Therapy Focus

Financial Statements

For the Year Ended 30 June 2020

Contents

For the Year Ended 30 June 2020

Therapy Focus Limited

ABN: 67 796 715 775

Directors' Report

For the Year Ended 30 June 2020

The Board of Therapy Focus Limited presents its Directors' Report for the financial year ended 30th June 2020 and the Independent Auditor's Report.

This report provides an overview of Therapy Focus' corporate governance framework focusing on the Board and its Committees in the 2019 /2020 financial year and a summary of the completed 2017-2020 Strategic Plan.

Principal Activities

Therapy Focus' principal activity for 2019 /2020 was to continue providing therapy services for people living with disability. According to the financial statements accompanying this report, by June 2020 the Company was earning $34.5 million in revenue from services and had $8.2 million in retained earnings. This represents a $0.6 million increase in revenue over the past 12 months and a $2.7 million increase 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:

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

2017-2020 Strategic Plan

The 2017-2020 Strategic Plan concluded in June 2020 and the organisation is pleased to report that of the 28 strategic initiatives 17 were completed and 9 initiatives will be carried over to the new 2020 – 2023 Strategic Plan. Due to delays caused by COVID-19 the new 2020 - 2023 Strategic Plan will be released in September 2020.

The 2017-2020 Strategic Plan has been instrumental in assisting the organisation to grow and develop its objectives and provide its customers with high level allied health therapy. Some key areas of development are:

- It has allowed the organisation to identify and address various operational and process improvement initiatives which have since evolved in line with the changing industry and sector landscape;
- Expediting strategic planning initiatives relating to system enhancements, and workplace/commercial developments to assist with the challenges arising from the COVID-19 pandemic i.e. rolling out and providing telehealth to all customers;
- The transition of leadership to a new CEO enhanced the ability of the business to deliver initiatives that had previously been identified as being difficult to progress; and
- Ongoing technological enhancements, regulatory framework developments, and internal process reviews have enabled the organisation to augment its 2020-23 Strategic Plan with seamless and enhanced objectives in this area – optimising sustainable benefits to the organisation.

Strategic Growth

Maintain and Increase Share of the Community Therapy Market

During this time of transition to a fully commercial market, Therapy Focus has been able to expand its share of the therapy market by ensuring that it has a thorough understanding of its customers and community. This understanding has allowed the organisation to build and strengthen relationships within the community that enable the company to provide services that people value. Therapy Focus has also been working extensively on expanding into regional areas and affirming its position as an industry expert.

Key achievements over the last 12 months include:

- The successful roll out and implementation of telehealth services to all customers with access to technology during the early stages of the COVID-19 crisis;
- Securing and supplying customers (who did not have the means to access telehealth) with technology solutions enabling them to continue with their services;
- Market growth into the older adults segment through the acquisition and integration of **Bladder and Bowel Health** into Therapy Focus. The acquisition provided Therapy Focus with vital knowledge in the provision of services to older adults and the unique needs of this market group;
- The continued development of specialist services, including: Mealtime Eating Allied Health Liaison Service (MEAHLS), Communication Matters Alternative and Augmentative Communication Clinic (AAC), 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 assist with challenges such as navigating mealtimes, toilet training, and choosing the best AAC device; and
- The focus on continued development of therapists' clinical skills, including development of clear career pathways for certification in specialist areas such as provision of Assistive Technology.

Financial Strength and Sustainability

Therapy Focus has continued to work on the development of its Customer Record Management system (CRM), and accounting, business reporting and analysis systems to ensure the organisation is prepared the commercial environment inherent within the NDIS framework.

Improvements in these areas have enabled Management to access up to date data and more accurate financial information to allow for high level analysis and reporting. As such the Board and Management are provided with better quality information to make informed decisions for the direct benefit of customers and the organisation.

Therapy Focus Limited

ABN: 67 796 715 775

Directors' Report

For the Year Ended 30 June 2020

Growth Under the NDIS

Therapy Focus continues to prepare for the transition to the commercial world of NDIS. The organisation is confident in its preparation for registration through the Quality and Safeguarding Audit at the end of the year.

Corporate Governance Framework

Structure and Composition of the Board

Therapy Focus is committed to ensuring the composition of the Board includes Directors who bring an appropriate level of diversity, including a mix of skills, experience, expertise, age and gender. This enables the Board to discharge its responsibilities and deliver the Company's strategic priorities when making decisions. In the preceding 12 months the Directors have refined and updated the Board Skills Matrix to ensure this is captured and maintained. Additionally, two (2) of the eight (8) Directors have children receiving a service from Therapy Focus and a lived experience of disability.

The Board currently comprises of eight (8) Non-Executive Directors and their biographies are available on the Therapy Focus website under Getting to Know Us / Board of Directors: - https://therapyfocus.org.au/get-to-know-us/our-team/board-directors/

The table below indicates the Directors in office as at the 30th June 2020, as well as their roles and tenure.

Name		Role	Tenure
Michael	Banton	Director	11 years, 1 month
Kane	Blackman	Director | Chair Nomination and Remuneration Committee	2 years
Emma	Brierty **	Director	4 months
Julie	Carr *	Director | Chair Governance & Performance Committee	1 year, 8 months
Rachel	Cottier	Director | Chair Audit and Risk Committee	1 year, 1 month
Ann	Dawson	Director	2 years, 5 months
Fiona	Payne	Chair	3 years, 4 months
Amanda	Reed	Director	4 years
Tony	Vis	Deputy Chair	3 years, 4 months

* *Resigned July 2019*
** *Appointed to the Board in February 2020*

The Board's membership has undergone two (2) changes during the financial year; Julie Carr resigned on 22nd July 2019 and Emma Brierty was appointed to the Board on 6th February 2020.

Committees of the Board

The Board has an established Audit and Risk Committee (ARC) and a newly created Nomination and Remuneration Committee (NomRem). The Governance and Performance Committee was discharged, and its governing duties have been incorporated into the Audit and Risk Committee and the Nomination and Remuneration Committee.

Each Committee is convened with a written Charter and Terms of Reference and reports to the Board for consideration of recommendations following each Committee meeting. On 30th July 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 purpose of the Audit and Risk Committee (ARC) is to assist the Therapy Focus Ltd Board in fulfilling its responsibilities by reviewing the:

- Financial statements;
- Performance and independence of external auditors;
- Effectiveness of the risk management framework including compliance, internal controls and the assurance provided by the internal audit program;
- Reviewing the Company's insurance requirements including the liability, professional indemnity and the directors' and officers' insurance policies;
- Reviewing and support the organisations clinical governance framework by ensuring it directly links to the organisation's objectives and supports quality and safeguarding outcomes; and
- Ensuring the organisation's contractual clinical and performance compliance requirements are met.

The current membership of the Audit and Risk Committee is as follows:

Name	Role
Rachel Cottier	Member / Chair
Fiona Payne	Member / Board Chair
Ann Dawson	Member / Director
Michael Banton	Member / Director
Tony Vis	Member / Director
Angelena Fixter	Chief Executive Officer
Russell Dronfield	Executive Finance

Therapy Focus Limited

ABN: 67 796 715 775

Directors' Report

For the Year Ended 30 June 2020

The Company's external Auditor is **Dry Kirkness**. Dry Kirkness was appointed Therapy Focus' Auditor in October 2014. The Auditor has provided the required independence declaration to the Board for the financial year ended 30 June 2020.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NomRem) supports and advises the Therapy Focus Ltd Board on the nomination and remuneration policies and processes of the Chief Executive, the Board and its Directors.

This includes identifying, evaluating and recommending Board candidates to the Therapy Focus Ltd Board and its Committees, and overviewing CEO recruitment, dismissal, performance, salary review and succession planning.

Membership of the Committee during the year is as follows:

Name	Role
Kane Blackman	Member / Chair
Tony Vis	Member / Director
Fiona Payne	Member / Board Chair
Angelena Fixter	Chief Executive Officer

Meeting attendance

During the 2019/2020 financial year, the attendance of Directors at Board and Committee meetings was as follows:

	Board & AGM	ARC	NomRem	All Meetings		
	Attended	Attended	Attended	Apologies	# Eligible	Att. Rate
Michael Banton	8	2	0	1	11	91%
Kane Blackman	7	0	4	1	12	92%
Emma Brierty **	3	0	0	1	4	75%
Julie Carr *	0	0	0	1	1	0%
Rachel Cottier	8	3	0	0	11	100%
Ann Dawson	7	1	0	3	11	73%
Fiona Payne	8	3	3	1	15	93%
Amanda Reed	7	0	0	1	8	88%
Tony Vis	8	2	3	2	15	87%

* *Resigned*
** *Appointed to the Board during the financial year*

Therapy Focus Limited

ABN: 67 796 715 775

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
RECURRENT OPERATIONS			
Revenue	5(a)	**34,539,516**	33,872,589
Auditor's remuneration		**(21,198)**	(13,086)
Depreciation and amortisation expense	6	**(1,120,350)**	(783,041)
Employee benefits expense	6	**(25,315,884)**	(22,608,971)
Interest expense on lease liabilities	6	**(42,838)**	-
Loss on disposal of assets	6	**(185,096)**	(28,448)
Other expenses		**(2,642,330)**	(2,038,093)
Program expenses		**(4,581,635)**	(5,832,802)
Short-term lease expense and outgoings	6	**(317,055)**	(989,737)
Repairs and maintenance		**(299,383)**	(283,671)
Recurrent surplus for the year		**13,747**	1,294,740
NON-RECURRENT OPERATIONS			
Other income	5(b)	**2,703,500**	30,000
Surplus before income tax		**2,717,247**	1,324,740
Income tax expense	3(a)	**-**	-
Surplus for the year		**2,717,247**	1,324,740
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**2,717,247**	1,324,740

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

Therapy Focus Limited

ABN: 67 796 715 775

Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**13,205,783**	14,232,263
Trade and other receivables	8	**2,928,024**	862,977
Other assets	9	**292,035**	362,919
TOTAL CURRENT ASSETS		**16,425,842**	15,458,159
NON-CURRENT ASSETS			
Property, plant and equipment	10	**2,768,875**	2,441,806
Right-of-use assets	11	**1,070,610**	-
Other assets	9	**-**	97,544
TOTAL NON-CURRENT ASSETS		**3,839,485**	2,539,350
TOTAL ASSETS		**20,265,327**	17,997,509
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**1,039,361**	1,492,916
Contract liabilities	13	**6,886,405**	8,427,439
Lease liabilities	11	**418,670**	-
Employee benefits	14	**2,658,786**	2,195,002
TOTAL CURRENT LIABILITIES		**11,003,222**	12,115,357
NON-CURRENT LIABILITIES			
Lease liabilities	11	**543,347**	-
Employee benefits	14	**482,859**	379,957
TOTAL NON-CURRENT LIABILITIES		**1,026,206**	379,957
TOTAL LIABILITIES		**12,029,428**	12,495,314
NET ASSETS		**8,235,899**	5,502,195
EQUITY			
Reserves		**1,478,397**	1,461,940
Retained earnings		**6,757,502**	4,040,255
TOTAL EQUITY		**8,235,899**	5,502,195

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

Therapy Focus Limited

ABN: 67 796 715 775

Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Retained Earnings	Accommodation Development	The Complete Advantage	Information Technology Reserve	Scholarship Fund	GIVE Reserve	Total
	$	$	$	$	$	$	$
Balance at 1 July 2019	**4,040,255**	**100,000**	**200,000**	**179,179**	**691,477**	**291,284**	**5,502,195**
Surplus attributable to members of the entity	**2,717,247**	**-**	**-**	**-**	**-**	**-**	**2,717,247**
Funds distributed to GIVE during the period	**-**	**-**	**-**	**-**	**-**	**16,457**	**16,457**
Balance at 30 June 2020	**6,757,502**	**100,000**	**200,000**	**179,179**	**691,477**	**307,741**	**8,235,899**

2019

	Retained Earnings	Accommodation Development	The Complete Advantage	Information Technology Reserve	Scholarship Fund	GIVE Reserve	Total
	$	$	$	$	$	$	$
Balance at 1 July 2018	2,715,515	100,000	200,000	179,179	691,477	324,580	4,210,751
Surplus attributable to members of the entity	1,324,740	-	-	-	-	-	1,324,740
Funds distributed from GIVE during the period	-	-	-	-	-	(33,296)	(33,296)
Balance at 30 June 2019	4,040,255	100,000	200,000	179,179	691,477	291,284	5,502,195

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

Therapy Focus Limited

ABN: 67 796 715 775

Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and government funding/subsidies		**33,217,241**	34,257,996
Payments to suppliers and employees		**(34,186,098)**	(34,832,097)
COVID-19 assistance received from government		**1,827,500**	-
Short-term, low-value and variable lease payments		**(427,808)**	-
Interest received		**217,154**	376,423
Interest expense on lease liabilities		**(42,838)**	-
Net cash provided by/(used in) operating activities	21(b)	**605,151**	(197,678)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from disposal of property, plant and equipment		**1,991,216**	1,958,460
Payments to acquire property, plant and equipment		**(3,066,213)**	(2,666,708)
Net cash used in investing activities		**(1,074,997)**	(708,248)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease liabilities		**(556,634)**	-
Net cash used in financing activities		**(556,634)**	-
Net decrease in cash and cash equivalents held		**(1,026,480)**	(905,926)
Cash and cash equivalents at beginning of year		**14,232,263**	15,138,189
Cash and cash equivalents at end of financial year	21(a)	**13,205,783**	14,232,263

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

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 2020 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 of the Australian Accounting Standards Board ("AASB") and the *Australian Charities and Not-for-profits Commission Act 2012*.

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

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

2 New standards and amendments to AASB that are mandatorily effective for the current year

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2019.

AASB 16	*Leases*
AASB 15	*Revenue from Contracts with Customers*
AASB 1058	*Income of Not-for-Profit Entities*

Adoption of AASB 16 Leases

The Company has adopted AASB 16 *Leases* using the modified retrospective method of adoption with the initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits as at 1 July 2019, and the comparative information for 2019 was not restated and continues to be reported under AASB 117 and related interpretations.

2 New standards and amendments to AASB that are mandatorily effective for the current year (Continued)

Adoption of AASB 16 Leases (Continued)

New definition of a lease

Under AASB 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

As a lessee - Leases previously classified as operating leases

Nature of the effect of adoption of AASB 16

The Company has lease contracts for office equipment and buildings. As a lessee, the Company previously classified leases as operating leases where substantially all the rewards and risks of ownership of the assets remain with the lessor. Under AASB 16, the Company applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets and leases with a lease term of 12 months or less. Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 July 2019, the Company recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impacts on transition

Lease liabilities at 1 July 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 July 2019 and presented separately in the statement of financial position as at 30 June 2020.

The right-of-use assets were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 July 2019.

All these assets were assessed for any impairment based on AASB 136 on that date. The Company elected to present the right-of-use assets separately in the statement of financial position.

The following practical expedients have been used by the Company in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases;
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate;
- applying AASB 16 to leases previously identified as leases under AASB 117 *Leases* and Interpretation 4 *Determining whether an arrangement contains a lease* without reassessing whether they are, or contain, a lease at the date of initial application; and
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

2 New standards and amendments to AASB that are mandatorily effective for the current year (Continued)

(a) Adoption of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income for Not-for-Profit Entities

AASB 15 and its amendments replace AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations. They are applied, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in AASB 15 provide a more structured approach for measuring and recognising revenue.

The Company has applied AASB 15 and AASB 1058 using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118 *Revenue* and AASB 1004 *Contributions*. The Company has elected to apply AASB 1058 retrospectively only to contracts that are not completed contracts at the date of initial application. The adoption of these standards has not caused any material impact on the financial statements of the Company.

3 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) Revenue and other income

The Company has applied AASB 15 *Revenue from Contracts with Customers* ("AASB 15") and AASB 1058 *Income of Not-for-Profit Entities* ("AASB 1058") using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118 *Revenue* and AASB 1004 *Contributions*. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

For current year (applicable after 1 July 2019)

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised by applying a five-step model follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

3 Summary of Significant Accounting Policies (Continued)

(b) Revenue and other income (Continued)

Operating grants

When the Company receives operating grant revenue from government, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the Company:

- identities each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Company:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9. AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Rendering of services

Revenue in relation to rendering of services is recognised at a point in time when the given performance obligation is met, that is, when clients receives and consumes the benefits of the services as the Company provides them, the revenue recognition model is based on the time elapsed output method.

A receivable in relation to these services is recognised when a bill has been issued, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Donations

Donations and bequests are recognised as revenue when the Company gains control of the asset.

Interest revenue

Interest is recognised using the effective interest method.

3 Summary of Significant Accounting Policies (Continued)

(b) Revenue and other income (Continued)

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.

For comparative year (applicable before 1 July 2019)

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

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

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

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method.

Revenue from the rendering of a service 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.

All revenue is stated net of the amount of goods and services tax.

(c) 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.

3 Summary of Significant Accounting Policies (Continued)

(d) 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.

3 Summary of Significant Accounting Policies (Continued)

(e) 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.

3 Summary of Significant Accounting Policies (Continued)

(e) 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.

(f) 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.

3 Summary of Significant Accounting Policies (Continued)

(g) Leases

For current year (applicable after 1 July 2019)

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets if there are leases present. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease. The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

(i) Right-of-use asset

Right-of-use assets are recognised at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Prepaid building lease payments	20 years
Buildings	2 to 8 years

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments included in the measurement of the lease liability are as follows:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- the amounts expected to be payable by the lessee under residual value guarantees;

3 Summary of Significant Accounting Policies (Continued)

(g) Leases (Continued)

(ii) Lease liabilities (Continued)

- the exercise price of a purchase option reasonably certain to be exercised by the Company;
- lease payments under extension options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease.

The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(iii) Adoption of short term leases or low value assets exemptions

The Company has elected to apply the recognition exemption to its short-term leases of offices (i.e. leases with a term of a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. The Company has also elected to apply the recognition exemption for leases of low-value assets to leases of photocopiers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(iv) Concessionary leases

For leases that have significantly below-market terms and conditions principally to enable the Company to further its objectives (commonly known as peppercorn/concessionary leases), the Company has adopted the temporary relief under AASB 2018-8 and measures the right of use assets at cost on initial recognition.

3 Summary of Significant Accounting Policies (Continued)

(g) Leases (Continued)

For comparative year (applicable before 1 July 2019)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid building lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

(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 no longer dependent on the Department of Communities (block funded scheme) for the majority of its revenue used to operate the business. The Federal National Disability Insurance Scheme ("NDIS") has now become the major revenue generating activity for the organisation. At the date of this report, the directors have no reason to believe Therapy Focus Limited are losing customers to other organisations and are still being seen as the provider of choice for the Company's customers transitioning from the block funded scheme to NDIS. The commercial aspects of this operating model are appreciated by the Company and this cultural change is on-going within the Company. Systems and procedures are being developed to improve efficiency allowing the Company's customers to better utilise their plans due to more accessible therapy delivery options, thereby making the Company more attractive to current and future customers.

4 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 - 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 estimates - useful lives of property, plant and equipment

As described in Note 3(d), the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Key judgments - performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

Key judgments - lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the Company will make. The Company determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the Company.

Key judgments - employee benefits

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.

5 Revenue and Other Income

(a) Recurrent

	Note	2020 $	2019 $
Revenue from contracts with customers			
- Main contract revenue		**10,655,319**	17,088,987
- Other contract revenue		**20,706,223**	11,662,205
- Community aids and equipment programs		**2,262,237**	4,012,577
- Alternative equipment support revenue		**445,168**	444,852
		34,068,947	33,208,621
Finance income			
- Bank deposits		**183,384**	387,749
Other revenue			
- Sundry income		**287,185**	276,219
Total recurrent revenue		**34,539,516**	33,872,589

(b) Non-recurrent

	Note	2020 $	2019 $
- Government subsidies - COVID-19		**2,703,500**	-
- Insurance recoveries		**-**	30,000
Total non-recurrent revenue		**2,703,500**	30,000
Total recurrent and non-recurrent revenue		**37,243,016**	33,902,589

(c) Unsatisfied performance obligations

The following table shows the grant revenue expected to be recognised in the future related to the performance obligations that are unsatisfied (partially unsatisfied) at the reporting date.

Transaction price allocated to the remaining performance obligation	Note	2020 $	2019 $
Revenue from government grants - main contracts		**3,915,010**	-
Revenue from government grants - Community aids and equipment programs		**2,862,951**	-
Revenue from other grants		**108,444**	-
	13	**6,886,405**	-

The Company has initially applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 118 and related interpretations.

Therapy Focus Limited

ABN: 67 796 715 775

Notes to the Financial Statements

For the Year Ended 30 June 2020

6 Result for the Year

The result for the year includes the following specific expenses:

	Note	2020 $	2019 $
Other expenses:			
Depreciation and amortisation expense			
- Property, plant and equipment		**562,832**	783,041
- Right-of-use assets		**557,518**	-
Employee benefits expense		**25,315,884**	22,608,971
Interest expense on lease liabilities		**42,838**	-
Net loss on disposal of property, plant and equipment		**185,096**	28,448
Rental expense and outgoings on operating leases		**-**	989,737
Short-term lease expense and outgoings		**317,055**	-

7 Cash and Cash Equivalents

	Note	2020 $	2019 $
Cash at bank and in hand		**46,965**	28,753
Short-term deposits		**13,158,818**	14,203,510
	17	**13,205,783**	14,232,263

Included in cash and cash equivalents is an amount of $181,346 (2019: $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.

8 Trade and Other Receivables

	Note	2020 $	2019 $
CURRENT			
Trade receivables		**467,854**	246,797
Provision for impairment	8(a)	**(29,995)**	(31,009)
		437,859	215,788
NDIS receivables		**1,521,437**	442,763
Interest receivables		**11,452**	45,222
Other receivables		**957,276**	159,204
	17	**2,928,024**	862,977

8 Trade and Other Receivables (Continued)

(a) Impairment of receivables

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

	2020	2019
	$	$
Balance at beginning of the year (calculated in accordance with AASB 139)	**-**	(5,940)
Balance at beginning of the year (calculated in accordance with AASB 9)	**(31,009)**	-
Opening impairment allowance calculated under AASB 9	**(31,009)**	(5,940)
Additional impairment loss recognised	**(14,833)**	(25,069)
Unused amounts reversed	**15,847**	-
Balance at end of the year	**(29,995)**	(31,009)

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.

9 Other Assets

CURRENT		
Deposits	**52,808**	63,694
Prepayments	**239,227**	287,225
Right of use	**-**	12,000
	292,035	362,919
NON-CURRENT		
Right of use	**-**	97,544
	-	97,544

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.

10 Property, plant and equipment

	2020 $	2019 $
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	**333,554**	-
Furniture, fixtures and fittings		
At cost	**404,663**	461,326
Accumulated depreciation	**(292,678)**	(290,947)
Total furniture, fixtures and fittings	**111,985**	170,379
Motor vehicles		
At cost	**1,686,017**	1,719,477
Accumulated depreciation	**(167,713)**	(224,952)
Total motor vehicles	**1,518,304**	1,494,525
Office equipment		
At cost	**296,926**	366,246
Accumulated depreciation	**(279,375)**	(318,681)
Total office equipment	**17,551**	47,565
Computer equipment		
At cost	**1,310,733**	1,445,301
Accumulated depreciation	**(1,178,799)**	(1,307,922)
Total computer equipment	**131,934**	137,379
Computer software		
At cost	**867,647**	692,305
Accumulated depreciation	**(584,090)**	(675,154)
Total computer software	**283,557**	17,151
Leasehold improvements		
At cost	**1,936,335**	2,137,601
Accumulated amortisation	**(1,564,345)**	(1,562,794)
Total leasehold improvements	**371,990**	574,807
Total property, plant and equipment	**2,768,875**	2,441,806

Therapy Focus Limited

ABN: 67 796 715 775

Notes to the Financial Statements

For the Year Ended 30 June 2020

10 Property, plant and equipment (Continued)

(a) Movements in Carrying Amounts

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

	Capital Works in Progress	Furniture, Fixtures and Fittings	Motor Vehicles	Office Equipment	Computer Equipment	Computer Software	Leasehold Improvements	Total
	$	$	$	$	$	$	$	$
Year ended 30 June 2020								
Balance at the beginning of year	-	170,379	1,494,525	47,565	137,379	17,151	574,807	2,441,806
Additions	333,554	6,954	2,287,497	-	90,613	298,400	49,195	3,066,213
Disposals	-	(23,974)	(2,001,224)	(22,528)	(23,067)	(14,088)	(91,431)	(2,176,312)
Depreciation expense	-	(41,374)	(262,494)	(7,486)	(72,991)	(17,906)	(160,581)	(562,832)
Balance at the end of the year	333,554	111,985	1,518,304	17,551	131,934	283,557	371,990	2,768,875

11 Right-of-use Assets and Lease Liabilities

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

The Company has lease contracts for various items of buildings used in its operations. Leases of buildings generally have lease terms between 2 and 8 years. 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.

(a) Right-of-use assets

	2020 $	2019 $
NON-CURRENT		
Buildings		
At cost	1,518,651	-
Accumulated depreciation	(545,518)	-
	973,133	-
Prepaid building lease payment		
At cost	109,477	-
Accumulated depreciation	(12,000)	-
	97,477	-
Total right-of-use assets	1,070,610	-

(b) Movement in carrying amount

	Buildings $	Prepaid building lease payment $	Total $
Year ended 30 June 2020			
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	1,386,350	109,477	1,495,827
Depreciation charge during the year	(545,518)	(12,000)	(557,518)
Additions to right-of-use assets	132,301	-	132,301
Balance at end of year	973,133	97,477	1,070,610

11 Right-of-use Assets and Lease Liabilities (Continued)

(c) Lease liabilities

	Note	2020 $	2019 $
CURRENT			
Lease liabilities		**418,670**	-
Total current lease liabilities		**418,670**	-
NON-CURRENT			
Lease liabilities		**543,347**	-
Total non-current lease liabilities		**543,347**	-

(d) Amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2020 $
Interest expense on lease liabilities	**42,838**
Expense relating to short-term leases and other leases with remaining lease terms ended before 30 June 2020	**44,214**
Variable lease payments not included in the measurement of lease liabilities	**272,841**
Depreciation of right-of-use assets	**557,518**
Expense relating to leases of low-value assets (including in program expense)	**71,861**
	989,272

12 Trade and Other Payables

	Note	2020 $	2019 $
CURRENT			
Trade payables	17	**343,513**	235,046
GST payable		**313,906**	502,410
Accrued expenses	17	**381,942**	755,460
		1,039,361	1,492,916

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.

13 Contract Liabilities

	Note	2020 $	2019 $
CURRENT			
Alternative funding provider		**63,948**	110,667
DOC		**3,596,992**	1,334,393
DOC - Autism Assessments		**165,552**	390,000
DOC - Community aids and equipment programs		**332,652**	788,036
DOC - Continence Project		**9,780**	850,000
DOC - Diagnostic Assessment		**42,686**	322,611
NDIS - Community aids and equipment programs		**21,967**	21,967
WANDIS		**100,000**	2,049,830
WANDIS - Community aids and equipment programs		**2,508,332**	2,560,802
Others		**44,496**	(867)
Total current contract liabilities	5(c)	**6,886,405**	8,427,439

Grants are enforceable and have sufficiently specific performance obligations in accordance with AASB 15. The amount received at that point in time, is recognised as a contract liability until the performance obligations have been satisfied.

14 Employee Benefits

	2020 $	2019 $
CURRENT		
Annual leave	**1,834,971**	1,365,552
Long service leave	**823,815**	829,450
	2,658,786	2,195,002
NON-CURRENT		
Long service leave	**482,859**	379,957
	482,859	379,957

Provision for employee benefits represents amounts accrued for 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 3(h) to this report.

15 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.

16 Capital and Contractual Commitments

Contractual commitments

	2020 $	2019 $
Non-cancellable commitments contracted for but not capitalised in the financial statements:		
- not later than one year	**440,059**	1,433,979
- between one year and five years	**105,242**	2,093,187
- later than five years	**80,926**	100,027
	626,227	3,627,193

The Company has enters into various contracts for IT services, premises and photocopiers which normally have a term between 1 and 3 years. Lease payments are increased on an annual basis to reflect market rentals.

17 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	2020 $	2019 $
Financial assets			
Cash and cash equivalents	7	**13,205,783**	14,232,263
Trade and other receivables	8	**2,928,024**	862,977
Total financial assets		**16,133,807**	15,095,240
Financial liabilities			
Financial liabilities at amortised cost	12	**(725,455)**	(990,506)
Lease liabilities	11(c)	**(962,017)**	-
Total financial liabilities		**(1,687,472)**	(990,506)
Total		**14,446,335**	14,104,734

18 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* 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 2020 the number of members was 11 (2019: 11).

19 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is $ 1,062,346 (2019: $ 711,150).

20 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2020 (30 June 2019: None).

21 Cash Flow Information

(a) Reconciliation of cash

	2020 $	2019 $
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	**13,205,783**	14,232,263

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

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

	2020 $	2019 $
Surplus for the year	**2,717,247**	1,324,740
Non-cash flows in surplus:		
- depreciation - property, plant and equipment	**562,832**	783,041
- depreciation - right-of-use assets	**557,518**	11,933
- net loss on disposal of property, plant and equipment	**185,096**	28,448
- provision for doubtful debts	**14,833**	37,848
- GIVE program	**16,457**	(33,296)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(2,079,880)**	(515,827)
- (increase)/decrease in prepayments	**58,884**	(53,764)
- increase/(decrease) in contact liabilities	**(1,541,034)**	(1,542,261)
- increase/(decrease) in trade and other payables	**(453,488)**	(313,197)
- increase/(decrease) in employee benefits	**566,686**	74,657
Cashflows from operations	**605,151**	(197,678)

22 Events after the end of the Reporting Period

The financial report was authorised for issue on 21 September 2020 by the Board.

In March 2020 Australia was affected by the COVID-19 Pandemic. This resulted in the Company reducing the level of its activities. At the date of this report, the Company is operating at 90% of its pre COVID-19 capacity and continues to monitor the risk closely. Therapy Focus developed new products to ensure service continuity to maintain financial sustainability.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Therapy Focus Limited

ABN: 67 796 715 775

Notes to the Financial Statements

For the Year Ended 30 June 2020

23 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 6 - 33 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 2020 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 .... Director ....

Fiona Payne | Rachel Cottier

Dated this 21ST day of SEPTEMBER 2020

DRY KIRKNESS

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 2020, 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 2020 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.

Emphasis of Matter - COVID-19 Developments

We draw attention to Note 22 (Events after the end of the Reporting Period), in the financial report, which describes events subsequent to year end and specifically the possible effects of the future implications of COVID-19 pandemic on Therapy Focus Limited’s future financial position and performance. As set out in Note 22, no adjustments have been made to the financial statements as at 30 June 2020 for the impacts of COVID-19 pandemic. Our opinion is not modified in respect of this matter.

Other Information

The Board is responsible for the other information. The other information comprises the information included in the Company's Directors’ report for the year ended 30 June 2020, 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 2020.

DRY KIRKNESS

Date: 21st September 2020
West Perth
Western Australia

B ROTHMAN
Partner

DRY KIRKNESS

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 2020 there have been:

(i) no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

DRY KIRKNESS

Dated: 21st September 2020
West Perth,
Western Australia

B ROTHMAN
Partner

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