

# **The Kokoda Track Foundation Limited**

**ABN 45 103 660 948**

Annual report for the financial year ended  
31 December 2014

# The Kokoda Track Foundation Limited

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## Annual report for the financial year ended 31 December 2014

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# Chairman's Report

A busy year of consolidation and growth in 2014 saw the Foundation secure two key accreditations, complete a substantial administrative restructure and deliver a significant increase in our program capacity.

During the year the Foundation secured full membership of the Australian Council For International Development (ACFID) and accreditation by the Australian Government's Australian-NGO Cooperation Program (under the auspices of the Department of Foreign Affairs and Trade).

These credentials are a testament to our organisation's maturity and standing. They came after a sustained and extensive organisational review and restructure - a great credit to our staff, board and our pro-bono advisors L.E.K. Consulting. The accreditations open exciting possibilities for future partnerships as well as underpinning our broad strategies to extend our program delivery in PNG.

In 2014 we were delighted to welcome a new director, Bill James, a long-term benefactor and supporter. Our administration welcomed two new key members: Cory Steinhauer as our new General Manager; and Mike Nelson as our Operations Manager. Both played leading roles in the lengthy accreditation processes and in the review, development, and expansion of our internal structure and our PNG programs. Other key members of our management team, Petra Arifeae and Vera Huntink in Sydney and Charles Arifeae, Wampy Irido, Saii Faole, Grayson Kaumi, Elijah Sarigari, Joe Inoro and Theo Laimo in PNG, took on additional responsibilities and performed wonderfully during this transitional period.

In the first half of the year, our Hon Treasurer and board member, Bernie Egan, stepped in to lead the administrative team during our CEO Dr Gen Nelson's maternity leave. We sincerely thank Bernie for his commitment, skill and wisdom in guiding the team through a period of substantial change.

In 2014 we also made substantial progress toward the completion of our flagship project, the Kokoda College teaching facility at Kou Kou village, outside Kokoda. Indeed, the College's School of Education will offer its first official classes in mid 2015 and the buildings should be all in place by the end of 2015. 2014 saw significant ongoing investment in the infrastructure of the College, funded by donations received during our fundraising campaign in 2012 and 2013 and not by income in 2014. This largely explains the deficit for the year.

We continued to support our teachers and community health workers in our catchment area and we grew and developed our education, health and livelihood programs. Our Archer Scholarship Program went from strength to strength. Its alumni are already making their mark with significant contributions in PNG society.

We have developed extensive plans for an organisational 'brand and website refresh' commensurate with our growth strategy. We are confident these will bear substantial fruit during 2015, allowing us to expand our supporter and funding base and to extend our program reach.

My sincere thanks to our board for their continuing guidance and wisdom and to our staff, both in Australia and PNG, for their unstinting work during a testing time. A special thank you to the team at L.E.K. Consulting for their skill and their generous advice in helping us develop our business plans and future strategies.

Finally, our sincere thanks to all our volunteers, supporters and benefactors for their generous contributions during the year. Please rest assured that your support is enabling us to make a difference in a growing number of lives in PNG.

As we move toward the 75<sup>th</sup> anniversary of the Kokoda Campaign the spirit of Kokoda flourishes and the KTF stands poised to take its work to a new level.



**Patrick Lindsay**  
**Chairman**  
**Sydney, 6 May 2015**



# Chief Executive Officer's Report

2014 was a year of consolidation and strategic planning for the KTF. It was year to reflect on the achievements of the past decade and a time to plan for the next exciting chapter of the organisation's life. Despite a decade of sustained economic development, the majority of PNG's population has realised few tangible improvements to their quality of life. A significant percentage of the population lacks access to basic health, education, water and sanitation, energy and financial services. At the heart of KTF's operations, is the overarching goal to empower communities to lift themselves out of poverty. Our programs in education, health, livelihoods and leadership made a significant contribution to this in 2014.

We made significant progress on the construction of the Kokoda College, KTF's flagship education and health training facility, and the School of Education is now complete. Classes for the Diploma of Elementary Teaching will resume in June 2015 and construction on the School of Health will continue until the end of 2015. Our extremely hard working local team of Charles, Wampy, Theo and Joe have done an extraordinary job on the construction, aided by some wonderful volunteer Australian builders. Our teacher trainer, Petra Arifeae, has completed our world-class curriculum and will be on site at the College in June to train a new cohort of elementary teachers for PNG. Our wonderful donors have made this life-changing work possible and we are grateful for your ongoing support of this exciting initiative. With your help, this year we continued to support the posts of 25 teachers and 6 community health workers, from Sogeri to Efogi to Kokoda to the Northern Beaches. Our teachers are some of the best trained teachers in the region and with regular mentoring and professional development, they are able to provide a world-class education to children in their earliest years of learning. They are also supported via our Rich Learning Environments project with the educational resources and schools supplies, as well as support for infrastructure, to operate their schools.

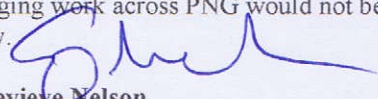
Our CHWs work in aid posts and health centres across the catchment region, providing high quality, primary healthcare to thousands of children and families. Our regular supply of drugs and health equipment, coupled with ongoing skills training and mentoring, mean they are well equipped to treat a range of critical health conditions in some very remote areas. Our work in livelihoods continued via our innovative Light Up PNG project and we recently partnered with the Secretariat of the Pacific Community to pilot a new solar base station energy model across two regions in Oro Province. By delivering small business training to women's groups and supporting them to establish microbusinesses from which they can earn a regular income, we are able to make a real difference in the lives and futures of their families and communities.

2014 was also an important year for our team in Sydney. We became full members of the Australian Council For International Development and we were also accredited with the Australian Government's Australian-NGO Cooperation Program (DFAT). These are significant milestones for the organisation and reflect the strong standing of the organisation in the face of external due diligence reviews. We have also recently rebranded the organisation and our new KTF brand signifies the exciting new chapter ahead of growth, transformation and expansion to new regions across PNG.

Our team in Sydney grew in 2014 and we welcomed Cory as our new General Manager and Mike as our Operations Manager. Both have been instrumental in supporting the organisation through its accreditation processes, growing our programs in PNG, and getting the organisation ready for the recent rebrand. We welcomed our new Administration Officer, Florentina, to the team in February 2015, and we welcomed Vera back from maternity leave to her role as Marketing & Communications Manager.

I spent the first half of 2014 expanding my own family and I welcomed my daughter, Emilie, into the world. During my maternity leave, Bernie Egan, KTF Director and Honorary Treasurer, was acting CEO and did a superb job at the head of the organisation. I am indebted to Bernie for his great commitment to KTF and the extraordinary amount of time and effort he dedicated to the job whilst I was on leave.

A heartfelt thanks to our board of directors for all of their time and energies in 2014, and in particular to our chair, Patrick Lindsay, who is unwavering in his commitment to the keeping the spirit of Kokoda alive. And my biggest thanks goes to all of our generous donors and volunteers for their enormous contribution in 2014. Without you, life-changing work across PNG would not be possible. You are the reason the spirit of Kokoda is well and truly alive today.

  
**Genevieve Nelson**  
**Chief Executive Officer**  
Sydney, 6 May 2015



## 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 2014. In order to comply with the provisions of the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC), 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
Patrick John Lindsay	Chairman -Kokoda Track Foundation Author Director – Lime Tree Productions Pty Limited
Genevieve Fiona Nelson	BPsych (Hons) (University of Western Sydney) PhD in Educational and Cross Cultural Psychology (University of Western Sydney) Chief Executive Officer - Kokoda Track Foundation Adjunct Research Fellow - Australian Catholic University
Elizabeth Jessie Carr	BA (Hons) (University of Western Australia) MPA (Harvard University) Fellow - Australian Institute of Company Directors Chairman - Macular Disease Foundation Australia; Charmain - St Catherine's Aged Care Services (NSW) Chairman - Department of Family & Community Services Audit & Risk Committee Member - Environmental Protection Authority (WA) Member - Safety, Return to Work and Support Board (NSW) Director - St Marys Anglican Girls School (WA);
Bernard Michael Egan	BA (Macquarie University) Certified Practicing Accountant Associate - Institute of Corporate Managers, Secretaries and Administrators Associate - Governance Institute of Australia Consultant – Banking and Risk Management
David Crichton Frecker	BA and LLM (Hons) (University of Sydney) Special Counsel – Ashurst Lawyers Director – Kula Gold Limited
William Manfred James	Bachelor of Economics (University of Sydney) Dip Education (University of Sydney) Director - Flight Centre Foundation
Yahoo Serious	Hon DLitt. Hon Doctorate of Letters Actor, Producer, Director and Writer of feature films Director – Serious Productions Pty Limited
Peter Robert Thomas	Bachelor of Commerce (University of Melbourne) Fellow - Institute of Chartered Accountants Member - Australian Institute of Company Directors Director – TFG International Pty Ltd Director – Indigenous Business Australia, Voyages Indigenous Tourism Australia; The Foundation for Alcohol Research and Education, , Bluearth Foundation
Stephen Leslie Wearing	PhD in the Nature of Ecotourism (Charles Sturt University) MTP (Research) (University of New South Wales) BTP (University of New South Wales) Associate Professor - Leisure, Sport and Tourism, Faculty of Business, University of Technology, Sydney Advisor - Volunteers in Community Engagement



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

### **Company Secretary**

Mr Salman Haq, FCIS, CA, FCA (England and Wales), is the company secretary. He was appointed Secretary of the Foundation in August 2006.

### **Principal activities**

The Foundation is an international aid organisation working in Papua New Guinea..

Its vision is to be a trusted, caring and innovative organisation contributing to a flourishing Papua New Guinea, whose people enjoy liberty through unfettered access to healthcare, education and human rights and thrive as a respected nation in our region.

Its mission is to work to improve the wellbeing and futures of the people of Papua New Guinea by assisting with education and healthcare, by respecting customs and environment, by improving livelihoods, by identifying and fostering the next generation of leaders, and by keeping the story of Kokoda alive.

### **Review of operations**

The Foundation's net deficit for the financial year was \$165,604 (2013: Deficit \$178,925). 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. The foundation is a Deductible Gift Recipient and as such can accept tax deductible donations.

### **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 pays no dividends.

## Directors' Report (continued)

### Directors' meetings

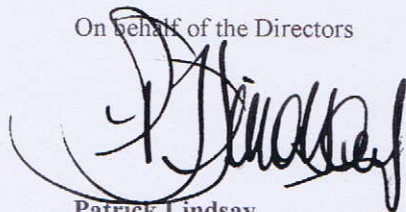
The following table sets out, for each director, the number of directors' meetings and meetings of the Finance Audit & Risk Management Committee held during the financial year (while they were a director) and the number of meetings attended by each director.

Directors	Held	Attended
Patrick Lindsay (Chairman)	5	5
Elizabeth Carr	5	5
Bernard Egan	5	5
David Frecker	5	5
Bill James	5	2
Genevieve Nelson (on leave January – June 2014)	2	2
Yahoo Serious	5	5
Peter Thomas	5	4
Stephen Wearing	5	5
<b>Finance Audit &amp; Risk Management Committee</b>		
David Frecker (Chairman)	6	6
Bernie Egan	6	6
Peter Thomas	6	5

### Auditor's independence declaration

The Lead Auditor's Independence Declaration is set out on page 7 and forms part of the Directors' Report for the financial year ended 31 December 2014.

On behalf of the Directors



Patrick Lindsay  
Chairman  
Sydney, 6 May 2015





**Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012**

To: the Directors of The Kokoda Track Foundation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2014 there have been:

- (i) no contravention of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contravention of any applicable code of professional conduct in relation to the audit.

*KPMG*

KPMG

**Daniel Robinson**  
*Director*

Sydney

6 May 2015





## **Independent auditor's report to the members of The Kokoda Track Foundation Limited**

### **Report on the financial report**

We have audited the accompanying financial report of The Kokoda Track Foundation Limited (the Foundation), which comprises the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 10 comprising a summary of significant accounting policies and the directors' declaration of the Foundation.

This audit report has also been prepared for the members of the Foundation in pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC) and Section 24(2) of the *Charitable Fundraising Act 1991 (NSW)*.

#### *Directors' responsibility for the financial report*

The Directors of the Foundation 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, ACNC, and the *Charitable Fundraising Act 1991 (NSW)*. The Directors' responsibility also includes such internal control as the Directors determine necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on 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 financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of 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 Foundation's 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 Foundation'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.

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC to provide a true and fair view which is consistent with our understanding of the Foundation's financial position and of its performance.

In addition, our audit report has also been prepared for the members of the Foundation to meet the requirements of the *Charitable Fundraising Act 1991 (NSW)*. Accordingly we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the ACNC. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *Charitable Fundraising Act 1991 (NSW)*.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year-end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year-end financial report preparation.

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.





*Basis for qualified auditor's opinion*

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

In respect of the qualification however, based on our understanding of the internal controls, nothing has come to our attention which would cause us to believe that the internal controls over revenue from fundraising appeal activities by the Foundation are not appropriate given the size and nature of the Foundation.

*Qualified auditor's opinion pursuant to the ACNC*

In our opinion except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial report of the Foundation is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (i) giving a true and fair view of the Foundation's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

*Qualified audit opinion pursuant to the Charitable Fundraising Act 1991(NSW)*

In our opinion, except for the possible effects of matter described in the basis for qualified opinion paragraph:

- (a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 31 December 2014;
- (b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2014 to 31 December 2014, in accordance with the *Charitable Fundraising Act 1991(NSW)* and Regulations;
- (c) money received as a result of fundraising appeal activities conducted during the period from 1 January 2014 to 31 December 2014 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991(NSW)* and Regulations; and
- (d) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

KPMG

KPMG

**Daniel Robinson**  
*Director*

Sydney

6 May 2015



# The Kokoda Track Foundation Limited

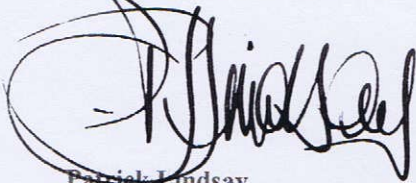
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## Directors' Declaration

In the opinion of the Directors of the Foundation:

- (a) the Foundation is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 12 to 21 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
  - (i) giving a true and fair of the Foundation's financial position as at 31 December 2014 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- (c) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Patrick Lindsay  
Chairman  
Sydney, 6 May 2015



# The Kokoda Track Foundation Limited

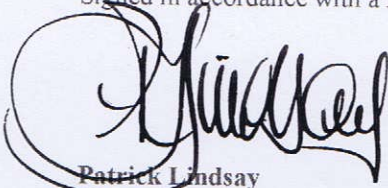
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## Declaration under the Charitable Fundraising Act 1991

I, Patrick 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 for the financial year ended 31 December 2014.
2. The statement of financial position gives a true and fair view of the status of affairs with respect to fundraising appeals for the financial year ended 31 December 2014.
3. The provisions of the Charitable Fundraising Act 1991 (NSW), the Regulations under the Act and the conditions attached to the authority have been complied with for the financial year ended 31 December 2014.
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.

Signed in accordance with a resolution of the directors:



Patrick Lindsay  
Chairman  
Sydney, 6 May 2015



# The Kokoda Track Foundation Limited

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# The Kokoda Track Foundation Limited

## Statement of Comprehensive Income for the financial year to 31 December 2014

	Note	2014 \$	2013 \$
<b>Income</b>			
Donations & Grants			
Education Projects		204,162	535,637
Health Projects		31,635	109,203
Microbusiness Projects		16,530	16,370
Community Development Projects		28,134	29,005
General		315,753	381,456
Ralph Honner Oration Dinner		125,720	70,554
Other Income			
Membership		-	1,690
Interest		9,443	4,940
<b>Total income</b>	6	<b>731,377</b>	<b>1,148,855</b>
<b>Expenses</b>			
Project Outgoings			
Education		383,855	791,478
Health		126,707	104,792
Microbusiness		60,138	70,967
Community Development		66,352	82,316
Fundraising Outgoings			
General		147,321	120,101
Ralph Honner Oration Dinner		40,639	30,418
Other Outgoings			
Administration & General		71,293	123,891
Finance Expense		676	3,817
<b>Total expenses</b>	6	<b>896,981</b>	<b>1,327,780</b>
<b>Deficit for the year</b>		<b>(165,604)</b>	<b>(178,925)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss for the year</b>		<b>(165,604)</b>	<b>(178,925)</b>

Notes to the financial statements are included on pages 17 to 21.



# The Kokoda Track Foundation Limited

## Statement of Financial Position as at 31 December 2014

	Note	31 December 2014 \$	31 December 2013 \$
<b>Current assets</b>			
Cash and cash equivalents	8(a)	599,865	756,130
Trade and other receivables	4	16,951	26,453
<b>Total current assets</b>		<u>616,816</u>	<u>782,583</u>
<b>Total assets</b>		<u>616,816</u>	<u>782,583</u>
<b>Current liabilities</b>			
Trade and other payables	5	39,535	39,698
<b>Total current liabilities</b>		<u>39,535</u>	<u>39,698</u>
<b>Total liabilities</b>		<u>39,535</u>	<u>39,698</u>
<b>Net assets</b>		<u>577,281</u>	<u>742,885</u>
<b>Accumulated funds</b>			
Funds held	6	577,281	742,885
<b>Total equity</b>		<u>577,281</u>	<u>742,885</u>

Notes to the financial statements are included on pages 17 to 21.



# The Kokoda Track Foundation Limited

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## Statement of Changes in Equity for the financial year ended 31 December 2014

	<b>Accumulated Funds \$</b>
Balance at 1 January 2013	921,810
Deficit for the year	<u>(178,925)</u>
<b>Balance at 31 December 2013</b>	<b><u>742,885</u></b>
Balance at 1 January 2014	742,885
Deficit for the year	<u>(165,604)</u>
<b>Balance at 31 December 2014</b>	<b><u>577,281</u></b>

Notes to the financial statements are included on pages 17 to 21.

# The Kokoda Track Foundation Limited

## Statement of Cash Flows for the financial year ended 31 December 2014

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Receipts from members, donors, fundraising activities		731,436	1,128,815
Payments to suppliers and employees		(897,144)	(1,340,009)
Net cash (used in)/provided by operating activities	8(b)	(165,708)	(211,194)
<b>Cash flows from investing activities</b>			
Payments for Property, Plant and Equipments		-	(2)
Interest received		9,443	4,940
Net cash provided by investing activities		9,443	4,938
Net decrease in cash and cash equivalents		(156,265)	(206,256)
Cash and cash equivalents at the beginning of the financial year		756,130	962,386
Cash and cash equivalents at the end of the financial year	8(a)	599,865	756,130

Notes to the financial statements are included on pages 17 to 21.



# The Kokoda Track Foundation Limited

## Notes to the financial statements for the financial year ended 31 December 2014

### 1. General information

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

The Foundation's registered office and its principal place of business are as follows:

Registered office	Principal place of business
Level 13	Level 2
167 Macquarie Street	189 Kent Street
SYDNEY NSW 2000	SYDNEY NSW 2000

The Foundation is an international aid organisation working in Papua New Guinea.

Its vision is to be a trusted, caring and innovative organisation contributing to a flourishing Papua New Guinea, whose people enjoy liberty through unfettered access to healthcare, education and human rights and thrive as a respected nation in our region.

Its mission is to work to improve the wellbeing and futures of the people of Papua New Guinea by assisting with education and healthcare, by respecting customs and environment, by improving livelihoods, by identifying and fostering the next generation of leaders, and by keeping the story of Kokoda alive.

The Foundation raises funds in Australia to develop, implement and evaluate its programs in education, health, community development and microbusinesses, including in the Kokoda Track catchment region in Papua New Guinea.

### 2. Significant accounting policies

#### Statement of compliance

The financial report is Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB-RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012.

#### 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.

#### 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 Foundation and the presentation currency for the financial statements. Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.



# The Kokoda Track Foundation Limited

## Notes to the financial statements for the financial year ended 31 December 2014

### 2. Significant accounting policies (continued)

#### (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 a registered charity and is exempt from income tax 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) Trade payables and other 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.

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

A number of accounting standards and amendments with applicable commencement dates subsequent to year end were available for early adoption in these financial statements. The potential impacts of these accounting standards has not yet been determined. However, it is unlikely the standards will have any financial impact when adopted. The Foundation does not plan to adopt these standards early.



# The Kokoda Track Foundation Limited

## Notes to the financial statements for the financial year ended 31 December 2014

### 3. Key management personnel compensation

	2014 \$	2013 \$
Employee benefits	103,523	145,000

### 4. Trade and other receivables

	2014 \$	2013 \$
Sundry debtors	-	15,100
Prepayments	1,613	1,613
GST Receivable	15,338	9,740
	<u>16,951</u>	<u>26,453</u>

### 5. Trade and other payables

	2014 \$	2013 \$
Accrued expenses	24,196	25,593
Employee entitlements	15,339	14,105
	<u>39,535</u>	<u>39,698</u>

### 6. Analysis of funds held

	Education \$	Health \$	Community Development \$	Microbusiness \$	General \$	Total \$
As at beginning of financial year	335,196	51,831	-	4,905	350,953	742,885
Donations for current year	204,162	31,635	28,134	16,530	450,916	731,377
	<u>539,358</u>	<u>83,466</u>	<u>28,134</u>	<u>21,435</u>	<u>801,869</u>	<u>1,474,262</u>
Transfer from General	-	43,241	38,218	38,703	(120,162)	
Distribution of funds for specific purpose	(383,855)	(126,707)	(66,352)	(60,138)	(259,929)	(896,981)
As at end of financial year	<u>155,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>421,778</u>	<u>577,281</u>

Any surplus on a program is quarantined for use on the designated program for future years. The majority of donations received by the Foundation are received directly in the Foundation's bank account or are received via credit card or cheque, with receipts issued for all donations received.

# The Kokoda Track Foundation Limited

## Notes to the financial statements for the financial year ended 31 December 2014

### 6. Analysis of funds held (continued)

#### Reconciliation of General funds held

	2014 \$	2013 \$
As at beginning of the financial year	350,953	173,142
<b>Income</b>		
General	315,753	381,456
Ralph Honner Oration Dinner	125,720	70,554
Other	9,443	6,630
	<u>450,916</u>	<u>458,640</u>
Transfer from general funds	(120,162)	(2,601)
<b>Expenses</b>		
Ralph Honner Oration Dinner	(40,639)	(30,418)
Fundraising	(147,321)	(120,101)
Other	(71,969)	(127,709)
	<u>(259,929)</u>	<u>(278,228)</u>
As at end of financial year	<u>421,778</u>	<u>350,953</u>

### 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 towards any outstanding obligations of the Foundation.



# The Kokoda Track Foundation Limited

## Notes to the financial statements for the financial year ended 31 December 2014

### 8. 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:

	2014 \$	2013 \$
Cash at bank	599,865	756,130

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

	2014 \$	2013 \$
(Deficit)/Surplus for the year	(165,604)	(178,925)
Interest income received and receivable	(9,443)	(4,940)
Depreciation and Amortisation	-	8,568
Other	(326)	-
	<u>(175,373)</u>	<u>(175,297)</u>
<i>Changes in net assets and liabilities:</i>		
<i>(Increase)/Decrease in assets:</i>		
Trade and other receivables	15,100	(15,100)
GST Receivable	(5,598)	(9,740)
<i>Decrease/(Increase) in liabilities:</i>		
Trade and other payables	163	(11,057)
Net cash (used in)/provided by operating activities	<u>(165,708)</u>	<u>(211,194)</u>

### 9. Auditor's remuneration

KPMG is the auditor of the Foundation. KPMG provides services to the Company on a pro-bono basis.

### 10. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 6 May 2015.