

The Kokoda Track Foundation Limited

ABN 45 103 660 948

Annual report for the financial year ended
30 June 2009

The Kokoda Track Foundation Limited

Annual Report for the financial year ended 30 June 2009

	Page
Chairman's report	1
Directors' report	3
Auditor's independence declaration	6
Independent auditor's report	7
Directors' declaration	9
Declaration under the Charitable Fundraising Act	10
Index to the financial report	11
Annual financial report:	
Income statement	12
Balance sheet	13
Statement of changes in equity	14
Cash flow statement	15
Notes to the financial statements	16



The Kokoda Track Foundation

Chairman's Report

A Year of Growth and Achievement

2008-9 was an exciting year of growth and achievement for the Kokoda Track Foundation. The Foundation appointed its first Executive Director, was commissioned by the Department of Environment Water, Heritage and the Arts (DEWHA) to conduct a study into microbusiness opportunities for communities along the Track, held its first board meeting at Kokoda, conducted an education and health audit along the Track and developed and expanded a range of other projects,

In January 2009, we were delighted to welcome Dr Genevieve Nelson as our first Executive Director. She began working four days a week but has since expanded her role to fulltime. She walked the Track four times during the year as she led an education and health audit, researched the DEWHA study and monitored our scholarship schools and seed multiplication nurseries.

Dr Nelson has overseen the expansion of our *Fuzzy Wuzzy Angel Scholarship Program*, which provided 124 scholarships to primary and secondary students along the Kokoda Track during the year (40 boys and 39 girls at primary level and 21 boys and 24 girls at secondary level). This is a significant increase from our 35 scholarships the year before.

Dr Nelson has also been instrumental in extending our scholarship coverage to primary schools and unveiling our *Adopt an Angel Program*, under which donors can sponsor a particular child for the course of their schooling. (We select scholarship students on the basis of a set of strict criteria: academic merit; gender equality; family need; and residence in the Kokoda Track catchment area. The Foundation supports these students by paying their tuition fees, boarding and food costs, and school uniform and resources for the year. We will commit to these students over the course of their entire education.)

Through our *School Resource Program* we supported 23 elementary, primary, and secondary schools with urgently needed school resources. (Each school is given its funding allocation via an account with the largest education resource supplier in PNG, based on the needs of the school and the number of enrolled students. School principals then choose the resources they need - usually PNG school curriculum materials, including textbooks, reading books, and teaching materials, desks, blackboards, and other stationary items.)

One of the great successes of our PNG Programs has been our *Northern Province Food Restoration Program*, which has now moved into the vital distribution phase. In responding to Cyclone Guba in 2007, the Foundation constructed three mother seed multiplication nurseries in Oro Province. With assistance from the National Agriculture Research Institute in PNG, the seed nurseries are now multiplying and producing all strains and variations of crops that local villagers need to restart their food gardens. Seedlings are being distributed to numerous satellite nurseries throughout the Province that are being constructed by local communities. From there they are then distributed to household food gardens. The Foundation will continue to support the Seed Nurseries throughout this ongoing distribution phase as our team strives to get the seedlings to the more remote, and often most affected, regions of the Province.

The Foundation broke new ground when the Department of Environment, Water, Heritage and the Arts (DEWHA) commissioned it to conduct a study into microbusiness opportunities for the local communities along the Track. We engaged a team of expert consultants who ran workshops in ten villages along the Track, seeking the needs and desires of the communities in terms of small businesses they can establish to earn an income from trekkers. (The Foundation is

The Kokoda Track Foundation Limited

now working towards assisting communities to establishing these microbusinesses, starting by conducting cooking classes and small business workshops in the communities.)

Our *Krappers for Kokoda Project* has advanced significantly. The pilot eco-toilet has been installed and is being tested in Kagi village. Work has also begun on installing the other two pilot toilets at the Kokoda Skills Training Centre in Kokoda village and at Iarowari High School - both locations desperately in need of the toilets. Once we are satisfied with the effectiveness of the pilot toilets, we will move into Phase 2 of the project.

In September 2008, the Board held a very successful first meeting at Kokoda and visited the schools in the region, the Kokoda Hospital and the Northern Province Food Restoration Program at a variety of sites in Oro Province. We held a range of extremely valuable meetings with government, corporate and not-for-profit groups in Port Moresby and we were also able to visit a number of the schools we support and to meet many of our scholarship students.

In March 2009, Executive Director, Dr Genevieve Nelson, led an education and health audit across the Track. During this trek, the team worked with school principals to select the new cohort of scholarship recipients, assessed individual school needs and surveyed the needs and deficiencies of the health posts along the Track.

Financially, the Foundation has also had an outstanding year. We raised \$124,330 in donations over the period, up by more than 24 percent over the previous year (when you compare like with like by removing the one-off Cyclone Guba Appeal raisings of \$184,000 from the previous year's total). And this does not include the outstandingly successful 2009 Ralph Honner Oration Dinner, which fell outside the financial year but raised in excess of \$61,000. Our increased support base enabled us to increase our spending on PNG programs by more than 60% to \$142,000 over the financial year, to more than treble our school scholarships and to embark on a range of new projects that will bear fruit in the current financial year.

We have developed and strengthened many alliances during the year: like with the Kokoda Initiative; the Kokoda Development Program; the Kokoda Track Authority; the Department of Environment, Water, Heritage and the Arts; Sandy Hollway, Prime Minister's Envoy on Kokoda; the PNG High Commissioner to Australia His Excellency Charles Lepani; the Australian High Commission in PNG; AusAid; Rotary; the Northern Province Food Restoration Program; and the leading Kokoda Track trek operators.

Our thanks to Jason Franklin for his invaluable work as our part-time General Manager during the period of transition. We are now benefitting from Jason's excellent restructuring of our administration systems.

As always, my warm thanks go to each of our board members, to our dedicated Honorary Secretary, Salman Haq and to our Honorary Treasurer, Bernie Egan for their wisdom and enthusiastic support during the year.

And our special thanks to our Executive Director, Dr Gen Nelson, who has already stamped her authority on the administration of the Foundation and is developing an exciting array of programs and strategies to take it into the future.

The board also extends its sincere thanks to our Patron, His Excellency Major General Michael Jeffery AC CVO MC, former Governor-General of Australia, for his continued support.

Patrick Lindsay
Chairman

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 30 June 2009. 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:

Name	Qualifications and experience
Mr Patrick John Lindsay	Chairman Full time author Director – Limetree Productions Pty Limited
Mr Yahoo Serious	Hon DLitt. Hon Doctorate of Letters Producer, Director and Writer of feature films Actor Director – Serious Productions Pty Limited
Mr Peter Robert Thomas	Bachelor of Commerce Fellow of the Institute of Chartered Accountants Director – Indigenous Business Australia Director – The Australian Solar Institute Limited Director – Bluearth Institute
Dr Genevieve Fiona Nelson	Bachelor Psychology (Hons) 2005 PhD in Educational and Cross Cultural Psychology with the SELF Research Centre Executive Director, Kokoda Track Foundation
Mr David Crichton Frecker	B.A. and Master of Laws (Hons) from the University of Sydney Admitted as a solicitor in NSW (1972) and a lawyer in PNG (1975) Currently a partner with Blake Dawson in Sydney
Dr Stephen Leslie Wearing	Doctorate of Philosophy Masters of Town Planning Currently Associate Professor, School of Leisure, Sport and Tourism, Faculty of Business, University of Technology, Sydney Advisor to the Board of Youth Challenge Australia
Mr Graeme Austin Carroll	Eighteen years experience in corporate affairs in industry associations CEO of the RSL & Service Clubs Association for the last five years Prior experience in journalism Company secretary of RSL & Services Club Association, KYLC (Kokoda Youth Leadership Challenge) Benevolent Fund and Operation CARE Benevolent Fund

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

Company Secretary

Mr Salman Haq, FCIS, CA, FCA (England and Wales), held the position of company secretary of The Kokoda Track Foundation Limited at the end of the financial year. He was appointed Secretary of the Kokoda Track Foundation Limited in August 2006 and also holds the company secretary position of Provident Capital Limited. He is a member of the Chartered Institute of Company Secretaries in Australia.

The Kokoda Track Foundation Limited

Directors' report (continued)

Principal activities

The principal activity of the Foundation was to raise funds through donations. The principal expenditure activities were providing scholarships to school students from villages along the Kokoda Track in Papua New Guinea, providing medical supplies to clinics and hospitals on the Track providing assistance to people in the Oro Province following Cyclone Guba.

Review of operations

The net deficit of the Foundation for the financial year was \$38,511 (2008: surplus of \$121,755).

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.

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.

The Kokoda Track Foundation Limited

Directors' report (continued)

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, 8 meetings were held.

Directors	Held	Attended
Mr Patrick John Lindsay	8	8
Mr Yahoo Serious	8	8
Mr Peter Robert Thomas	8	6
Dr Genevieve Fiona Nelson	8	8
Mr David Crichton Frecker	8	7
Dr Stephen Wearing	8	4
Mr Graeme Austin Carroll	8	1

Auditor's independence declaration

The auditor's independence declaration is included on page 6 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 October 2009

Board of Directors
The Kokoda Track Foundation Limited
Level 8, 65 York Street
Sydney NSW 2060

30 October 2009

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 30 June 2009, 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 balance sheet as at 30 June 2009, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration as set out on pages 9 to 23. 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 30 June 2009.

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

The directors of the Foundation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for compliance with the *Charitable Fundraising Act 1991*. This responsibility includes establishing and maintaining internal control relevant to compliance with requirements of the *Charitable Fundraising Act 1991* and the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the Foundation'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. These Auditing 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 company 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 Foundation'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 entity's compliance with the *Charitable Fundraising Act 1991* and preparation and fair presentation of the financial report 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 entity'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 audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Basis for Qualified Auditor's Opinion

Donations are a significant source of 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 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 as to whether revenue, from donations by The Kokoda Track Foundation Limited is complete.

Qualified Auditor's Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the completeness of the donations revenue:

- (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 Foundation's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 30 June 2009; and
- (c) monies received by The Kokoda Track Foundation Limited, as a result of fundraising appeals conducted during the year ended 30 June 2009, 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 October 2009

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

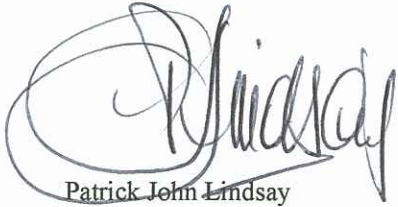
Sydney, 30 October 2009

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; 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 October 2009

The Kokoda Track Foundation Limited

Index to the financial report

Contents	Page
Income statement	12
Balance sheet	13
Statement of changes in equity	14
Cash flow statement	15
Notes to the financial statements:	
1 General information	16
2 Significant accounting policies	16
3 Segment information	18
4 Departmental breakdown	19
5 Trade and other receivables	20
6 Trade and other payables	20
7 Members' guarantee	20
8 Notes to the cash flow statement	20
9 Financial instruments	21
10 Remuneration of auditors	22
11 Additional information required under the Charitable Fundraising Act 1991	22

The Kokoda Track Foundation Limited

Income statement for the financial year ended 30 June 2009

	Note	2009 \$	2008 \$
Income			
Revenue:			
Donations		124,330	284,750
Auction		-	7,125
Ticket sales		-	59,841
Department of Environment, Water, Heritage and the Arts (DEWHA)		44,319	-
Other income:			
Membership		6,020	5,785
Other		1,056	-
Finance income		6,614	8,922
Total income		182,339	366,423
Expenses			
DEWHA program		(14,748)	-
Ralph Honner Leadership Oration		(3,620)	(66,003)
PNG programs		(142,107)	(86,487)
Employee benefits expense		(30,616)	-
Travel		(932)	(989)
Consultancy expenses		(14,558)	(63,212)
Website and design costs		(4,721)	(10,082)
Computer costs		(300)	(1,037)
Postage, printing and stationery		(1,947)	(780)
Telephone		(279)	(925)
Insurance		(855)	(965)
Office rental		(880)	(2,860)
Other expenses		(5,287)	(11,328)
Total expenses		(220,850)	(244,668)
(Deficit)/surplus for the year	4	(38,511)	121,755

Notes to the financial statements are included on pages 16 to 23.

The Kokoda Track Foundation Limited

Balance sheet as at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Cash and cash equivalents	8(a)	185,757	221,120
Trade and other receivables	5	16,976	22,557
Total current assets		<u>202,733</u>	<u>243,677</u>
Total assets		<u>202,733</u>	<u>243,677</u>
Current liabilities			
Trade and other payables	6	9,539	11,972
Total current liabilities		<u>9,539</u>	<u>11,972</u>
Total liabilities		<u>9,539</u>	<u>11,972</u>
Net assets		<u>193,194</u>	<u>231,705</u>
Equity			
Retained earnings		193,194	231,705
Total equity		<u>193,194</u>	<u>231,705</u>

Notes to the financial statements are included on pages 16 to 23.

The Kokoda Track Foundation Limited

Statement of changes in equity for the financial year ended 30 June 2009

	Retained earnings \$	Total \$
Balance at 1 July 2007	109,950	109,950
Surplus for the year	121,755	121,755
Balance at 30 June 2008	231,705	231,705
Balance at 1 July 2008	231,705	231,705
Deficit for the year	(38,511)	(38,511)
Balance at 30 June 2009	193,194	193,194

Notes to the financial statements are included on pages 16 to 23.

The Kokoda Track Foundation Limited

Cash flow statement for the financial year ended 30 June 2009

	<u>Note</u>	<u>2009</u> \$	<u>2008</u> \$
Cash flows from operating activities			
Receipts from customers		253,288	345,953
Payments to suppliers and employees		(211,311)	(239,185)
Net cash (used in)/provided by operating activities	8(b)	(41,977)	106,768
Cash flows from investing activities			
Interest received		6,614	8,922
Net cash provided by investing activities		6,614	8,922
Net (decrease)/increase in cash and cash equivalents		(35,363)	115,690
Cash and cash equivalents at the beginning of the financial year		221,120	105,430
Cash and cash equivalents at the end of the financial year	8(a)	185,757	221,120

Notes to the financial statements are included on pages 16 to 23.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2009

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 and principal place of business

Level 8
65 York Street
SYDNEY NSW 2000

The principal activity of the Foundation was to raise funds through donations. The principal expenditure activities were providing scholarships to school students from villages along the Kokoda Track in Papua New Guinea, providing medical supplies to clinics and hospitals on the Track providing assistance to people in the Oro Province following Cyclone Guba.

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 and Interpretations, and complies with other requirements of the law.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Foundation comply with International Financial Reporting Standards ('IFRS').

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Adoption of new and revised Accounting Standards

In the current year, the Foundation has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2009

2. Significant accounting policies (continued)

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 revenue

Donations and collections are recognised when received.

Other revenue

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

Interest revenue

Interest revenue 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) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

(e) 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 period. 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 period.

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.

(f) 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.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2009

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 Foundation's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 101 'Presentation of Financial Statements' (revised September 2007), AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101', AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101'	1 January 2009	30 June 2010
• AASB 8 'Operating Segments', AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'	1 January 2009	30 June 2010
• AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments'	1 January 2009 (and that ends on or after 30 April 2009)	30 June 2010

Initial application of the following Standards/Interpretations which are expected to be applicable to the Foundation is not expected to have any material impact on the financial report of the Foundation:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 January 2009	30 June 2010
• AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 July 2009	30 June 2010
• AASB 2009-4 'Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 July 2009	30 June 2010
• AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 January 2010	30 June 2011
• AASB 2009-6 'Amendments to Australian Accounting Standards'	1 January 2009	30 June 2010
• AASB 2009-7 'Amendments to Australian Accounting Standards'	1 July 2009	30 June 2010
• AASB 1 'First-time Adoption of Australian Accounting Standards'	1 July 2009	30 June 2010

3. Segment information

The Foundation operated in one business segment and one geographic segment and as such, no segment disclosure is deemed necessary.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2009

4. Departmental breakdown

	2009 \$	2008 \$
Ralph Honner Oration		
Income	-	66,966
Expenses	(3,620)	(66,003)
	<u>(3,620)</u>	<u>963</u>
Representatives in Papua New Guinea		
Income	-	25,000
Expenses	-	(17,417)
	<u>-</u>	<u>7,583</u>
Department of the Environment, Water, Heritage and the Arts (DEWHA)		
Income	44,319	-
Expenses	(14,748)	-
	<u>(29,571)</u>	<u>-</u>
General fund raising		
Income	138,020	274,457
Expenses	(63,995)	(74,761)
Papua New Guinea programs	(142,107)	(86,487)
	<u>(68,082)</u>	<u>113,209</u>
(Deficit)/surplus for the year	<u>(38,511)</u>	<u>121,755</u>

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2009

5. Trade and other receivables

	2009 \$	2008 \$
Solicitor's trust account balance (PNG) receivable	16,976	22,557

6. Trade and other payables

	2009 \$	2008 \$
Accrued expenses	9,539	11,972

7. 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 30 June 2009, the number of members was 161 (2008: 139).

8. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes 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 cash flow statement is reconciled to the related items in the balance sheet as follows:

	2009 \$	2008 \$
Cash at bank	185,757	221,120

(b) Reconciliation of (deficit)/surplus for the period to net cash flows from operating activities

	2009 \$	2008 \$
(Deficit)/surplus for the year	(38,511)	121,755
Interest income received and receivable	(6,614)	(8,922)
<i>Changes in net assets and liabilities:</i>		
(Increase)/decrease in assets:		
Trade and other receivables	5,581	(11,548)
Increase/(decrease) in liabilities:		
Trade and other payables	(2,433)	5,483
Net cash (used in)/provided by operating activities	(41,977)	106,768

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2009

9. Financial instruments

(a) Capital risk management

The Foundation manages its capital to ensure it will continue as a going concern. The Foundation's overall strategy remains unchanged from 2008. The capital structure of the Foundation consists of cash and cash equivalents and retained earnings. Operating cash flows are used to maintain and expand the operations of the Kokoda Track Foundation.

b) Categories of financial instruments

Financial assets

Trade and other receivables	16,976	22,557
Cash and cash equivalents	185,757	221,120

(c) Financial risk management objectives

The Foundation does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Foundation's activities expose it primarily to the financial risks of changes in interest rates.

(d) 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.

(e) Market risk

The Foundation's activities expose it to the financial risks of changes in interest rates. The Foundation has not used any derivative financial instruments to hedge its exposure to interest rate risk. There has been no change to the Foundation's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(d) Interest rate risk

The Foundation's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted average effective interest rate		Floating interest rate	
	2009 %	2008 %	2009 \$	2008 \$
Financial assets				
Cash	2.0	6.20	185,757	221,120
Total financial assets			185,757	221,120
	Non-interest bearing		Total	
	2009 \$	2008 \$	2009 \$	2008 \$
Financial assets				
Cash	-	-	185,757	221,120
Receivables	16,976	22,557	16,976	22,557
Total financial assets	16,976	22,557	202,733	243,677
Financial liabilities				
Trade and other payables	9,539	11,972	9,539	11,972
Total financial liabilities	9,539	11,972	9,539	11,972

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2009

9. Financial instruments (continued)

(f) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and noted to the financial report. The Foundation does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Foundation.

(g) Net fair values

For financial assets and liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

(h) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Foundation's short, medium and long term funding and liquidity management requirements. The Foundation manages liquidity risk by maintaining adequate reserves and banking facilities by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Foundation also uses a trade receivables and trade payables finance facility to manage its liquidity risk.

10. Remuneration of auditors

The auditor of The Kokoda Track Foundation Limited is Deloitte Touche Tohmatsu. The audit is carried out pro-bono.

11. 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 appeals.

	2009 \$	2008 \$
Gross proceeds from fundraising appeals		
Special events and donations	124,330	351,716
Direct costs of fundraising appeals		
Special events and donations	(3,620)	(66,003)
Net surplus from fundraising appeals	120,710	285,713

(b) Fundraising appeals conducted during the year ended 30 June 2009.

Special events – Ralph Honner Leadership Oration

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 30 June 2009

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

(c) Application of funds for charitable purposes

	2009 \$	2008 \$
Net surplus from fundraising appeals	120,710	285,713
This was applied to the charitable purposes in the following manner:		
Expenditure on services	142,107	86,487
Expenditure on administration, marketing and indirect costs	75,123	92,178
Total operating expenditure	217,230	178,665
(Deficit)/surplus between fundraising appeals and expenditure	(96,520)	107,048
The deficit of \$96,520 (2008: surplus of \$107,048) was decreased by income from the following sources:		
Department of the Environment, Water, Heritage and the Arts Grant	44,319	-
Membership fees	6,020	5,785
Interest received	6,614	8,922
Other	1,056	-
Total income from other sources	58,009	14,707
Operating (deficit)/surplus	(38,511)	121,755

(d) Comparison of certain monetary figures and percentage

	Fundraising \$	Gross income from fundraising \$	2009 %	2008 %
Total cost	3,260	123,300	3	19
Net surplus from fundraising appeals	120,710	123,300	97	81
	Total costs of services \$	Total expenditure \$	2009 %	2008 %
Services and expenditure	142,107	217,230	65	48
	Total costs of services \$	Total income received \$	2009 %	2008 %
Services and income received	142,107	178,719	80	29
<i>Fundraising appeals</i>		<i>120,710</i>		
<i>Other income</i>		<i>58,009</i>		
		<u><i>178,719</i></u>		