Therapy Focus Ltd

ABN 67 796 715 775

Annual Report - 30 June 2024

Therapy Focus Ltd
Contents
30 June 2024

Financial Statements

General information

The financial statements cover Therapy Focus Ltd (“Therapy Focus” or “the Company”) as an individual entity. The financial statements are presented in Australian dollars, which is Therapy Focus’ functional and presentation currency.

Therapy Focus is a not-for-profit Company, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office and principal place of business

Suite 5, 1140 Albany Highway
Bentley WA 6102

A description of the nature of Therapy Focus’ operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue on 28 October 2024.

Therapy Focus
Directors' report
30 June 2024

The Board of Therapy Focus Ltd presents its Directors' report for the financial year (FY) ended 30 June 2024 and the Independent Auditor's Report.

This report provides an overview of Therapy Focus' principal activities and corporate governance framework focusing on the Board and its Committees in the FY 2023/2024.

Principal activities
Therapy Focus' principal activity for FY 2023/2024 was providing therapy services for people living with disability and others in the community.

In accordance with the financial statements accompanying this report, Therapy Focus' revenue for FY 2023/2024 was $31.7m (FY 2022/2023: $31.5m) and generated an operational loss of $2.0m (FY 2022/2023: $2.8m).

The financial performance was impacted by pricing for National Disability Insurance Scheme (NDIS) therapy services during 2023/2024 remaining unchanged, no indexation for NDIS funded services, increased employee salary demands, clinical vacancies and increased non-salary expenditure related to compliance and risk management.

The Board and Executive Team continue to work together on financial sustainability, through the implementation of specific strategies related to productivity, workforce, operational efficiencies and revenue diversification. These strategies are continued in the 2024 – 2028 Strategic Plan that was launched in February 2024, following consultation with the whole organisation. The five key strategic pillars include:

1) Customer Experience
2) People, Talent & Culture
3) Business Excellence
4) Community Impact
5) Thriving Future

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 related services to people with disability and others in the community;
(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;
(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).

Corporate Governance Framework

Structure and composition of the Board
Therapy Focus is committed to ensuring the Board includes Directors with a diverse range of skills, experience, expertise, age, gender, ethnicity and thinking styles. This enables the Board to fulfil its governance responsibilities and oversee delivery of Therapy Focus' strategic priorities. Currently, two of the Directors have lived experience and two Directors are parents of a child with disability.

The Board currently comprises eight Non-Executive Directors and their biographies are available on the Therapy Focus website under About Us / Board of Directors.

The table below indicates the Directors in office as at the 30 June 2024, as well as their roles and tenure.

Name	Role	Date Appointed
Fiona Payne	Chair	27 February 2017
Tony Vis	Deputy Chair	27 February 2017
Ann Dawson	Non-Executive Director	08 January 2018
Fiona Notley	Non-Executive Director	09 November 2022

Name	Role	Date Appointed
Matthew Felton	Non-Executive Director	07 February 2023
Julianne Adams	Non-Executive Director	24 January 2023
Cristian Rapanaro	Non-Executive Director	22 April 2024
Matthew Richardson	Non-Executive Director	07 May 2024

Committees of the Board
The Board has three committees, Audit and Risk Committee (ARC), Clinical Governance and Customer Committee (CGCC) and People and Culture Committee (PCC).

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.

The Committee structure and details of the role and current membership of each Committee are outlined below:

Audit and Risk Committee: The purpose of the ARC is to assist Therapy Focus in fulfilling its responsibilities in relation to reviewing:

• 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 excluding the oversight of clinical governance, clinical compliance, customer experience, performance management system and people related systems; and
• The Company's insurance requirements including the liability, professional indemnity and the directors' and officers' insurance policies.
• Oversight of the overall risk management framework including the risk management policy and risk appetite statement.

Membership of the Committee during the year was as follows:

Name	Role
Fiona Notley	Chair
Tony Vis	Member
Matthew Felton	Member

The Therapy Focus' external Auditor is William Buck. William Buck was appointed Therapy Focus' Auditor on 27 November 2023. The Auditor has provided the required independence declaration to the Board for the financial year ended 30 June 2024.

People and Culture Committee: The purpose of the PCC is to support and advise Therapy Focus to carry out its responsibilities in relation to:

• Overviewing Board and Committee recruitment, performance evaluation, remuneration review and succession planning.
• Overviewing CEO recruitment, performance evaluation, dismissal, remuneration review and succession planning.
• Overseeing workforce: strategy, planning, succession planning and reviewing conditions of employment.
• Fostering and reviewing/developing strategies to promote culture and engagement between customers, families, employees and stakeholders consistent with the Therapy Focus guiding principles of: stronger together, make it personal, make today count, keep it simple, be courageous, refuse to be average.
• Promotion of workplace and site processes and practices that provide a safe environment for customers, families and employees.
• Overseeing the performance of Therapy Focus against its Disability Access and Inclusion Plan and its Reconciliation Action Plan.
• Overseeing the performance and monitoring of Key People and Culture KPIs.
• Reviewing the Performance Management Systems within Therapy Focus.
• Providing oversight and reviewing the effectiveness of the risk management framework including compliance, internal controls and assurance provided by the internal audit program in relation to People, Culture and WHS related matters and systems.

Membership of the Committee during the year was as follows:

Name	Role
Ann Dawson	Chair
Fiona Payne	Member
Tony Vis	Member until 31/08/2023
Kane Blackman	Member until 04/12/2023

Clinical Governance and Customer Committee: The purpose of CGCC is to assist the Therapy Focus Board in fulfilling its responsibilities by ensuring:

• An effective framework operates for clinical governance, clinical compliance and customer experience.
• Oversight of the risk management framework, internal controls and assurance provided by the internal audit program in relation to clinical governance, clinical compliance and customer experience.
• Promotion of a positive culture of safety and quality improvement across all services and for customers.
• Clinical governance and customer feedback functions represent best practice, operate effectively and align with strategy and guiding principles.

Membership of the Committee during the year was as follows:

Name	Role
Julianne Adams	Chair from 01/06/2024
Tony Vis	Chair until 31/05/2024. Member
Fiona Payne	Member

Meetings of Directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		ARC		PCC		CGCC	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Fiona Payne*	9	9			2	2	3	4
Tony Vis**	9	9	5	6	1	1	3	4
Ann Dawson	9	9			3	3		
Fiona Notley	8	9	6	6				
Matthew Felton	9	9	6	6				
Julianne Adams	9	9					4	4
Cristian Rapanaro***	2	2						
Matthew Richardson****	2	2						
Kane Blackman*****	4	5			1	2		

* Member of PCC from 01/09/2024
** Member of PCC until 31/08/2024
*** Appointed to the Board on 22/04/2024
**** Appointed to the Board on 07/05/2024
***** Resigned from the Board on 04/12/2023

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Therapy Focus Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue	3	31,289,713	31,259,550
Finance income		396,472	215,981
Employee benefits expense	4	(27,025,216)	(27,256,432)
Program expense		(2,376,325)	(2,468,925)
Short-term lease expense and outgoings	4	(409,420)	(466,983)
Repairs and maintenance		(358,942)	(434,743)
Auditor's remuneration	5	(48,023)	(34,644)
Bad debts	4	(23,337)	(54,638)
Other expenses		(1,533,195)	(1,397,395)
Loss on disposal of assets	4	(94,980)	(138,714)
Interest expense	4	(158,729)	(125,504)
Depreciation and amortisation expense	4	(1,704,862)	(1,878,674)
		(2,046,844)	**(2,781,121)**
Deficit before income tax			
Income tax expense		-	-
Deficit for the year		**(2,046,844)**	**(2,781,121)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**(2,046,844)**	**(2,781,121)**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Therapy Focus Ltd
Statement of financial position
As at 30 June 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	6	2,405,795	7,429,770
Trade and other receivables	8	1,872,451	2,790,493
Other assets	9	644,888	604,484
Financial assets	7	5,250,000	-
Total current assets		**10,173,134**	**10,824,747**
Non-current assets			
Property, plant and equipment	10	2,777,560	3,829,721
Right-of-use assets	11a,11b	2,129,915	1,927,539
Other assets	9	102,920	-
Total non-current assets		**5,010,395**	**5,757,260**
Total assets		**15,183,529**	**16,582,007**
Liabilities			
Current liabilities			
Trade and other payables	13	1,551,089	1,332,394
Lease liabilities	12	498,783	412,403
Employee benefits	14	2,763,672	2,888,144
Contract liabilities	15	4,542,416	4,361,674
Total current liabilities		**9,355,960**	**8,994,615**
Non-current liabilities			
Lease liabilities	12	1,890,042	1,668,992
Employee benefits	14	460,349	394,162
Total non-current liabilities		**2,350,391**	**2,063,154**
Total liabilities		**11,706,351**	**11,057,769**
Net assets		**3,477,178**	**5,524,238**
Equity			
Reserves	16	399,504	899,720
Retained earnings		3,077,674	4,624,518
Total equity		**3,477,178**	**5,524,238**

The above statement of financial position should be read in conjunction with the accompanying notes

Therapy Focus Ltd
Statement of changes in equity
For the year ended 30 June 2024

	Retained Earnings $	Scholarship Fund $	Barrows Foundation Funds $	GIVE Reserves $	Total $
Balance at 1 July 2022	7,431,244	500,000	191,477	182,638	8,305,359
Deficit attributable to members of the entity	(2,781,121)	-	-	-	(2,781,121)
Transfers	(25,605)	-	40,529	(14,924)	-
Balance at 30 June 2023	**4,624,518**	**500,000**	**232,006**	**167,714**	**5,524,238**

	Retained Earnings $	Scholarship Fund $	Barrows Foundation Fund $	GIVE Reserves $	Total equity $
Balance at 1 July 2023	4,624,518	500,000	232,006	167,714	5,524,238
Deficit for the year	(2,046,844)	-	-	-	(2,046,844)
Transfers	500,000	(500,000)	-	(216)	(216)
Balance at 30 June 2024	**3,077,674**	**-**	**232,006**	**167,498**	**3,477,178**

The above statement of changes in equity should be read in conjunction with the accompanying notes

Therapy Focus Ltd
Statement of cash flows
For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers		32,604,262	33,447,562
Payments to suppliers and employees		(31,757,376)	(31,824,890)
Interest received		180,491	190,124
Interest expense on lease liabilities		(158,729)	(125,504)
Short-term, low-value and variable lease payments		-	(568,231)
Net cash provided by/(used in) from operating activities	20b	**868,648**	**1,119,061**
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(1,544,038)	(1,374,029)
Investment in term deposits		(5,250,000)	-
Proceeds from disposal of property, plant and equipment		1,401,707	1,360,792
Net cash from/ (used) in investing activities		**(5,392,331)**	**(13,237)**
Cash flows from financing activities			
Repayment of lease liabilities		(500,292)	(486,646)
Net cash from/ (used in) financing activities		**(500,292)**	**(486,646)**
Net increase in cash and cash equivalents		(5,023,975)	619,178
Cash and cash equivalents at the beginning of the financial year	6, 20a	7,429,770	6,810,592
Cash and cash equivalents at the end of the financial year	6	**2,405,795**	**7,429,770**

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the *Australian Charities and Not-for-profits Commission Act 2012*.

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

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

Therapy Focus' cashflow forecast for the year ending 30 September 2025 indicates that the Company will have adequate cash 12 months from the date of signing the financial report. On this basis, the Directors are of the opinion that the use of the going concern basis is appropriate.

Revenue recognition
The Company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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:
- identifies 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.

Note 1. Material accounting policy information (continued)

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 receive and consume 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
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
As the Company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 1. Material accounting policy information (continued)

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Furniture, Fixtures and Fittings	3 - 7 years
Motor Vehicles	5 - 7 years
Office Equipment	3 - 5 years
Computer Equipment and Software	3 - 5 years
Leasehold Improvements	3 - 5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the Company’s obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the goods or services to the customer.

Leases
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Note 1. Material accounting policy information (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Note 1. Material accounting policy information (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

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

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

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

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been considered.

Note 3. Revenue and other income

	2024 $	2023 $
Department of Communities (DoC)	230,969	288,960
National Disability Insurance Scheme (NDIS)	27,601,887	27,586,758
Community aids and equipment programs	793,829	589,453
Department of Health	857,678	454,302
Other contract revenue	1,310,705	1,955,108
Alternative equipment support revenue	222,904	13,658
Sundry income	271,741	371,311
	31,289,713	**31,259,550**

Note 4. Expenses

The result for the year includes the following specific expenses:

	2024 $	2023 $
Other expenses:		
Depreciation and amortisation		
- Property, plant and equipment	1,099,514	1,287,297
- Right-of-use assets	605,348	591,377
Employee benefits expense	27,025,216	27,256,430
- Bad debts and provision for doubtful debts	23,337	54,638
Interest expense on lease liabilities	158,729	125,504
Net loss on disposal of property, plant and equipment	94,980	138,714
Short-term lease expense and outgoings	409,420	466,983

Note 5. Auditor’s Remuneration

	2024 $	2023 $
Remuneration of the auditor Dry Kirkness, for:		
- Auditing the financial statements	-	27,664
Remuneration of the auditor William Buck, for:		
- Auditing the financial statements	34,023	-
Remuneration of other auditors for:		
- Cybersecurity	14,000	-
- NDIS	-	6,980
	48,023	34,644

Note 6. Cash and cash equivalents

	2024 $	2023 $
Cash on hand	2,405,795	7,429,771

Note 7. Financial assets

	2024 $	2023 $
Current		
Term deposit	5,250,000	-

Note 8. Trade and other receivables

	2024 $	2023 $
Trade receivables	1,565,314	1,708,554
Provision for impairment	(63,503)	(42,714)
	1,501,811	1,665,840
NDIS receivables	215,870	968,092
Interest receivables	64,697	34,401
Other receivables	90,073	122,160
	1,872,451	2,790,493

(a) Impairment of receivables

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

	2024 $	2023 $
Balance at the beginning of the year	(42,714)	(56,766)
Additional impairment loss recognised	(20,789)	-
Unused amounts received	-	14,052
Balance at end of the year	(63,503)	(42,714)

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.

Note 9. Other assets

	2024 $	2023 $
Current		
Prepayments	407,425	251,548
Bank guarantees	237,463	352,934
	644,888	604,482
Non-Current		
Bank guarantees	102,920	-

The bank guarantees are not available for use by the Company. This amount relates to guarantees issued to the lessors of premises of the Company.

Note 10. Property, plant and equipment

	2024 $	2023 $
Plant and equipment		
Capital works in progress		
At cost	23,531	95,531
Furniture, fixtures and fittings		
At cost	596,682	596,682
Accumulated depreciation	(507,722)	(471,555)
Total furniture, fixtures and fittings	88,961	125,127
Motor vehicles		
At cost	1,677,723	1,829,756
Accumulated depreciation	(140,118)	(175,059)
Total motor vehicles	1,537,605	1,654,697
Office equipment		
At cost	322,485	322,485
Accumulated depreciation	(305,222)	(300,785)
Total office equipment	17,263	21,700
Computer equipment and software		
At cost	4,609,791	4,540,039
Accumulated depreciation	(3,985,204)	(3,350,378)
Total computer equipment and software	624,587	1,189,661
Leasehold improvements		
At cost	1,562,455	1,527,498
Accumulated depreciation	(1,076,842)	(784,493)
Total leasehold improvements	485,613	743,005
Total property, plant and equipment	2,777,560	3,829,721

Note 10. Property, plant and equipment (continued)

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 Vehicle	Office Equipment	Computer Equipment and Software	Leasehold Improvements	Total
Balance at the beginning of the year	95,531	125,127	1,654,697	21,700	1,189,661	743,005	3,829,721
Additions	-	-	1,425,881	-	8,001	38,156	1,472,038
Disposals	-	-	(1,426,678)	-	(10,248)	-	(1,436,926)
Transfers	(72,000)	-	-	-	72,000	-	-
Depreciation expense	-	(36,166)	(116,295)	(4,437)	(634,827)	(295,547)	(1,087,273)
Balance at the end of the year	23,531	88,961	1,537,605	17,263	624,587	485,613	2,777,560

Note 11. Right-of-use assets

The Company has lease contracts for various buildings used in its operations. Leases of buildings generally have lease terms between 2 and 10 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 towards the construction costs in return for a peppercorn sublease. 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

	2024 $	2023 $
Land and buildings - right-of-use	3,631,348	3,828,341
Accumulated depreciation	(1,550,353)	(1,961,961)
	2,080,995	1,866,380
Prepaid building lease payment		
At cost	109,477	109,477
Accumulated depreciation	(60,557)	(48,318)
	48,920	61,159
Total right-of-use assets	2,129,915	1,927,539

(b) Movement in carrying amount

	Buildings $	Prepaid building lease payment $	Total $
Balance at the beginning of the year	1,866,380	61,159	1,927,539
Depreciation charge during the year	(605,348)	(12,239)	(617,587)
Additions to right-of-use assets	819,963	-	819,963
Balance at the end of the year	2,080,995	48,920	2,129,915

Note 12. Lease liabilities

(a) Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1-5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement of Financial Position
2024					
Lease liabilities	729,265	1,938,637	327,313	2,995,215	2,388,825
2023					
Lease liabilities	517,440	1,490,189	538,289	2,545,918	2,081,395

	2024 $	2023 $
Current		
Lease liability	498,783	412,403
Non-Current		
Lease liability	1,890,042	1,668,992

Note 13. Trade and other payables

	2024 $	2023 $
Trade payables	1,003,072	235,377
GST payable	140,750	263,959
Accrued expenses	407,267	833,058
	1,551,089	1,332,397

Note 14. Employee benefits

	2024 $	2023 $
Current		
Annual leave	1,664,882	1,741,141
Long service leave	1,098,790	1,147,002
	2,763,672	2,888,143
Non-Current		
Long service leave	460,349	394,162

Note 15. Contract liabilities

	2024 $	2023 $
Alternative funding provider	494,300	125,491
DOC	1,962,303	1,879,926
DOC – Community aids and equipment programs	43,985	130,236
DOC – Continence Project	275,457	275,523
DOC – Diagnostic Assessment	-	42,686
NDIS – Community aids and equipment programs	14,271	14,270
WANDIS	31,144	31,144
WANDIS – Community aids and equipment programs	1,779,463	1,914,767
Others	(58,507)	(52,369)
Deferred consideration	4,542,416	4,361,674

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.

Note 16. Reserves

(a) 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.

(b) Barrows Foundation Fund and 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.

Note 17. Capital and Contractual Commitments

Contractual commitments

	2024 $	2023 $
Non-cancellable commitments contracted for but not capitalised in the financial statements:		
- not later than one year	37,686	35,676
- between one year and five years	135,576	86,217
	173,262	121,893

Note 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 2024 the number of members was 8 (FY 2022/2023: 7).

Note 19. Related party transactions

The Company's main related parties are as follows:
The remuneration paid to key management personnel (including directors and executives) of the Company is $1,167,817 (FY 2022/2023: $ 2,357,485 including directors, executives and clinical senior managers).

Note 20. Cash Flow Information

(a) Reconciliation of cash

	2024 $	2023 $
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	2,405,795	7,429,770

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

	2024 $	2023 $
Deficit for the year	(2,046,843)	(2,781,121)
Non-cash flows in deficit:		
- depreciation - property, plant and equipment	1,099,513	1,275,058
- depreciation - right-of-use assets	605,348	603,616
- net loss on disposal of property, plant and equipment	94,980	138,714
- bad debts and provision for doubtful debts	23,337	54,638
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(4,342,959)	2,358,018
- (increase)/decrease in prepayments	(155,877)	134,718
- increase/(decrease) in contact liabilities	180,742	(494,560)
- increase/(decrease) in trade and other payables	218,692	(42,113)
- increase/(decrease) in employee benefits	(58,285)	(127,907)
Cash flows from operations	(4,381,352)	1,119,061

Note 21. Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2024 (30 June 2023: None).

Note 22. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years. Subsequent to year end the Company entered into a three-year lease at annual cost of $2,000 per year.

Therapy Focus
Directors' declaration
30 June 2024

The directors of the Company declare that:

- the attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay 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 Regulations 2022*.

On behalf of the directors

Fiona Payne

Chairperson ______________________________
Fiona Payne

Fiona Notley

Director ______________________________
Fiona Notley

Dated this 28th day of October 2024

Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012

To the Directors of Therapy Focus Ltd

As auditor for the audit of Therapy Focus Ltd for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

— no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director

Dated this 28th day of October 2024

Independent auditor's report to the members of Therapy Focus Ltd

Report on the audit of the financial report

Our opinion on the financial report

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

— giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

— complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

What was audited?

We have audited the financial report of the Therapy Focus Ltd, which comprises

— the statement of financial position as at 30 June 2024,

— the statement of profit or loss and other comprehensive income for the year then ended,

— the statement of changes in equity for the year then ended,

— the statement of cash flows for the year then ended for the year then ended,

— notes to the financial statements, including material accounting policy information, and

— Directors' declaration.

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

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

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Other matter

The financial report of the Company for the year ended 30 June 2023 was audited by another auditor whose audit report dated 23 October 2023 has expressed an unmodified opinion on that financial report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2024, 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 the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012*. The Directors responsibility also includes such internal control as the Directors determine 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, the Directors are 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director

Dated this 28th day of October 2024