

# **The Kokoda Track Foundation Limited**

**ABN 45 103 660 948**

Annual report for the financial year ended  
31 December 2011

# The Kokoda Track Foundation Limited

---

## Annual report for the financial year ended 31 December 2011

### Contents

	<b>Page</b>
Chairman's Report	2
Directors' Report	4
Auditor's Independence Declaration	7
Independent Auditor's Report	8
Directors' Declaration	10
Declaration under the Charitable Fundraising Act	11
Index to the Financial Statements	12
<b>Annual Financial Statements:</b>	
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17



## Chairman's Report

The Foundation continued its strong growth across its programs during the year, achieving a number of notable milestones.

Overall, we increased the number of our scholarships from 156 in 2010 to 300 in 2011 (and we have since increased them to 350 in 2012). Our School Resource Program increased from 25 schools in 2010 to 35 schools in 2011 (and to 40 schools in 2012). In addition, we have expanded the scope of this program to also support schools in their building, infrastructure and maintenance needs.

One of the milestones during the year was the graduation of our first cohort of Archer Leadership Scholars (funded by The Trust Company through the estate of the late Fred P. Archer) aimed at identifying and fostering the next generation of PNG leaders.

Another significant milestone was partnering with Rotary on a major furniture distribution in May 2011 to successfully deliver 80 school classrooms of furniture to 23 elementary and primary schools and 100 hospital beds to eight health centres and two hospitals in the region.

We also continued to expand our work in the vital area of training of teachers and community health workers. These will be posted into schools and aid posts in our catchment area and supported by the Foundation. During the year we also covered the salaries of 12 teachers to ensure their schools kept operating (we are paying 20 teachers' salaries in 2012).

The ever-growing problem of finding places for our students to train as teachers and health workers prompted us to embark on planning for a project to build a training facility near Kokoda. In the final quarter of the year our CEO, Dr Genevieve Nelson, and our in-house PNG education advisor, Petra Arifeae, combined to create a state-of-the-art syllabus for a pilot Elementary Teacher Training Course in Koko village near Kokoda as a precursor to creating our planned Kokoda College.

(The pilot course was completed in January 2012 and won high praise from PNG education authorities. Kokoda veteran Bede Tongs handed graduation certificates to 56 new elementary teachers in February 2012.)

We continued to provide drugs and resources for aid posts and the Kokoda Memorial hospital. We expanded our successful Northern Province Seed Nursery project and again responded with emergency food and supplies to the Oro Province flooding at end of 2011.

Other important projects completed during the year included: building the Milton Lay Community Hall at Koko village; building a classroom in Efogi 2 village; continuing our *Pawa Givim Meri* program by constructing shop fronts for the participants to sell their snacks; and embarking on our *Lighting Up The Track* solar lighting pilot project. (In February 2012 we partnered with our trek operator partners to deliver 3,500 lights, effectively supplying lights to every family along and around the Track.)

We conducted another extremely successful sold-out Ralph Honner Oration Dinner, attended by 20 veterans. For the first time the oration was delivered by a Kokoda veteran, Rev Peter Holloway, who captivated the crowd with a superb, heartfelt address.

We again benefited from our strong and growing partnership with the Hawthorn Hawks, who hosted the second *Kokoda Match* at the MCG.

We welcomed a number of members to our administration team during the year: Kelly Leonard, Petra Arifeae and Julie Sourdois in our Sydney office and Wampi Irido, Saii Faole and Elijah Sarigari in PNG.

We continued to enjoy loyal and generous support from our core funders, The Trust Company, Bill James, Geoff Harris, the Lost Battlefield Trust, Perpetual, and Executive Excellence.

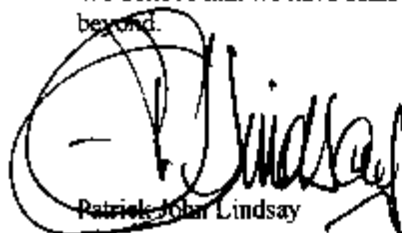
## The Kokoda Track Foundation Limited

---

Once again, our tireless Executive Director, Dr Genevieve Nelson, led our operations with vision and great skill. She completed her 15<sup>th</sup> crossing of the Track in conducting her scholarship and projects audit in early 2012.

Our sincere thanks also to our board for their wisdom, guidance and unwavering passion and to our growing team of loyal supporters: Rotary, Paul Hanna (for his ongoing work with our website and graphic design); Mike Nelson (event management and videos); Deloitte (auditing); Ashurst Australia (legal); and Cambooya (office space). There are countless individuals and organisations to thank for their generosity this year in enabling us to keep the spirit of Kokoda alive.

We believe that we have established the structures to enable us to continue the Foundation's growth in 2012 and beyond.



Patrick John Lindsay

Chairman

Sydney, 30/04/12

# **The Kokoda Track Foundation Limited**

---

## **Directors' Report**

The directors of The Kokoda Track Foundation Limited submit herewith the annual financial report of the Foundation for the financial year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### **Information about the directors and senior management**

The names and particulars of the directors of the company during or since the end of the financial year are:

<b>Name</b>	<b>Qualifications and experience</b>
Mr Patrick John Lindsay	Chairman, Kokoda Track Foundation Author Director – Lime Tree Productions Pty Limited
Dr Yahoo Serious	Hon DLitt. Hon Doctorate of Letters Actor, Producer, Director and Writer of feature films Director – Serious Productions Pty Limited
Mr Peter Robert Thomas	Bachelor of Commerce (University of Melbourne) Fellow of the Institute of Chartered Accountants Director – TFG International Pty Ltd Director – Indigenous Business Australia, The Australian Solar Institute Ltd, The Foundation for Alcohol Research and Education, CatholicCare, Blueearth Foundation
Dr Genevieve Fiona Nelson	Executive Director, Kokoda Track Foundation Bachelor of Psychology (Hons) 2004 (University of Western Sydney) PhD in Educational and Cross Cultural Psychology 2008 (SELF Research Centre) Adjunct Research Fellow, University of Western Sydney
Mr David Crichton Frecker	B.A. and Master of Laws (Hons) (University of Sydney) Admitted as a solicitor in NSW (1972) and a lawyer in PNG (1975) Currently a partner with Ashurst Australia in Sydney Director – Kula Gold Limited
Dr Stephen Leslie Wearing	Doctorate of Philosophy Masters of Town and Environmental Planning (Research) Bachelor of Town and Environmental Planning Currently Associate Professor in Leisure, Sport and Tourism, Faculty of Business, University of Technology, Sydney Advisor to Youth Challenge Australia
Mr Graeme Austin Carroll	Twenty-two years experience in corporate affairs in industry associations CEO of the RSL & Service Clubs Association Prior experience in journalism and public relations Company secretary of RSL & Services Club Association, KYLC (Kokoda Youth Leadership Challenge) Benevolent Fund and Operation CARE Benevolent Fund
Mr Bernard Michael Egan	BA (Macquarie University) CPA ACIS Currently: Senior Financial Sector Specialist, Bank for International Settlements Previously held positions with: Reserve Bank of Australia, Australian Prudential Regulation Authority, Ernst and Young, International Monetary Fund, Promontory Financial Group
Ms Elizabeth Jessie Carr	BA (Hons) (UWA), MPA (Harvard University), FAICD Non Executive Director: EPA (WA); Workers Compensation Investment Fund (NSW); Chairman Macular Degeneration Foundation; Kambala (NSW); & St Mary's Anglican Girls School (WA)

The above named directors held office during the whole of the financial year and since the end of the financial year.

# **The Kokoda Track Foundation Limited**

---

## **Directors' Report (continued)**

### **Company Secretary**

Mr Salman Haq, FCIS, CA, FCA (England and Wales), is the company secretary of The Kokoda Track Foundation Limited. He was appointed Secretary of the Kokoda Track Foundation Limited in August 2006 and also holds the company secretary position of Provident Capital Limited.

### **Principal activities**

The Foundation is an Australian philanthropic organisation which aims to repay the selfless help given to Australia during World War II by the "Fuzzy Wuzzy Angels" of Papua New Guinea by helping to improve the lives and futures of their descendants.

The principal activity of the Foundation is to raise funds through donations. The principal expenditure activities during the year were providing assistance to villages along the Kokoda Track in Papua New Guinea with their education and health care, programs to protect their environment, fostering the growth of an eco-friendly trekking and tourism industry from which they can benefit, working to keep the story of Kokoda alive, and seeking to identify and foster the next generation of Papua New Guinea leaders.

### **Review of operations**

The Foundation's net surplus for the financial year was \$354,216 (2010: \$98,832). The larger surplus at the end of the financial year is due to the Foundation receiving two large donations late in the year to be applied to programs in the next financial year. Specifically, these donations are from The Trust Company (for the Archer Leadership Scholars Program in 2012) and the Lost Battlefield Trust (for education and health projects and administration assistance in 2012).

A review of the operations of the Foundation during the financial year and the results of those operations found that the Foundation continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

### **Changes in state of affairs**

There was no significant change in the state of affairs of the Foundation during the financial year.

### **Subsequent events**

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Foundation, the results of those operations, or the state of affairs of the Foundation in future financial years.

### **Future developments**

Disclosure of information regarding likely developments in the operations of the Foundation in future financial years is made in the Chairman's report.

### **Dividends**

The Foundation is a non-profit organisation and no dividends are payable.

# The Kokoda Track Foundation Limited

---

## Directors' Report (continued)

### Indemnification of officers and auditors

During the financial year, the Foundation paid a premium in respect of a contract insuring the directors of the Foundation (as named above), the Foundation secretary, Salman Haq, and all executive officers of the Foundation and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Foundation has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Foundation or of any related body corporate against a liability incurred as such an officer or auditor.

### Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, 6 meetings were held.

Directors	Held	Attended
Mr Patrick John Lindsay	6	6
Dr Yahoo Serious	6	6
Mr Peter Robert Thomas	6	5
Dr Genevieve Fiona Nelson	6	6
Mr David Crichton Frecker	6	6
Dr Stephen Leslie Wearing	6	1
Mr Graeme Austin Carroll	6	1
Mr Bernard Michael Egan	6	5
Ms Elizabeth Jessie Carr	6	4

### Auditor's Independence declaration

The auditor's independence declaration is included on page 7 of the annual report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Patrick John Lindsay  
Director  
Sydney, 30/04/2012

Board of Directors  
The Kokoda Track Foundation Limited  
Level 10, 19-31 Pitt Street  
Sydney NSW 2000

30 April 2012

Dear Board of Directors

### **The Kokoda Track Foundation Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of The Kokoda Track Foundation Limited.

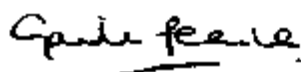
As lead audit partner for the audit of the financial statements of The Kokoda Track Foundation Limited for the financial year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



**Gaile Pearce**  
Partner  
Chartered Accountants



## **Independent Auditor's Report to the Members of The Kokoda Track Foundation Limited**

We have audited the accompanying financial report of The Kokoda Track Foundation Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 10 to 27. In addition, we have audited The Kokoda Track Foundation Limited's compliance with specific requirements of the *Charitable Fundraising Act 1991* for the year ended 31 December 2011.

### *Directors' Responsibility for the Financial Report and for Compliance with the Charitable Fundraising Act 1991*

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 - Reduced Disclosure Requirements and the *Corporations Act 2001* and for compliance with the *Charitable Fundraising Act 1991*. The directors are also responsible for such internal control as the directors determine is necessary to enable compliance with requirements of the *Charitable Fundraising Act 1991* and 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the company's compliance with specific requirements of the *Charitable Fundraising Act 1991* and the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the entity has complied with specific requirements of the *Charitable Fundraising Act 1991* and the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the company's compliance with specific requirements of the *Charitable Fundraising Act 1991* and amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of non-compliance with specific requirements of the *Charitable Fundraising Act 1991* and material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's compliance with the *Charitable Fundraising Act 1991* and preparation of the financial report that gives a true and fair view, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

### *Inherent Limitations*

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error, or non-compliance with the *Charitable Fundraising Act 1991* may occur and not be detected. An audit is not designed to detect all weaknesses in The Kokoda Track Foundation Limited's compliance with the *Charitable Fundraising Act 1991* as an audit is not performed continuously throughout the period and the tests are performed on a sample basis.

Any projection of the evaluation of compliance with the *Charitable Fundraising Act 1991* to future periods is subject to the risk that the procedures, may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

#### *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The Kokoda Track Foundation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.


#### *Basis for Qualified Opinion*

Donations are a significant source of fundraising revenue for The Kokoda Track Foundation Limited. The Kokoda Track Foundation Limited has determined that it is impracticable to establish control over the collection of donations prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from these sources was limited, our audit procedures with respect to donations had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the recorded revenue, from donations to The Kokoda Track Foundation Limited, are complete.

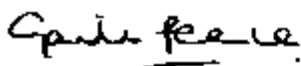
#### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

- (a) the financial report of The Kokoda Track Foundation Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*;
- (b) the financial report agrees to the underlying financial records of The Kokoda Track Foundation Limited, that have been maintained, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations for the year ended 31 December 2011; and
- (c) monies received by The Kokoda Track Foundation Limited, as a result of fundraising appeals conducted during the year ended 31 December 2011, have been accounted for and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations.



DELOITTE TOUCHE TOHMATSU



Gaile Pearce  
Partner  
Chartered Accountants  
Sydney, 30 April 2012

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

# The Kokoda Track Foundation Limited

---

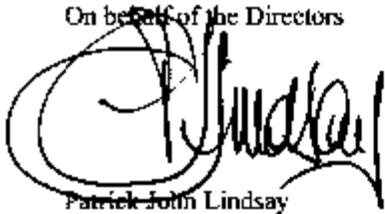
## Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards, and giving a true and fair view of the financial position and performance of the Foundation.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Patrick John Lindsay

Director

Sydney, 30/04 / 2012

# The Kokoda Track Foundation Limited

---

## Declaration under the Charitable Fundraising Act

I, Patrick John Lindsay, Chairman of the Board of Directors of The Kokoda Track Foundation Limited declare that in my opinion:

1. The financial statements give a true and fair view of all income and expenditure of the Foundation with respect to the fundraising appeals;
2. The statement of financial position gives a true and fair view of the status of affairs with respect to fundraising appeals.
3. The provisions of the Charitable Fundraising Act 1991, the Regulations under the Act and the conditions attached to the authority have been complied with exception of the following:

One member of the Foundation's governing body, Genevieve Nelson, receives remuneration in her capacity as our Executive Director. Under Section 48 of the Charitable Fundraising Act 1991, a person is not prohibited from being a member of the governing body of a non-profit organisation merely because the person receives any remuneration but in these circumstances approval must be obtained under the section. Approval was received from the regulating authority (the Office of Liquor, Gaming and Racing) on 6<sup>th</sup> December 2011; and

4. The internal controls exercised by the Foundation are appropriate and effective in accounting for all income received and applied by the Foundation from any of its fundraising appeals.



Patrick John Lindsay  
Director  
Sydney, 30/04/2012

# The Kokoda Track Foundation Limited

---

## Index to the Financial Statements

<b>Contents</b>	<b>Page</b>
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements:	
1 General information	17
2 Significant accounting policies	17
3 Departmental breakdown	21
4 Key management personnel compensation	22
5 Trade and other receivables	22
6 Trade and other payables	22
7 Analysis of funds held for specific purposes	23
8 Members' guarantee	24
9 Segment information	24
10 Notes to the statement of cash flows	25
11 Financial instruments	25
12 Auditors remuneration	26
13 Approval of financial statements	26
14 Additional information required under the Charitable Fundraising Act 1991	26

# The Kokoda Track Foundation Limited

---

## Statement of Comprehensive Income for the financial year to 31 December 2011

	Note	2011 \$	2010 \$
<b>Income</b>			
<b>Donations</b>			
Education Projects		544,237	150,972
Health Projects		75,482	10,723
Microbusiness Projects		6,395	26,730
Community Development Projects		100,198	12,821
General		153,349	131,097
<b>Ralph Honner Oration Dinner</b>		<b>51,706</b>	<b>65,678</b>
<b>Other Income</b>			
Membership		5,560	6,000
Finance Income		12,604	6,809
<b>Total income</b>	<b>3</b>	<b>949,531</b>	<b>410,830</b>
<b>Expenses</b>			
<b>Project Outgoings</b>			
Education		231,618	110,978
Health		41,491	29,080
Microbusiness		43,246	15,737
Community Development		133,685	47,120
<b>Fundraising Outgoings</b>			
General		17,142	14,158
Ralph Honner Oration Dinner		28,022	34,117
<b>Other Outgoings</b>			
Administration & General		52,026	28,490
Employee Benefits		46,112	30,788
Finance Expense		1,973	1,530
<b>Total expenses</b>	<b>3</b>	<b>595,315</b>	<b>311,998</b>
<b>Surplus for the year</b>		<b>354,216</b>	<b>98,832</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>354,216</b>	<b>98,832</b>

Notes to the financial statements are included on pages 17 to 25.

# The Kokoda Track Foundation Limited

---

## Statement of Financial Position as at 31 December 2011

	<b>Note</b>	<b>31 December 2011 \$</b>	<b>31 December 2010 \$</b>
<b>Current assets</b>			
Cash and cash equivalents	10(a)	678,484	302,624
Trade and other receivables	5	4,714	20,750
<b>Total current assets</b>		<b>683,198</b>	<b>323,374</b>
<b>Total assets</b>		<b>683,198</b>	<b>323,374</b>
<b>Current liabilities</b>			
Trade and other payables	6	16,958	11,350
<b>Total current liabilities</b>		<b>16,958</b>	<b>11,350</b>
<b>Total liabilities</b>		<b>16,958</b>	<b>11,350</b>
<b>Net assets</b>		<b>666,240</b>	<b>312,024</b>
<b>Accumulated funds</b>			
General reserve		200,114	200,114
Funds held for specific purposes	7	466,126	111,910
<b>Total equity</b>		<b>666,240</b>	<b>312,024</b>

Notes to the financial statements are included on pages 17 to 25.

# The Kokoda Track Foundation Limited

---

## Statement of Changes In Equity for the financial year ended 31 December 2011

	<b>Accumulated Funds \$</b>	<b>Total \$</b>
Balance at 1 January 2010	213,192	213,192
Surplus for the year	98,832	98,832
<b>Balance at 31 December 2010</b>	<b>312,024</b>	<b>312,024</b>
Balance at 1 January 2011	312,024	312,024
Surplus for the year	354,216	354,216
<b>Balance at 31 December 2011</b>	<b>666,240</b>	<b>666,240</b>

Notes to the financial statements are included on pages 17 to 25.



# The Kokoda Track Foundation Limited

---

## Statement of Cash Flows for the financial year ended 31 December 2011

	Note	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
Receipts from members, donors, fundraising activities		936,927	404,021
Operating expenses		(573,671)	(326,220)
Net cash provided by operating activities	10(b)	363,256	77,801
<b>Cash flows from investing activities</b>			
Interest received		12,604	6,809
Net cash provided by investing activities		12,604	6,809
<b>Net increase in cash and cash equivalents</b>		375,860	84,610
<b>Cash and cash equivalents at the beginning of the financial year</b>		302,624	218,014
<b>Cash and cash equivalents at the end of the financial year</b>	10(a)	678,484	302,624

Notes to the financial statements are included on pages 17 to 25.

# The Kokoda Track Foundation Limited

---

## Notes to the financial statements for the financial year ended 31 December 2011

### 1. General information

The Kokoda Track Foundation Limited (the Foundation) is an entity limited by guarantee, incorporated in Australia and operating in Australia.

The Kokoda Track Foundation Limited registered office and its principal place of business are as follows:

Registered office	Principal place of business
Level 13	Level 10
167 Macquarie Street	19-31 Pitt Street
SYDNEY NSW 2000	SYDNEY NSW 2000

The Foundation is an Australian philanthropic organisation which aims to repay the selfless help given to Australia during World War II by the "Fuzzy Wuzzy Angels" of Papua New Guinea by helping to improve the lives and futures of their descendants.

The principal activity of the Foundation is to raise funds through donations. The principal expenditure activities during the year were providing assistance to villages along the Kokoda Track in Papua New Guinea with their education and health care, programs to protect their environment, foster the growth of an eco-friendly trekking and tourism industry from which they can benefit, working to keep the story of Kokoda alive, and seeking to identify and foster the next generation of Papua New Guinea leaders.

### 2. Significant accounting policies

#### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards – Reduced Disclosure Regime and Interpretations, and complies with other requirements of the law. Accordingly, this 'general purpose financial report' has been prepared to satisfy the directors' reporting requirements under the Charitable Fundraising Act 1991.

#### Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Foundation's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

#### Early adoption of accounting standards

AASB 1053 'Application of Tiers of Australian Accounting Standards'

In the prior year, the directors have elected under s.334(5) of the Corporations Act 2001 to apply AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to implement its revised differential reporting regime', even though the Standards are not required to be applied until annual reporting periods beginning on or after 1 July 2013.

AASB 2010-2 makes amendments to each Standard and Interpretation indicating the disclosures not required to be made by 'Tier 2' entities or inserting 'RDR' paragraphs requiring simplified disclosures for Tier 2 entities. The adoption of these standards has resulted in significantly reduced disclosures, largely in respect of income tax, segments, impairment, related parties, share-based payments and financial instruments.

# The Kokoda Track Foundation Limited

---

## Notes to the financial statements for the financial year ended 31 December 2011

### 2. Significant accounting policies (continued)

#### Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) **Foreign currency**

For the purpose of the financial statements, the results and financial position are expressed in Australian dollars, which is the functional currency of The Kokoda Track Foundation Limited and the presentation currency for the financial statements.

(b) **Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

**Donations**

Donations and collections are recognised when control passes which is normally on receipt.

**Other revenue**

Other revenue is recognised when the right to receive the revenue has been established.

**Interest**

Interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(c) **Income tax**

The foundation is income tax exempt pursuant to Section 50-5 of the Income Tax Assessment Act 1997.

(d) **Financial assets**

Other financial assets are classified as 'loans and receivables'.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter year.

**Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

(e) **Financial instruments issued by the Foundation**

**Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost. Amortised cost is the initial amount payable less any repayments.

(f) **Comparative figures**

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

# The Kokoda Track Foundation Limited

## Notes to the financial statements for the financial year ended 31 December 2011

### 2. Significant accounting policies (continued)

#### (g) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standards which are expected to be applicable to the Foundation will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the company's financial report:

<u>Standard/Interpretation</u>	<u>Effective for annual reporting years beginning on or after</u>	<u>Expected to be initially applied in the financial year ending</u>
• AASB 9 <i>Financial Instruments</i> , AASB 2009-11 and AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	1 January 2013	31 December 2013
• AASB 2010-6 <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets</i>	1 July 2011	31 December 2012
• AASB 1054 <i>Australian Additional Disclosures</i>	1 July 2011	31 December 2012
• AASB 2011-1 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i>	1 July 2011	31 December 2012
• AASB 2011-5 <i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation</i>	1 July 2011	31 December 2012
• AASB 12 <i>Disclosure of Involvement with Other Entities</i>	1 January 2013	31 December 2013
• AASB 13 <i>Fair Value Measurement</i>	1 January 2013	31 December 2013
• AASB 119 <i>Employee Benefits</i>	1 January 2013	31 December 2013
• AASB 2011-8 <i>Amendments to Australian Accounting Standards arising from AASB 13</i>	1 January 2013	31 December 2013

# The Kokoda Track Foundation Limited

---

## Notes to the financial statements for the financial year ended 31 December 2011

### 2. Significant accounting policies (continued)

#### (g) Standards and Interpretations issued not yet effective (continued)

- |  |                |                  |
|--|----------------|------------------|
| • AASB 2011-9 <i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income</i> | 1 July 2012    | 31 December 2013 |
| • AASB 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)</i>               | 1 January 2013 | 31 December 2013 |
| • AASB 2011-13 <i>Amendments to Australian Accounting Standard – Improvements to AASB 1049</i>                           | 1 July 2012    | 31 December 2013 |

# The Kokoda Track Foundation Limited

## Notes to the financial statements for the financial year ended 31 December 2011

	2011 \$	2010 \$
<b>3. Departmental breakdown</b>		
<b>Education programs</b>		
Donations – specific	544,237	150,972
Outgoings	(231,618)	(110,978)
	312,619	39,994
<b>Health programs</b>		
Donations – specific	75,482	10,723
Donations – general	-	18,357
Outgoings	(41,491)	(29,080)
	33,991	-
<b>Community Development programs</b>		
Donations – specific	100,198	12,821
Donations – general	17,409	34,299
Outgoings	(133,685)	(47,120)
	(16,078)	-
<b>Microbusiness program</b>		
Donations – specific	6,395	26,730
Donations – general	36,851	-
Outgoings	(43,246)	(15,737)
	-	10,993
<b>Ralph Honner Oration Dinner</b>		
Income	51,706	65,678
Expenses	(28,022)	(34,117)
	23,684	31,561
<b>Administration &amp; General</b>		
Donations – general	99,089	78,442
Other income	18,164	12,809
Expenses – fundraising	(17,142)	(14,158)
Expenses – administration & general	(100,111)	(60,809)
	-	16,284
<b>Surplus for the year</b>	354,216	98,832

Any surplus on a program is quarantined for use on the designated program for future years.

# The Kokoda Track Foundation Limited

---

## Notes to the financial statements for the financial year ended 31 December 2011

### 4. Key management personnel compensation

	2011 \$	2010 \$
Employee benefits	113,088	98,100

### 5. Trade and other receivables

	2011 \$	2010 \$
Solicitor's trust account balance (PNG)	-	19,137
Sundry debtors	3,101	-
Prepayments	1,613	1,613
	<u>4,714</u>	<u>20,750</u>

### 6. Trade and other payables

	2011 \$	2010 \$
Accrued expenses	7,921	6,822
Employee entitlements	9,037	4,528
	<u>16,958</u>	<u>11,350</u>

# The Kokoda Track Foundation Limited

---

## Notes to the financial statements for the financial year ended 31 December 2011

### 7. ANALYSIS OF FUNDS HELD FOR SPECIFIC PURPOSES

	Education	Health	Community Development	Microbusiness	Ralph Honner	Total
	\$	\$	\$	\$	\$	\$
As at beginning of financial year	39,994	-	16,078	10,993	44,845	111,910
Donations for current year	544,237	75,482	100,198	6,395	51,706	778,018
Transfer from General Funds	-	-	17,409	36,851	-	54,260
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	584,231	75,482	133,685	54,239	96,551	944,188
Distribution of funds for specific purpose	(231,618)	(41,491)	(133,685)	(43,246)	(28,022)	(478,062)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at end of financial year	352,613	33,991	-	10,993	68,529	466,126



# **The Kokoda Track Foundation Limited**

---

## **Notes to the financial statements for the financial year ended 31 December 2011**

### **8. Members' guarantee**

The Foundation is limited by guarantee. If the Foundation is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards any outstanding obligations of the Foundation. At 31 December 2011, the number of members was 239 (31 December 2010: 201).

### **9. Segment information**

The Foundation is a not for profit company which operated in one business segment in PNG and Australia and as such, no segment disclosure is deemed necessary.

# The Kokoda Track Foundation Limited

## Notes to the financial statements for the financial year ended 31 December 2011

### 10. Notes to the statement of cash flows

#### (a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	2011 \$	2010 \$
Cash at bank	678,484	302,624

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

	2011 \$	2010 \$
Surplus for the year	354,216	98,832
Interest income received and receivable	(12,604)	(6,809)
<i>Changes in net assets and liabilities:</i>		
(Increase)/decrease in assets:		
Trade and other receivables	16,053	(14,072)
Increase/(decrease) in liabilities:		
Trade and other payables	5,591	(150)
Net cash provided by operating activities	363,256	77,801

### 11. Financial instruments

#### a) Categories of financial instruments

	2011 \$	2010 \$
<b>Financial assets</b>		
Trade and other receivables	4,714	20,750
Cash and cash equivalents	678,484	302,624
<b>Financial liabilities</b>		
Trade and other payables	16,958	11,350

#### (b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

# The Kokoda Track Foundation Limited

---

## Notes to the financial statements for the financial year ended 31 December 2011

### 12. Auditors remuneration

Deloitte Touche Tohmatsu is the auditor of the Company. Deloitte Touche Tohmatsu provides services to the Company on a pro-bono basis, as in previous years.

### 13. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 18<sup>th</sup> April 2012.

### 14. Additional information required under the Charitable Fundraising Act 1991

(a) Information and declarations to be furnished under the Charitable Fundraising Act 1991. Details of aggregate gross income and total expenses of fundraising.

	2011 \$	2010 \$
<b>Gross proceeds from fundraising</b>		
Special events and donations	931,367	398,021
<b>Direct costs of fundraising</b>		
Special events and donations	(45,164)	(48,275)
<b>Net surplus from fundraising</b>	<u>886,203</u>	<u>349,746</u>

(b) Fundraising conducted during the year ended 31 December 2011.

Special events – Ralph Honner Oration Dinner

# The Kokoda Track Foundation Limited

## Notes to the financial statements for the financial year ended 31 December 2011

### 14. Additional information required under the Charitable Fundraising Act 1991 (continued)

#### (c) Application of funds for charitable purposes

	2011 \$	2010 \$
Net surplus from fundraising	886,203	349,746
This was applied to the charitable purposes in the following manner:		
Expenditure on services	450,040	202,915
Expenditure on administration, marketing and indirect costs	100,111	60,808
<b>Total operating expenditure</b>	<b>550,151</b>	<b>263,723</b>
Surplus between fundraising and expenditure	336,052	86,023
The surplus of \$336,052 (31 December 2010: surplus of \$86,023) was increased by income from the following sources:		
Membership fees	5,560	6,000
Interest received	12,604	6,809
<b>Total income from other sources</b>	<b>18,164</b>	<b>12,809</b>
<b>Operating surplus</b>	<b>354,216</b>	<b>98,832</b>

#### (d) Comparison of certain monetary figures and percentage

	Fundraising cost/ net surplus \$	Gross income from fundraising \$	2011 %	2010 %
Fundraising costs as % of gross income	45,164	931,367	5	9
Net surplus from fundraising as % of gross income from fundraising	886,203	931,367	95	91
	Total costs of services \$	Total expenditure \$	2011 %	2010 %
Cost of services as % of total expenditure	450,040	550,151	82	73
	Total costs of services \$	Total income received \$	2011 %	2010 %
Cost of services as % of income received	450,040	949,531	47	49
- Fundraising		931,367		
- Other income		18,164		
		949,531		