,751**	4,109,864

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2018

2018

	Retained Earnings	Accomodation Development	The Complete Advantage	Information Technology Reserve	Scholarship Fund	GIVE Reserve	Total
	$	$	$	$	$	$	$
Balance at 1 July 2017	2,529,631	100,000	200,000	179,179	691,477	409,577	4,109,864
Surplus attributable to members of the entity	185,884	-	-	-	-	-	185,884
Transfers from retained earnings to general reserve	-	-	-	-	-	(84,997)	(84,997)
Balance at 30 June 2018	2,715,515	100,000	200,000	179,179	691,477	324,580	4,210,751

2017

	Retained Earnings	Accomodation Development	The Complete Advantage	Information Technology Reserve	Scholarship Fund	GIVE Reserve	Total
	$	$	$	$	$	$	$
Balance at 1 July 2016	2,324,321	100,000	200,000	179,179	683,187	480,739	3,967,426
Surplus attributable to members of the entity	142,438	-	-	-	-	-	142,438
Transfers from retained earnings to general reserve	62,872	-	-	-	8,290	(71,162)	-
Balance at 30 June 2017	2,529,631	100,000	200,000	179,179	691,477	409,577	4,109,864

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Year Ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and government funding/subsidies		**39,229,381**	30,060,790
Payments to employees and suppliers		**(31,891,643)**	(30,330,357)
Interest received		**247,659**	239,764
Net cash provided by / (used in) operating activities	19(b)	**7,585,397**	(29,803)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from disposal of property, plant and equipment		**1,901,200**	1,659,315
Payments to acquire property, plant and equipment		**(2,398,466)**	(2,697,795)
Net cash used in investing activities		**(497,266)**	(1,038,480)
Net increase/(decrease) in cash and cash equivalents held		**7,088,131**	(1,068,283)
Cash and cash equivalents at beginning of year		**8,050,058**	9,118,341
Cash and cash equivalents at end of financial year	19(a)	**15,138,189**	8,050,058

The accompanying notes form part of these financial statements.

The financial report covers Therapy Focus Limited as an individual entity. Therapy Focus Limited is a not-for-profit Company, registered and domiciled in Australia.

The principal activities of the Company for the year ended 30 June 2018 were to provide therapy services for people living with a disability or learning impairment.

The functional and presentation currency of Therapy Focus Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

Therapy Focus Limited applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012.*

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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

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) 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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

2 Summary of Significant Accounting Policies (Continued)

(c) Revenue and other income (Continued)

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity 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 entity 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.

Therapy Focus Limited receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Gain on disposal of non-current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

2 Summary of Significant Accounting Policies (Continued)

(d) 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 payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) 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.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date at fair value.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company, commencing when 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 life.

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

Fixed asset class	Depreciation rate
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
Leasehold improvements	5-6 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

2 Summary of Significant Accounting Policies (Continued)

(f) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables; and
- financial assets at fair value through profit or loss;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument s category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the finance income or finance costs line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

2 Summary of Significant Accounting Policies (Continued)

(f) Financial instruments (Continued)

The Company s trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities depending on the purpose for which the liability was acquired.

The Company s financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset s carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

2 Summary of Significant Accounting Policies (Continued)

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) 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 directors have no reason to believe the Disability Services Commission will not continue to support Therapy Focus Limited.

2 Summary of Significant Accounting Policies (Continued)

(l) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Company.

3 Critical Accounting Estimates and Judgments

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - revenue recognition - long term contracts

The Company undertakes long term contracts which span a number of reporting periods. Recognition of revenue in relation to these contracts involves estimation of future costs of completing the contract and the expected outcome of the contract. The assumptions are based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

Key estimates - receivables

The receivables at reporting date 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 judgments

For the purpose of measurement, AASB119: 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 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.

Notes to the Financial Statements

For the Year Ended 30 June 2018

4 Revenue and Other Income

(a) Recurrent

	2018	2017
	$	$
- Main contract revenue	**17,251,591**	17,428,326
- Other contract revenue	**8,566,749**	6,415,610
- Community aids and equipment programme	**3,281,737**	3,963,616
- Alternative equipment support revenue	**430,578**	894,615
	29,530,655	28,702,167
Finance income		
- bank deposits	**268,189**	215,094
Other revenue		
- Sundry income	**320,916**	327,500
Total recurrent revenue	**30,119,760**	29,244,761

(b) Non-recurrent

	2018	2017
- insurance recoveries	**233,193**	-
- Lotterywest capital grants	-	82,738
- other capital grants	-	357,814
Total non-recurrent revenue	**233,193**	440,552
Total recurrent and non-recurrent revenue	**30,352,953**	29,685,313

5 Result for the Year

The result for the year includes the following specific expenses:

	2018	2017
Other expenses:		
Employee benefits expense	**21,540,187**	20,303,477
Depreciation and amortisation	**849,290**	1,121,397
Net loss on disposal of property, plant and equipment	**56,768**	32,827
Rental expense on operating leases:		
- Minimum lease payments	**856,234**	763,759

6 Cash and Cash Equivalents

	Note	2018	2017
Cash at bank and in hand		**60,634**	14,657
Short-term deposits		**15,077,555**	8,035,401
	15	**15,138,189**	8,050,058

Included in cash and cash equivalents is an amount of $150,096 which is not available for use by the Company. This amount relates to guarantees issued to the lessors of premises of the Company.

Notes to the Financial Statements
For the Year Ended 30 June 2018

7 Trade and Other Receivables

	Note	2018 $	2017 $
CURRENT			
Trade receivables		**142,965**	257,450
Provision for impairment	7(a)	**(5,940)**	(3,214)
		137,025	254,236
NDIS receivables		**65,210**	561,035
Interest receivables		**33,896**	13,366
Other receivables		**148,867**	12,121
	15	**384,998**	840,758

(a) Impairment of receivables

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

	2018 $	2017 $
Balance at beginning of the year	**(3,214)**	(4,202)
Additional impairment loss recognised	**(2,726)**	-
Reversal of impairment	**-**	988
Balance at end of the year	**(5,940)**	(3,214)

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Other Assets

	2018 $	2017 $
CURRENT		
Deposits	**63,694**	63,694
Prepayments	**233,461**	212,475
Right of use	**12,000**	12,000
	309,155	288,169
NON-CURRENT		
Right of use	**109,477**	121,477
	109,477	121,477

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.

Therapy Focus Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

9 Property, plant and equipment

	2018 $	2017 $
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	**398,905**	325,855
Accumulated depreciation	**(229,449)**	(191,001)
Total furniture, fixtures and fittings	**169,456**	134,854
Motor vehicles		
At cost	**1,553,709**	1,722,674
Accumulated depreciation	**(187,586)**	(149,644)
Total motor vehicles	**1,366,123**	1,573,030
Office equipment		
At cost	**349,023**	333,086
Accumulated depreciation	**(291,066)**	(243,354)
Total office equipment	**57,957**	89,732
Computer equipment		
At cost	**1,400,931**	1,392,519
Accumulated depreciation	**(1,155,687)**	(890,075)
Total computer equipment	**245,244**	502,444
Computer software		
At cost	**692,305**	692,305
Accumulated depreciation	**(619,748)**	(540,246)
Total computer software	**72,557**	152,059
Leasehold Improvements		
At cost	**1,974,618**	1,674,587
Accumulated amortisation	**(1,340,908)**	(1,193,047)
Total leasehold improvements	**633,710**	481,540
Total property, plant and equipment	**2,545,047**	2,933,659

Notes to the Financial Statements

For the Year Ended 30 June 2018

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:

	Furniture, Fixtures and Fittings	Motor Vehicles	Office Equipment	Computer Equipment	Computer Software	Leasehold Improvements	Total
	$	$	$	$	$	$	$
Year ended 30 June 2018							
Balance at the beginning of year	134,854	1,573,030	89,732	502,444	152,059	481,540	2,933,659
Additions	75,096	1,998,990	15,937	8,412	-	300,031	2,398,466
Disposals	(2,046)	(1,935,742)	-	-	-	-	(1,937,788)
Depreciation expense	(38,448)	(270,155)	(47,712)	(265,612)	(79,502)	(147,861)	(849,290)
Balance at the end of the year	169,456	1,366,123	57,957	245,244	72,557	633,710	2,545,047

10 Trade and Other Payables

	Note	2018 $	2017 $
CURRENT			
Trade payables	15	**134,454**	241,300
GST payable		**1,004,285**	577,947
Accrued expenses	15	**667,374**	637,765
		1,806,113	1,457,012

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

11 Other Liabilities

	2018 $	2017 $
CURRENT		
Alternative funding provider	**112,548**	92,304
DSC	**2,116,225**	849,678
DSC - Community aids and equipment programme	**1,807,262**	2,250,721
DSC - Continence Project	**850,000**	1,175,950
DSC - Diagnostic Assessment	**1,755,000**	-
NDIS - Community aids and equipment programme	**21,966**	22,929
WANDIS - Community aids and equipment programme	**1,626,288**	-
WANDIS	**1,679,434**	-
Others	**977**	38,658
	9,969,700	4,430,240

Unspent grant funding is deferred until all conditions attached to the grant is satisfied.

12 Employee Benefits

	2018 $	2017 $
CURRENT		
Annual leave	**1,307,656**	1,276,227
Long service leave	**684,970**	524,179
	1,992,626	1,800,406
NON-CURRENT		
Long service leave	**507,676**	436,599
	507,676	436,599

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.

Notes to the Financial Statements

For the Year Ended 30 June 2018

12 Employee Benefits (Continued)

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(i) to this report.

13 Reserves

(a) The Complete Advantage

- To assist with the establishment costs of clinics as required.

(b) Accomodation 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 Leasing Commitments

Operating leases

	2018 $	2017 $
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**712,138**	785,653
- between one year and five years	**1,706,574**	1,510,213
- later than five years	**37,612**	186,633
	2,456,324	2,482,499

Operating leases are in place for premises and photo copiers and normally have a term between 1 and 5 years. Lease payments are increased on an annual basis to reflect market rentals.

Notes to the Financial Statements

For the Year Ended 30 June 2018

15 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables

	Note	2018 $	2017 $
Cash and cash equivalents	6	**15,138,189**	8,050,058
Loans and receivables	7	**384,998**	840,758
Financial liabilities at amortised cost	10	**(801,828)**	(879,065)
		14,721,359	8,011,751

16 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $ 10 each towards meeting any outstandings and obligations of the Company. At 30 June 2018 the number of members was 10 (2017: 7).

17 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is $ 633,709 (2017: $ 637,672).

18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2018 (30 June 2017:None).

Therapy Focus Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

19 Cash Flow Information

(a) Reconciliation of cash

	2018	2017
	$	$
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	**15,138,189**	8,050,058

(b) Reconciliation of result for the year to cashflows from operating activities

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

	2018	2017
Surplus for the year	**185,884**	142,438
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in (deficit)/surplus:		
- depreciation	**849,290**	1,121,397
- net loss on disposal of property, plant and equipment	**56,768**	32,827
- bad debts	**3,026**	-
- GIVE program	**(84,997)**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**452,734**	(142,614)
- (increase)/decrease in prepayments	**(8,986)**	(81,323)
- increase/(decrease) in other liabilities	**5,539,460**	(1,456,401)
- increase/(decrease) in trade and other payables	**328,921**	128,462
- increase/(decrease) in employee benefits	**263,297**	225,411
Cashflows from operations	**7,585,397**	(29,803)

20 Events after the end of the Reporting Period

The financial report was authorised for issue on 17 September 2018 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.

21 Statutory Information

The registered office and principal place of business of the company is:

Therapy Focus Limited
Suite 5, 1140 Albany Highway
BENTLEY
WA 6102

Therapy Focus Limited

ABN: 67 796 715 775

Directors' Declaration

The directors of the Company declare that:

- the financial statements and notes, as set out on pages 8 - 26 satisfy the requirements of 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 financial position of the Company as at 30 June 2018 and of its performance and cash flows for the year ended on that date.

- in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay all of its debts, as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Chairperson ....
Fiona Payne

Director ....
Ann Dawson (Witt)

Dated this 17TH DAY day of SEPTEMBER 2018

DRY KIRKNESS

INDEPENDENT AUDITOR'S REPORT

To the members of Therapy Focus Limited

Opinion

We have audited the financial report of Therapy Focus Limited ("the Company"), which comprises the statement of financial position as at 30 June 2018, 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 to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

In our opinion, the accompanying 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 2018 and of its financial performance and its cash flows for the year then ended; and

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

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 *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

Other Information

The Board is responsible for the other information. The other information comprises the information included in the Company's Members' report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of Management and the Board for the Financial Report

Management of the Company 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 management 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.

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

The Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

DRY KIRKNESS

B ROTHMAN
Partner

Date: 17th September 2018
West Perth
Western Australia