



# Therapy Focus

**Financial Statements**

**For the Year Ended 30 June 2023**

## Contents

For the Year Ended 30 June 2023

	Page
<b>Financial Statements</b>	
Directors' Report	1 - 4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 29
Directors' Declaration	30
Independent Auditor's Report	31 - 34
Auditor's Independence Declaration	35

# Therapy Focus Limited

ABN: 67 796 715 775

## Directors' Report

For the Year Ended 30 June 2023

The Board of Therapy Focus Limited presents its Directors' Report for the financial year (FY) ended 30th June 2023 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 2022/2023 FY.

### Principal Activities

Therapy Focus' principal activity for 2022/2023 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 2022/2023 was \$31.5m and generated an operational loss of \$2.8m.

The financial performance was impacted by pricing for National Disability Insurance Scheme (NDIS) therapy services during 2022/2023 remaining unchanged, no indexation for NDIS funded services, increased employee salary demands, increased non-salary expenditure, reduced productivity largely as a result of workforce shortages and no additional NDIS COVID-19 support payments.

The Board has worked with the Executive Team to develop a clear understanding of performance impediments and has developed an action plan that focuses on the financial sustainability of Therapy Focus.

### 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).

### 2020-2023 Strategic Plan

Therapy Focus' Strategic Plan 2020 - 2023 was launched in July 2020. The Board of Directors and Executive Team set the organisation's new Ideology and Strategic Objectives, which fall under four headings: Customer, Staff, Quality and Finance.

COVID-19 caused substantial business interruption over the last three years and impacted the delivery of the strategic plan. Progress was made on a number of business system upgrades and process improvements.

Therapy Focus will continue to listen to the needs of its customers and stakeholders to ensure we are meeting their needs and expectations, whilst supporting them to strive towards meaningful goals and aspirations.

The Board is working alongside the Executive Team in the development of the new Strategic Plan 2024-2028.

### 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 one Director is a parent of a child with disability.

# Therapy Focus Limited

ABN: 67 796 715 775

## Directors' Report For the Year Ended 30 June 2023

The Board currently comprises seven 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<sup>th</sup> June 2023, as well as their roles and tenure.

Name	Role	Date Appointed
Julianne Adams	Non-Executive Director	24 January 2023
Kane Blackman	Non-Executive Director	25 June 2018
Emma Brierty *	Non-Executive Director	06 February 2020
Rachel Cottier **	Non-Executive Director	27 May 2019
Ann Dawson	Non-Executive Director	08 January 2018
Matthew Felton	Non-Executive Director	07 February 2023
Fiona Notley	Non-Executive Director	09 November 2022
Fiona Payne	Non-Executive Director   Board Chair	27 February 2017
Monish Paul***	Non-Executive Director	01 January 2022
Tony Vis	Non-Executive Director   Deputy Board Chair	27 February 2017

\* Resigned from the Board on 24 October 2022

\*\* Resigned from the Board on 26 March 2023

\*\*\* Resigned from the Board on 01 July 2022

The Board's membership has undergone the following changes during the financial year; Emma Brierty, Rachel Cottier and Monish Paul resigned from the Board and Julianne Adams, Matthew Felton and Fiona Notley were appointed to the Board.

### Committees of the Board

The Board has two committees, Audit and Risk Committee (ARC) and People and Culture Committee (PCC), formerly 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.

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;
- Insurance requirements including the liability, professional indemnity and the directors' and officers' insurance policies;
- Clinical governance framework by ensuring it directly links to the organisation's objectives and supports quality and safeguarding outcomes; and
- Clinical governance compliance.

## Therapy Focus Limited

ABN: 67 796 715 775

### Directors' Report For the Year Ended 30 June 2023

Membership of the Committee during the year was as follows:

Name	Role
Rachel Cottier*	Member / Chair
Fiona Notley**	Member/Chair
Emma Brierty***	Member
Ann Dawson****	Member
Matthew Felton*****	Member
Tony Vis	Member

\* Until 26 March 2023

\*\* Member from 28 November 2022 and Chair from 27 March 2023

\*\*\* Until 24 October 2022

\*\*\*\* Until 27 November 2022

\*\*\*\*\*From 27 March 2023

The Therapy Focus' 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 2023.

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

- Overseeing the Board, Committee and CEO recruitment, performance evaluation, remuneration review and succession planning;
- Overseeing workforce strategy, planning, succession planning and reviewing conditions of employment;
- Fostering, reviewing and developing strategies to promote culture and engagement between employees and stakeholders consistent with the Therapy Focus guiding principles;
- Promotion of workplace processes and practices that provide a safe environment;
- Overseeing the performance of and monitoring of key People and Culture KPIs and performance management systems; and
- Reviewing effectiveness of the risk management framework in relation to People, Culture and WHS matters and systems.

Membership of the Committee during the year was as follows:

Name	Role
Kane Blackman*	Member / Chair
Ann Dawson**	Member/ Chair
Fiona Payne	Member
Tony Vis	Member

\* Chair until 13 April 2023

\*\* Member from 28 November 2022 and Chair from 13 April 2023

# Therapy Focus Limited

ABN: 67 796 715 775

## Directors' Report

For the Year Ended 30 June 2023

### Meeting attendance

During the 2022/2023 FY, the attendance of Directors at Board and Committee meetings was as follows:

Board & AGM				
	Attended	Apology	# Eligible	Att. Rate
Julianne Adams	6	0	6	100%
Kane Blackman	8	3	11	72.7%
Emma Brierty	3	0	3	100%
Rachel Cottier	7	0	7	100%
Ann Dawson	9	2	11	81.8%
Matthew Felton	4	1	5	80%
Fiona Notley	6	2	8	75%
Fiona Payne	11	0	11	100%
Monish Paul	0	0	0	0%
Tony Vis	11	0	11	100%

ARC				
	Attended	Apology	# Eligible	Att. Rate
Emma Brierty	0	1	1	0%
Rachel Cottier	3	0	3	100%
Ann Dawson	2	0	2	100%
Matthew Felton	1	0	1	100%
Fiona Notley	2	0	2	100%
Tony Vis	4	0	4	100%

PCC				
	Attended	Apology	# Eligible	Att. Rate
Ann Dawson	2	0	2	100%
Kane Blackman	3	0	3	100%
Fiona Payne	3	0	3	100%
Tony Vis	3	0	3	100%

## Therapy Focus Limited

ABN: 67 796 715 775

### Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

		2023	2022
	Note	\$	\$
Revenue	4	31,259,550	34,838,035
Finance income		215,981	28,376
Auditors' remuneration	17	(34,644)	(75,419)
Bad debts	5	(54,638)	(28,660)
Depreciation and amortisation expense	5	(1,878,674)	(1,830,183)
Employee benefits expense	5	(27,256,432)	(30,077,209)
Interest expense on lease liabilities	5	(125,504)	(74,170)
Loss on disposal of assets	5	(138,714)	(36,930)
Other expenses		(1,397,395)	(1,773,022)
Program expenses		(2,468,925)	(2,592,945)
Repairs and maintenance		(434,743)	(431,838)
Short-term lease expense and outgoings	5	(466,983)	(412,998)
<b>Deficit before income tax</b>		<b>(2,781,121)</b>	<b>(2,466,963)</b>
Income tax expense	2(a)	-	-
<b>Deficit for the year</b>		<b>(2,781,121)</b>	<b>(2,466,963)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(2,781,121)</b>	<b>(2,466,963)</b>

The accompanying notes form part of these financial statements.

## Therapy Focus Limited

ABN: 67 796 715 775

### Statement of Financial Position

As At 30 June 2023

	Note	2023 \$	2022 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	7,429,770	6,810,592
Trade and other receivables	7	2,790,493	5,203,149
Other assets	8	604,484	739,202
TOTAL CURRENT ASSETS		<u>10,824,747</u>	<u>12,752,943</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,829,721	5,230,256
Right-of-use assets	10	1,927,539	1,736,743
TOTAL NON-CURRENT ASSETS		<u>5,757,260</u>	<u>6,966,999</u>
TOTAL ASSETS		<u>16,582,007</u>	<u>19,719,942</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	11	1,332,394	1,374,507
Contract liabilities	12	4,361,674	4,856,234
Lease liabilities	10	412,403	473,505
Employee benefits	13	2,888,144	2,886,356
TOTAL CURRENT LIABILITIES		<u>8,994,615</u>	<u>9,590,602</u>
NON-CURRENT LIABILITIES			
Lease liabilities	10	1,668,992	1,300,124
Employee benefits	13	394,162	523,857
TOTAL NON-CURRENT LIABILITIES		<u>2,063,154</u>	<u>1,823,981</u>
TOTAL LIABILITIES		<u>11,057,769</u>	<u>11,414,583</u>
NET ASSETS		<u>5,524,238</u>	<u>8,305,359</u>
<b>EQUITY</b>			
Reserves		899,720	874,115
Retained earnings		4,624,518	7,431,244
TOTAL EQUITY		<u>5,524,238</u>	<u>8,305,359</u>

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 2023

2023

	Retained Earnings	Scholarship Fund	Barrows Foundation Fund	GIVE Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>	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)	-
<b>Balance at 30 June 2023</b>	<b>4,624,518</b>	<b>500,000</b>	<b>232,006</b>	<b>167,714</b>	<b>5,524,238</b>

2022

	Retained Earnings	Scholarship Fund	Barrows Foundation Fund	GIVE Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	9,898,207	691,477	-	250,117	10,839,801
Deficit attributable to members of the entity	(2,466,963)	-	-	-	(2,466,963)
Funds distributed to GIVE during the period	-	-	-	(67,479)	(67,479)
Transfers from retained earnings to general reserve	-	(191,477)	191,477	-	-
<b>Balance at 30 June 2022</b>	<b>7,431,244</b>	<b>500,000</b>	<b>191,477</b>	<b>182,638</b>	<b>8,305,359</b>

The accompanying notes form part of these financial statements.

## Therapy Focus Limited

ABN: 67 796 715 775

### Statement of Cash Flows For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	33,447,562	33,449,556
Payments to suppliers and employees	(31,824,890)	(35,113,214)
Interest received	190,124	25,074
Interest expense on lease liabilities	(125,504)	(74,170)
Short-term, low-value and variable lease payments	(568,231)	(529,556)
Net cash provided by/(used in) operating activities	20(b) <u>1,119,061</u>	<u>(2,242,310)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from disposal of property, plant and equipment	1,360,792	1,780,573
Payments to acquire property, plant and equipment	(1,374,029)	(4,273,538)
Net cash used in investing activities	<u>(13,237)</u>	<u>(2,492,965)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of lease liabilities	(486,646)	(598,725)
Net cash used in financing activities	<u>(486,646)</u>	<u>(598,725)</u>
Net increase/(decrease) in cash and cash equivalents held	619,178	(5,334,000)
Cash and cash equivalents at beginning of year	<u>6,810,592</u>	<u>12,144,592</u>
Cash and cash equivalents at end of financial year	20(a) <u>7,429,770</u>	<u>6,810,592</u>

The accompanying notes form part of these financial statements.

# Therapy Focus Limited

ABN: 67 796 715 775

## Notes to the Financial Statements

For the Year Ended 30 June 2023

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 2023 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.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures of the Australian Accounting Standards Board ("AASB") and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, their presentation requirements as modified by AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*, and the disclosure requirements of AASB 1060.

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.

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

### 2 Summary of Significant Accounting Policies

#### (a) Income Tax

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

#### (b) 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").

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

# Therapy Focus Limited

ABN: 67 796 715 775

## Notes to the Financial Statements

For the Year Ended 30 June 2023

### 2 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:

- 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.

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 revenue

Interest is recognised using the effective interest method.

## Therapy Focus Limited

ABN: 67 796 715 775

### Notes to the Financial Statements

For the Year Ended 30 June 2023

#### 2 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.

##### (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.

##### (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 at fair value.

###### Plant and equipment

Plant and equipment are measured using the cost model.

###### Depreciation

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

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

# Therapy Focus Limited

ABN: 67 796 715 775

## Notes to the Financial Statements

For the Year Ended 30 June 2023

### 2 Summary of Significant Accounting Policies (Continued)

#### (d) Property, plant and equipment (Continued)

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

Fixed asset class	Depreciation rate
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	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.

#### (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.

# Therapy Focus Limited

ABN: 67 796 715 775

## Notes to the Financial Statements

For the Year Ended 30 June 2023

### 2 Summary of Significant Accounting Policies (Continued)

#### (e) Financial instruments (Continued)

##### Financial assets (Continued)

###### *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 of trade and other receivables and cash and cash equivalents in the statement of financial position.

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.

# Therapy Focus Limited

ABN: 67 796 715 775

## Notes to the Financial Statements

For the Year Ended 30 June 2023

### 2 Summary of Significant Accounting Policies (Continued)

#### (e) Financial instruments (Continued)

##### 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 profit or loss. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

###### *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 comprise of 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.

#### (g) Leases

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.



# Therapy Focus Limited

ABN: 67 796 715 775

## Notes to the Financial Statements

For the Year Ended 30 June 2023

### 2 Summary of Significant Accounting Policies (Continued)

#### (g) Leases (Continued)

##### (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 10 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;
- 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.

# Therapy Focus Limited

ABN: 67 796 715 775

## Notes to the Financial Statements

For the Year Ended 30 June 2023

### 2 Summary of Significant Accounting Policies (Continued)

#### (g) Leases (Continued)

##### (ii) Lease liabilities (Continued)

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 relief under AASB 2018-8 and measures the right of use assets at cost on initial recognition.

#### (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.

# Therapy Focus Limited

ABN: 67 796 715 775

## Notes to the Financial Statements

For the Year Ended 30 June 2023

### 2 Summary of Significant Accounting Policies (Continued)

#### (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

The Company is a significant provider of therapy services in Western Australia under the Federal National Disability Insurance Scheme (NDIS). The NDIS is the major revenue generating activity of the Company. Accordingly, the Company is financially dependent on the successful commercialisation of NDIS funding for its future activities. Additionally, the Company is working to diversify income streams that are aligned with the values and mission of the Company.

#### (k) Comparative figures

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

#### (l) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2023, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

### 3 Critical Accounting Estimates and Judgments

The Board makes 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 2(d), the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

## Therapy Focus Limited

ABN: 67 796 715 775

### Notes to the Financial Statements

For the Year Ended 30 June 2023

#### 3 Critical Accounting Estimates and Judgments (Continued)

##### 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 likelihood 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.

## Therapy Focus Limited

ABN: 67 796 715 775

### Notes to the Financial Statements

For the Year Ended 30 June 2023

#### 4 Revenue and Other Income

	2023	2022
Note	\$	\$
- Department of Communities (DoC)	288,960	287,354
- National Disability Insurance Scheme (NDIS)	27,586,758	31,919,780
- Community aids and equipment programs	589,453	414,453
- Department of Health	454,302	498,221
- Other contract revenue	1,955,108	1,082,910
- Alternative equipment support revenue	13,658	258,254
- Sundry income	371,311	377,063
	<b>31,259,550</b>	<b>34,838,035</b>

#### 5 Result for the Year

The result for the year includes the following specific expenses:

Other expenses:

Depreciation and amortisation expense

- Property, plant and equipment	1,275,058	1,168,621
- Right-of-use assets	603,616	661,562
Employee benefits expense	27,256,432	30,077,209
- bad debts and provision for doubtful debts	54,638	28,660
Interest expense on lease liabilities	125,504	74,170
Net loss on disposal of property, plant and equipment	138,714	36,930
Short-term lease expense and outgoings	466,983	412,998

#### 6 Cash and Cash Equivalents

Cash at bank and in hand	242,234	832,303
Short-term deposits	7,187,536	5,978,289
	<b>7,429,770</b>	<b>6,810,592</b>

16

## Therapy Focus Limited

ABN: 67 796 715 775

### Notes to the Financial Statements

For the Year Ended 30 June 2023

#### 7 Trade and Other Receivables

	Note	2023 \$	2022 \$
CURRENT			
Trade receivables		1,708,554	2,493,369
Provision for impairment	7(a)	(42,714)	(56,766)
	16	<u>1,665,840</u>	<u>2,436,603</u>
NDIS receivables	16	968,092	2,556,684
Interest receivables	16	34,401	8,544
Other receivables	16	122,160	201,318
		<u>2,790,493</u>	<u>5,203,149</u>

#### (a) Impairment of receivables

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

Balance at beginning of the year	(56,766)	(29,995)
Additional impairment loss recognised	-	(26,771)
Unused amounts reversed	14,052	-
<b>Balance at end of the year</b>	<b>(42,714)</b>	<b>(56,766)</b>

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

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

#### 8 Other Assets

CURRENT		
Deposits	20,991	93,680
Prepayments	230,559	333,071
Bank guarantees	352,934	312,451
	<u>604,484</u>	<u>739,202</u>

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.

## Therapy Focus Limited

ABN: 67 796 715 775

### Notes to the Financial Statements

For the Year Ended 30 June 2023

#### 9 Property, plant and equipment

	2023	2022
	\$	\$
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	95,531	994,311
Furniture, fixtures and fittings		
At cost	596,682	596,682
Accumulated depreciation	(471,555)	(403,079)
Total furniture, fixtures and fittings	<u>125,127</u>	<u>193,603</u>
Motor vehicles		
At cost	1,829,756	2,213,342
Accumulated depreciation	(175,059)	(230,986)
Total motor vehicles	<u>1,654,697</u>	<u>1,982,356</u>
Office equipment		
At cost	322,485	312,435
Accumulated depreciation	(300,785)	(293,225)
Total office equipment	<u>21,700</u>	<u>19,210</u>
Computer equipment and software		
At cost	4,540,039	3,584,624
Accumulated depreciation	(3,350,378)	(2,600,296)
Total computer equipment and software	<u>1,189,661</u>	<u>984,328</u>
Leasehold improvements		
At cost	1,527,498	3,133,833
Accumulated amortisation	(784,493)	(2,077,385)
Total leasehold improvements	<u>743,005</u>	<u>1,056,448</u>
<b>Total property, plant and equipment</b>	<u><b>3,829,721</b></u>	<u><b>5,230,256</b></u>

## Therapy Focus Limited

ABN: 67 796 715 775

### Notes to the Financial Statements

For the Year Ended 30 June 2023

#### 9 Property, plant and equipment (Continued)

##### (a) Movements in Carrying Amounts

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

	<b>Capital Works in Progress</b>	<b>Furniture, Fixtures and Fittings</b>	<b>Motor Vehicles</b>	<b>Office Equipment</b>	<b>Computer Equipment and Software</b>	<b>Leasehold Improvements</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2023</b>							
Balance at the beginning of year	994,311	193,603	1,982,356	19,210	984,328	1,056,448	5,230,256
Additions	11,396	-	1,189,423	-	55,289	117,921	1,374,029
Disposals	-	-	(1,388,175)	-	-	(111,331)	(1,499,506)
Transfers	(910,176)	-	-	10,050	900,126	-	-
Depreciation expense	-	(68,476)	(128,907)	(7,560)	(750,082)	(320,033)	(1,275,058)
<b>Balance at the end of the year</b>	<b>95,531</b>	<b>125,127</b>	<b>1,654,697</b>	<b>21,700</b>	<b>1,189,661</b>	<b>743,005</b>	<b>3,829,721</b>



## Therapy Focus Limited

ABN: 67 796 715 775

### Notes to the Financial Statements

For the Year Ended 30 June 2023

#### 10 Right-of-use Assets and Lease Liabilities

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 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**

	2023	2022
	\$	\$
NON-CURRENT		
Buildings		
At cost	3,828,341	3,328,193
Accumulated depreciation	(1,961,961)	(1,664,848)
	<u>1,866,380</u>	<u>1,663,345</u>
Prepaid building lease payment		
At cost	109,477	109,477
Accumulated depreciation	(48,318)	(36,079)
	<u>61,159</u>	<u>73,398</u>
<b>Total right-of-use assets</b>	<u>1,927,539</u>	<u>1,736,743</u>

(b) **Movement in carrying amount**

	Buildings	Prepaid building lease payment	Total
	\$	\$	\$
<b>Year ended 30 June 2023</b>			
Balance at beginning of the year	1,663,345	73,398	1,736,743
Depreciation charge during the year	(591,377)	(12,239)	(603,616)
Additions to right-of-use assets	338,489	-	338,489
Increments in right-of-use assets due to changes in lease liability	455,923	-	455,923
<b>Balance at end of the year</b>	<u>1,866,380</u>	<u>61,159</u>	<u>1,927,539</u>

## Therapy Focus Limited

ABN: 67 796 715 775

### Notes to the Financial Statements

For the Year Ended 30 June 2023

#### 10 Right-of-use Assets and Lease Liabilities (Continued)

##### (c) 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
	\$	\$	\$	\$	\$
<b>2023</b>					
Lease liabilities	517,440	1,490,189	538,289	2,545,918	2,081,395
<b>2022</b>					
Lease liabilities	572,888	809,247	944,423	2,326,558	1,773,629

	Note	2023 \$	2022 \$
CURRENT			
Lease liabilities		412,403	473,505
	16	<u>412,403</u>	<u>473,505</u>
NON-CURRENT			
Lease liabilities		1,668,992	1,300,124
	16	<u>1,668,992</u>	<u>1,300,124</u>

##### (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:

Interest expense on lease liabilities	125,504	74,170
Expense relating to short-term leases	76,754	32,219
Variable lease payments not included in the measurement of lease liabilities	390,229	380,779
Depreciation of right-of-use assets	603,616	661,562
Expense relating to leases of low-value assets (including in program expense)	49,591	68,416
	<u>1,245,694</u>	<u>1,217,146</u>

# Therapy Focus Limited

ABN: 67 796 715 775

## Notes to the Financial Statements

For the Year Ended 30 June 2023

### 11 Trade and Other Payables

	Note	2023 \$	2022 \$
CURRENT			
Trade payables	16	235,377	454,515
GST payable		263,959	95,435
Accrued expenses	16	833,058	824,557
		<u>1,332,394</u>	<u>1,374,507</u>

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

### 12 Contract Liabilities

CURRENT			
Alternative funding provider		125,491	44,971
DOC		1,879,926	1,782,372
DOC - Community aids and equipment programs		130,236	566,785
DOC - Continence Project		275,523	305,914
DOC - Diagnostic Assessment		42,686	42,686
NDIS - Community aids and equipment programs		14,270	(10,437)
WANDIS		31,144	31,144
WANDIS - Community aids and equipment programs		1,914,767	2,093,444
Others		(52,369)	(645)
		<u>4,361,674</u>	<u>4,856,234</u>

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.

### 13 Employee Benefits

CURRENT			
Annual leave		1,741,142	1,901,552
Long service leave		1,147,002	984,804
		<u>2,888,144</u>	<u>2,886,356</u>
NON-CURRENT			
Long service leave		394,162	523,857
		<u>394,162</u>	<u>523,857</u>

## Therapy Focus Limited

ABN: 67 796 715 775

### Notes to the Financial Statements

For the Year Ended 30 June 2023

#### 13 Employee Benefits (Continued)

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 2(h) to this report.

#### 14 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.

#### 15 Capital and Contractual Commitments

##### Contractual commitments

	2023	2022
	\$	\$
Non-cancellable commitments contracted for but not capitalised in the financial statements:		
- not later than one year	35,676	35,676
- between one year and five years	86,217	121,893
	<u>121,893</u>	<u>157,569</u>

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

## Therapy Focus Limited

ABN: 67 796 715 775

### Notes to the Financial Statements

For the Year Ended 30 June 2023

#### 16 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 cash and cash equivalents, trade and other receivables, trade and other payables and lease liabilities.

	Note	2023 \$	2022 \$
<b>Financial assets</b>			
Cash and cash equivalents	6	7,429,770	6,810,592
Trade and other receivables	7	2,790,493	5,203,149
<b>Total financial assets</b>		<b>10,220,263</b>	<b>12,013,741</b>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables	11	(1,068,435)	(1,279,072)
- Lease liabilities	10(c)	(2,081,395)	(1,773,629)
<b>Total financial liabilities</b>		<b>(3,149,830)</b>	<b>(3,052,701)</b>
<b>Total</b>		<b>7,070,433</b>	<b>8,961,040</b>

#### 17 Auditors' Remuneration

Remuneration of the auditor Dry Kirkness, for:

- auditing or reviewing the financial statements - current year	28,500	31,000
- auditing or reviewing the financial statements - prior year	(3,386)	18,322
- taxation services provided by related practice or auditor	2,550	3,600
- other services	-	4,500
	<b>27,664</b>	<b>57,422</b>

Remuneration of other auditors, for:

- NDIS and other services	6,980	17,997
<b>Total</b>	<b>34,644</b>	<b>75,419</b>

#### 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 2023 the number of members was 7 (2022: 7).

## Therapy Focus Limited

ABN: 67 796 715 775

### Notes to the Financial Statements

For the Year Ended 30 June 2023

#### 19 Related Parties

The Company's main related parties are as follows:

- The remuneration paid to key management personnel (including directors) of the Company is \$ 2,357,485 (2022: \$ 2,260,182).

#### 20 Cash Flow Information

##### (a) Reconciliation of cash

	2023	2022
	\$	\$
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	7,429,770	6,810,592

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

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

Deficit for the year	(2,781,121)	(2,466,963)
Non-cash flows in deficit:		
- depreciation - property, plant and equipment	1,275,058	1,168,621
- depreciation - right-of-use assets	603,616	661,562
- net loss on disposal of property, plant and equipment	138,714	36,930
- bad debts and provision for doubtful debts	54,638	28,660
- GIVE program	-	(67,479)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	2,358,018	(1,984,276)
- (increase)/decrease in prepayments	134,718	(154,175)
- increase/(decrease) in contract liabilities	(494,560)	214,150
- increase/(decrease) in trade and other payables	(42,113)	425,230
- increase/(decrease) in employee benefits	(127,907)	(104,570)
Cash flows from operations	<u>1,119,061</u>	<u>(2,242,310)</u>

#### 21 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2023 (30 June 2022: None).

## **Therapy Focus Limited**

**ABN: 67 796 715 775**

### **Notes to the Financial Statements**

**For the Year Ended 30 June 2023**

#### **22 Events after the end of the Reporting Period**

The financial report was authorised for issue on 23 October 2023 by the Board.

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

#### **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 5 - 29 satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - (a) comply with Australian Accounting Standards - Simplified Disclosures; and
  - (b) give a true and fair view of the financial position of the Company as at 30 June 2023 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 Regulations 2022*.



Chairperson .....

Fiona Payne



Director .....

Fiona Notley

Dated this 23rd day of October 2023



## 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 2023, 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 directors' 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 2023 and of its financial performance and its cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

### 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 (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.

## **Information Other than the Financial Report and Auditor's Report Thereon**

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 2023, 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 – Simplified Disclosures 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 a 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **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 2023.

**DRY KIRKNESS (AUDIT) PTY LTD**



Date: 23<sup>rd</sup> October 2023  
West Perth  
Western Australia

**M A KIRKNESS**  
**Director**

***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 2023 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 (AUDIT) PTY LTD**



**M A KIRKNESS**  
**Director**

Dated: 23<sup>rd</sup> October 2023  
West Perth,  
Western Australia