



therapyfocus

Financial Statements

For the Year Ended 30 June 2019

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For the Year Ended 30 June 2019

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Therapy Focus Limited

ABN: 67 796 715 775

Members' Report

For the Year Ended 30 June 2019

The Board of Therapy Focus Limited presents its Member's Report for the financial year ended 30th June 2019 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 2018 /2019 financial year.

Principal activities

During the year, the principal activity of Therapy Focus was to continue to provide therapy services for people living with disability. According to the financial statements accompanying this report, by June 2019 the Company was earning \$33.8 million in revenue from services and had \$5.5 million in retained earnings. This represents a \$3.7 million increase in revenue over the past 12 months, retained earnings have increased to \$5.5 million from \$4.2 million in the previous year.

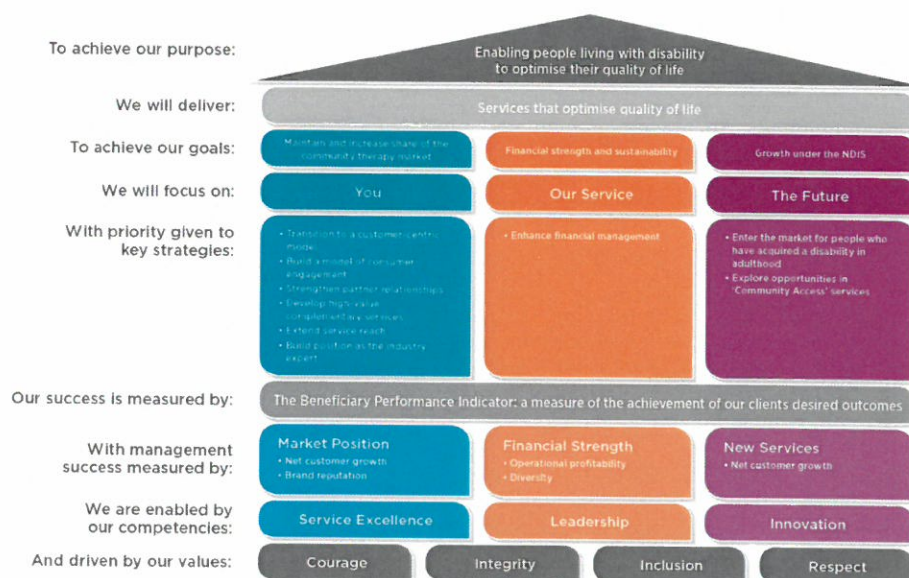
Objectives

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

2017-2020 Strategic Plan

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



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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 91% of customers surveyed have agreed with this statement.

Progress Towards Strategic Goals

1. 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 2018 / 2019 financial year. A summary of key achievements is outlined below:

- Hosting of NDIS Information sessions for families across Perth Metro and Lower South West regions. Sessions were available to all community members;
- Partnering with Kalparrin to support families with new diagnosis become aware of available services;
- Continued development of specialist services, including: Mealtime Eating Allied Health Liaison Service (MEAHLS), Communication Matters Alternative and Augmentative Communication (AAC) Clinic, Providing Education on Bladder and Bowel Health, Liaison, Expert Advice and Support (PEBBLES), Complex Home Modifications and services to Christmas and Cocos Islands. These services 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; and
- Focus on developing the clinical skills of therapists, including development of clear pathways for certification in specialist areas such as provision of Assistive Technology.

2. Financial Strength and Sustainability

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. Work has also commenced to streamline a number of processes via automation. A key focus for building financial strength in 2018 / 2019 has been to develop reporting and Activity Based Costing to understand the full costs of services. This has translated into a costing method that identifies the activities in the organisation and assigns the cost of each activity to the service according to the actual consumption.

3. Growth Under the NDIS

In 2018 / 2019 Western Australia continued with the transfer from the state funded NDIS to the federally funded NDIS. This transfer was a key area of focus for the organisation to support customers with understanding and transitioning through this. Concurrently NDIS expanded services into new geographic regions which meant continued growth and service expansion, including the opening of new Bases. In addition to the NDIS roll out expansion into adult services continued for the organisation.

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 2019 are available on the Board of Directors section of the Therapy Focus website: <https://therapyfocus.org.au/about-us/our-people/Board/>

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For the Year Ended 30 June 2019

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 2019, as well as their roles and tenure are indicated in the table below:

Name	Role	Tenure
Fiona Payne	Chairperson	2 years & 4 months
Tony Vis	Deputy Chair	2 years & 4 months
Julie Carr	Director Chair Governance & Performance Committee	1 year 7 months
Rachel Cottier	Director Chair Audit and Risk Committee	1 month
Michael Banton	Director	10 years & 1 month
Amanda Reed	Director	3 years
Ann Dawson	Director	1 year & 5 months
Kane Blackman	Director	1 year

Therapy Focus had one (1) change in Board membership during the financial year and welcomed Rachel Cottier to the Board on 24th June 2019. Rachel has served as an external member on the Audit and Risk Committee since 6th December 2017.

Committees of the Board

The Board has established an Audit and Risk Committee (previously Audit and Investment Committee) and a Governance and Performance Committee (previously Governance and Risk Committee) as standing Committees to assist with the discharge of its responsibilities. Each Committee is convened with a written Charter and Terms of Reference and reports back to the Board after each Committee meeting for consideration of recommendations. On 23rd March 2019 the Board approved the revised Committee structure and details of the role and current membership of each Committee are outlined below.

Audit and Risk Committee

The Audit and Risk 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, internal audits, general compliance with legislation and standards and monitoring and evaluating risks.

The current membership of the Committee is as follows:

Name	Role
Rachel Cottier	Member / Chairperson
Fiona Payne	Member / Board Chairperson
Ann Dawson (Witt)	Member / Director
Michael Banton	Member / Director
Tony Vis	Member / Director
Angelena Fixter	Chief Executive Officer
Russell Dronfield	General Manager Finance

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 2019.

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Members' Report

For the Year Ended 30 June 2019

Governance and Performance Committee

The Governance and Performance 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, monitoring clinical governance and reviewing the CEO's performance and remuneration.

Membership of the Committee during the year is as follows:

Name	Role
Julie Carr	Member / Chairperson
Fiona Payne	Member / Board Chairperson
Tony Vis	Member / Director
Kane Blackman	Member / Director
Angelena Fixter	Chief Executive Officer
Ruth Lee	Executive Manager

Meeting attendance

During the 2018 / 2019 financial year, the attendance of Directors at Board and Committee meetings was as follows:

	Board & AGM	Audit and Risk Committee	Governance and Risk Committee	All Meetings		
Director	Attended	Attended	Attended	Apologies	# Eligible	Att. Rate
Michael Banton	9	3	0	1	13	92%
Amanda Reed	5	0	0	4	9	56%
Fiona Payne	9	3	3	2	17	88%
Tony Vis	9	4	4	0	17	100%
Julie Carr	9	0	4	0	13	100%
Ann Dawson *	9	4	0	0	13	100%
Rachel Cottier **	1	4	0	0	5	100%
Kane Blackman	9	0	3	1	13	92%

* Stepped down as Chair of Audit and Risk Committee during the year

** Appointed to casual vacancy during the year and Chair of Audit and Risk Committee

Signed in accordance with a resolution of the Board of Directors

Chairperson:

Fiona Payne

Dated this 23RD day of SEPTEMBER 2019

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
RECURRENT OPERATIONS			
Revenue	4(a)	33,872,589	30,119,760
Auditor's remuneration		(13,086)	(18,344)
Depreciation and amortisation expense	5	(783,041)	(849,290)
Employee benefits expense		(22,608,971)	(21,540,187)
Lease rentals on operating lease	5	(989,737)	(856,234)
Loss on disposal of assets	5	(28,448)	(56,768)
Other expenses		(2,038,093)	(1,421,911)
Program expenses		(5,832,802)	(5,131,196)
Repairs and maintenance		(283,671)	(293,139)
Recurrent surplus/(deficit) for the year		1,294,740	(47,309)
NON-RECURRENT OPERATIONS			
Other income	4(b)	30,000	233,193
Surplus before income tax		1,324,740	185,884
Income tax expense	2(a)	-	-
Surplus for the year		1,324,740	185,884
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		1,324,740	185,884

The accompanying notes form part of these financial statements.

Therapy Focus Limited

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Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	14,232,263	15,138,189
Trade and other receivables	7	862,977	384,998
Other assets	8	362,919	309,155
TOTAL CURRENT ASSETS		<u>15,458,159</u>	<u>15,832,342</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,441,806	2,545,047
Other assets	8	97,544	109,477
TOTAL NON-CURRENT ASSETS		<u>2,539,350</u>	<u>2,654,524</u>
TOTAL ASSETS		<u>17,997,509</u>	<u>18,486,866</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	1,492,916	1,806,113
Other liabilities	11	8,427,439	9,969,700
Employee benefits	12	2,195,002	1,992,626
TOTAL CURRENT LIABILITIES		<u>12,115,357</u>	<u>13,768,439</u>
NON-CURRENT LIABILITIES			
Employee benefits	12	379,957	507,676
TOTAL NON-CURRENT LIABILITIES		<u>379,957</u>	<u>507,676</u>
TOTAL LIABILITIES		<u>12,495,314</u>	<u>14,276,115</u>
NET ASSETS		<u>5,502,195</u>	<u>4,210,751</u>
EQUITY			
Reserves	13	1,461,940	1,495,236
Retained earnings		4,040,255	2,715,515
TOTAL EQUITY		<u>5,502,195</u>	<u>4,210,751</u>

The accompanying notes form part of these financial statements.

Therapy Focus Limited

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Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

Balance at 1 July 2018

Surplus attributable to members of the entity
Funds distributed from GIVE during the period

Balance at 30 June 2019

Retained Earnings	Accommodation Development	The Complete Advantage	Information Technology Reserve	Scholarship Fund	GIVE Reserve	Total
\$	\$	\$	\$	\$	\$	\$
2,715,515	100,000	200,000	179,179	691,477	324,580	4,210,751
1,324,740	-	-	-	-	-	1,324,740
-	-	-	-	-	(33,296)	(33,296)
4,040,255	100,000	200,000	179,179	691,477	291,284	5,502,195

2018

Balance at 1 July 2017

Surplus attributable to members of the entity
Funds distributed from GIVE during the period

Balance at 30 June 2018

Retained Earnings	Accommodation Development	The Complete Advantage	Information Technology Reserve	Scholarship Fund	GIVE Reserve	Total
\$	\$	\$	\$	\$	\$	\$
2,529,631	100,000	200,000	179,179	691,477	409,577	4,109,864
185,884	-	-	-	-	-	185,884
-	-	-	-	-	(84,997)	(84,997)
2,715,515	100,000	200,000	179,179	691,477	324,580	4,210,751

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and government funding/subsidies	34,257,996	39,229,381
Payments to suppliers and employees	(34,832,097)	(31,891,643)
Interest received	376,423	247,659
Net cash (used in)/provided by operating activities	19(b) <u>(197,678)</u>	<u>7,585,397</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of property, plant and equipment	1,958,460	1,901,200
Payments to acquire property, plant and equipment	<u>(2,666,708)</u>	<u>(2,398,466)</u>
Net cash used in investing activities	<u>(708,248)</u>	<u>(497,266)</u>
Net (decrease)/increase in cash and cash equivalents held	(905,926)	7,088,131
Cash and cash equivalents at beginning of year	15,138,189	8,050,058
Cash and cash equivalents at end of financial year	19(a) <u>14,232,263</u>	<u>15,138,189</u>

The accompanying notes form part of these financial statements.

Therapy Focus Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2019

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 2019 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 Tier 2 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

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 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (Continued)

(f) Financial instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (Continued)

(f) Financial instruments (Continued)

Financial assets (Continued)

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

Impairment of financial assets

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

(g) 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies (Continued)

(h) 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.

(i) 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.

(j) Economic dependence

Therapy Focus Limited is dependent on the Department of Communities 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 Department of Communities will not continue to support Therapy Focus Limited.

(k) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

3 Critical Accounting Estimates and Judgments

The Board 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Critical Accounting Estimates and Judgments (Continued)

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

4 Revenue and Other Income

(a) Recurrent

	2019 \$	2018 \$
Revenue from contracts with customers		
- Main contract revenue	17,088,987	17,251,591
- Other contract revenue	11,662,205	8,566,749
- Community aids and equipment programme	4,012,577	3,281,737
- Alternative equipment support revenue	444,852	430,578
	<u>33,208,621</u>	<u>29,530,655</u>
Finance income		
- Bank deposits	387,749	268,189
Other revenue		
- Sundry income	276,219	320,916
Total recurrent revenue	<u>33,872,589</u>	<u>30,119,760</u>

(b) Non-recurrent

- Insurance recoveries	30,000	233,193
Total non-recurrent revenue	<u>30,000</u>	<u>233,193</u>
Total recurrent and non-recurrent revenue	<u>33,902,589</u>	<u>30,352,953</u>

5 Result for the Year

The result for the year includes the following specific expenses:

Other expenses:

Employee benefits expense	22,608,971	21,540,187
Depreciation and amortisation expense	783,041	849,290
Net loss on disposal of property, plant and equipment	28,448	56,768
Rental expense on operating leases:		
- Minimum lease payments	989,737	856,234

6 Cash and Cash Equivalents

	Note		
Cash at bank and in hand		28,753	60,634
Short-term deposits		14,203,510	15,077,555
	15	<u>14,232,263</u>	<u>15,138,189</u>

Included in cash and cash equivalents is an amount of \$150,286 which is not available for use by the Company. This amount relates to guarantees issued to the lessors of premises of the Company.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

7 Trade and Other Receivables

	Note	2019 \$	2018 \$
CURRENT			
Trade receivables		246,797	142,965
Provision for impairment	7(a)	(31,009)	(5,940)
		<u>215,788</u>	<u>137,025</u>
NDIS receivables		442,763	65,210
Interest receivables		45,222	33,896
Other receivables		159,204	148,867
	15	<u>862,977</u>	<u>384,998</u>
(a) Impairment of receivables			
Reconciliation of changes in the provision for impairment of receivables is as follows:			
Balance at beginning of the year (calculated in accordance with AASB 139)		(5,940)	(3,214)
Amount restated through opening retained earnings on adoption of AASB 9		-	-
Opening impairment allowance calculated under AASB 9		(5,940)	(3,214)
Additional impairment loss recognised		(25,069)	(2,726)
Balance at end of the year		<u>(31,009)</u>	<u>(5,940)</u>

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

CURRENT			
Deposits		63,694	63,694
Prepayments		287,225	233,461
Right of use		12,000	12,000
		<u>362,919</u>	<u>309,155</u>
NON-CURRENT			
Right of use		97,544	109,477
		<u>97,544</u>	<u>109,477</u>

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 2019

9 Property, plant and equipment

	2019 \$	2018 \$
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	461,326	398,905
Accumulated depreciation	(290,947)	(229,449)
Total furniture, fixtures and fittings	170,379	169,456
Motor vehicles		
At cost	1,719,477	1,553,709
Accumulated depreciation	(224,952)	(187,586)
Total motor vehicles	1,494,525	1,366,123
Office equipment		
At cost	366,246	349,023
Accumulated depreciation	(318,681)	(291,066)
Total office equipment	47,565	57,957
Computer equipment		
At cost	1,445,301	1,400,931
Accumulated depreciation	(1,307,922)	(1,155,687)
Total computer equipment	137,379	245,244
Computer software		
At cost	692,305	692,305
Accumulated depreciation	(675,154)	(619,748)
Total computer software	17,151	72,557
Leasehold Improvements		
At cost	2,137,601	1,974,618
Accumulated amortisation	(1,562,794)	(1,340,908)
Total leasehold improvements	574,807	633,710
Total property, plant and equipment	2,441,806	2,545,047



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Notes to the Financial Statements For the Year Ended 30 June 2019

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 2019							
Balance at the beginning of year	169,456	1,366,123	57,957	245,244	72,557	633,710	2,545,047
Additions	86,321	2,311,441	17,223	88,740	-	162,983	2,666,708
Disposals	(23,900)	(1,918,638)	-	(44,370)	-	-	(1,986,908)
Depreciation expense	(61,498)	(264,401)	(27,615)	(152,235)	(55,406)	(221,886)	(783,041)
Balance at the end of the year	170,379	1,494,525	47,565	137,379	17,151	574,807	2,441,806

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Notes to the Financial Statements

For the Year Ended 30 June 2019

10 Trade and Other Payables

	Note	2019 \$	2018 \$
CURRENT			
Trade payables	15	235,046	134,454
GST payable		502,410	1,004,285
Accrued expenses	15	755,460	667,374
		<u>1,492,916</u>	<u>1,806,113</u>

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

CURRENT			
Alternative funding provider		110,667	112,548
DSC		1,334,393	2,116,225
DSC - Autism Assessments		390,000	-
DSC - Community aids and equipment programme		788,036	1,807,262
DSC - Continence Project		850,000	850,000
DSC - Diagnostic Assessment		322,611	1,755,000
NDIS - Community aids and equipment programme		21,967	21,966
WANDIS		2,049,830	1,679,434
WANDIS - Community aids and equipment programme		2,560,802	1,626,288
Others		(867)	977
		<u>8,427,439</u>	<u>9,969,700</u>

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

12 Employee Benefits

CURRENT			
Annual leave		1,365,552	1,307,656
Long service leave		829,450	684,970
		<u>2,195,002</u>	<u>1,992,626</u>
NON-CURRENT			
Long service leave		379,957	507,676
		<u>379,957</u>	<u>507,676</u>

Therapy Focus Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2019

12 Employee Benefits (Continued)

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(h) 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

14 Leasing Commitments

Operating leases

	2019 \$	2018 \$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	1,433,979	712,138
- between one year and five years	2,093,187	1,706,574
- later than five years	100,027	37,612
	<u>3,627,193</u>	<u>2,456,324</u>

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

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		
Financial assets			
Cash and cash equivalents	6	14,232,263	15,138,189
Trade and other receivables	7	<u>862,977</u>	<u>384,998</u>
Total financial assets		<u>15,095,240</u>	<u>15,523,187</u>
Financial liabilities			
Financial liabilities at amortised cost	10	<u>(990,506)</u>	<u>(801,828)</u>
Total financial liabilities		<u>990,506</u>	<u>801,828</u>
Total		<u>14,104,734</u>	<u>14,721,359</u>

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

Therapy Focus Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2019

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 2019 the number of members was 11 (2018: 10).

17 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is \$ 711,150 (2018: \$ 633,709).

18 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2019 (30 June 2018:None).

19 Cash Flow Information

(a) Reconciliation of cash

	2019	2018
	\$	\$
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	14,232,263	15,138,189

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

Reconciliation of net income to net cash (used in)/provided by operating activities:

Surplus for the year	1,324,740	185,884
Non-cash flows in surplus:		
- amortisation	11,933	12,000
- depreciation	783,041	849,290
- net loss on disposal of property, plant and equipment	28,448	56,768
- bad debts	37,848	3,026
- GIVE program	(33,296)	(84,997)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(515,827)	452,734
- (increase)/decrease in prepayments	(53,764)	(20,986)
- increase/(decrease) in other liabilities	(1,542,261)	5,539,460
- increase/(decrease) in trade and other payables	(313,197)	328,921
- increase/(decrease) in employee benefits	74,657	263,297
Cashflows from operations	<u>(197,678)</u>	<u>7,585,397</u>

Therapy Focus Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2019

20 Events after the end of the Reporting Period

The financial report was authorised for issue on 23 September 2019 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 5 - 24 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 2019 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-profits Commission Regulation 2013*.

Chairperson
Fiona Payne

Director
Rachel Cottier

Dated this 23RD day of SEPTEMBER 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Therapy Focus Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Therapy Focus Limited ("the Company"), which comprises the statement of financial position as at 30 June 2019, 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 2019 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 2019, 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*, preparation of the financial report in accordance with Section 15(1) and 15(2) of the *WA Charitable Collections Act 1946 and Regulations 1947* (“the Act and Regulations”) 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.

In addition, we have:

- Obtained an understanding of the internal control structure for fundraising appeal activities.
- Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulations.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of the Financial Report such as accruals, prepayments, provisioning and valuations.

Report on Other Legal and Regulatory Requirements

Opinion pursuant to the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947*

In our opinion, the Company has complied, in all material respects, with the requirements of the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947* for the year ended 30 June 2019.

Date: 23rd September 2019
West Perth
Western Australia



DRY KIRKNESS



B ROTHMAN
Partner

***Auditor's Independence Declaration under Section 60.40 of the Australian Charities
and Not-for-profits Commission Act 2012***

To: the Board of Therapy Focus Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2019 there has been no contraventions of any applicable code of professional conduct in relation to the audit.

Dated: 23rd September 2019
West Perth,
Western Australia


DRY KIRKNESS


B ROTHMAN
Partner