

The Kokoda Track Foundation Limited

ABN 45 103 660 948

Annual report for the financial year ended
31 December 2023

The Kokoda Track Foundation Limited

Annual report for the financial year ended 31 December 2023

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Chair and Chief Executive Officer's Report

As we reflect on the year that was, we celebrate another period of remarkable outcomes and expansion for the Kokoda Track Foundation (KTF). In 2023, we celebrated the 20th anniversary of our establishment and the year has been a testament to our dedication to empowering the people and communities of Papua New Guinea (PNG). Our commitment has only deepened, with significant strides in education, health, equality, and leadership. Our journey of two decades has been filled with both achievements and learning experiences, all of which have further fuelled our mission to make a lasting impact on the lives we impact.

In education, KTF proudly operated nine second-chance high school Colleges delivering PNG's *Flexible Open and Distance Education (FODE)* curriculum throughout 2023, marking a notable expansion into New Ireland Province in partnership with Newmont. In 2024, our operations have further expanded to 14 FODE Colleges, including new facilities in the Namatanai District of New Ireland Province and the Pari & Taurama FODE Centres in the National Capital District (NCD). This expansion underscores our unwavering dedication to providing second-chance education pathways across PNG.

SDP's Balimo Teachers College, delivered in partnership with KTF, is a cornerstone of our initiative to enhance education in Western Province, and has just recently entered its third year of operations. In 2023, we celebrated the completion of our second year, training the first cohort of teachers in Western Province, thereby laying a solid foundation for future educational excellence.

Another historic milestone was achieved at the Mt Koiari FODE Centre, where students of the Kokoda Track sat for national examinations on-site in Manari village for the first time ever. These landmark examinations epitomize our mission to bring educational opportunities directly to the remote communities we serve.

Our partnership with the PNG Sustainable Development Program (SDP) in implementing e-learning programs across Balimo and Morehead schools has yielded statistically significant improvements in both teacher and student outcomes, particularly in literacy and numeracy, showcasing the transformative power of technology in education for rural areas.

KTF's Light for Learning program continued to illuminate lives, and we have now installed over 17,000 household solar lighting and energy systems across remote areas of Oro and Western Provinces. This initiative not only brightens homes but also fosters conducive learning environments for students, healthier and safer communities, and enhanced opportunities for livelihoods.

In the health program, we maintained our operation of 14 aid posts and health facilities, reaching a catchment population of 108,000 people with essential services such as primary healthcare, child and maternal health, family planning, immunizations, and public health campaigns.

Our commitment to young people remained steadfast, with the continuation of the Kicks for Kokoda project, engaging over 250 young people across Oro Province in sports and educational activities focused on improving gender equality and sexual and reproductive health outcomes.

In our ongoing effort to combat family and sexual violence, we built and opened our second safe house in Oro Province for women and girls seeking refuge. Furthermore, in collaboration with the PNG Counsellors Association, we trained 50 barefoot counsellors, while our partnerships with Femili PNG and others have enhanced community awareness and support for survivors. Our work in Oro Province and along the Kokoda Track is delivered with thanks to the Australian Government's (DFAT) ANCP Program and the Canadian High Commission, as well as many generous Australians committed to keeping the spirit of Kokoda alive.

The Archer Leaders Development Program is celebrating its 14th year in 2024, with the selection of the 2024 cohort of young leaders poised to drive positive change in their communities. Thanks to the Fred P. Archer trust, Newmont and Kina Bank, this program brings into action our firm belief in the power of leadership and education to shape a brighter future for PNG.

As we look forward to another big year in 2024, we extend our heartfelt gratitude to our hardworking teams, partners, and supporters. Together, we have navigated challenges and celebrated achievements, always with a shared vision of empowering the people of PNG. Our journey continues, fuelled by a collective commitment to making a lasting impact on the lives we touch.

We look to the future with optimism and determination, ready to build on our successes and face new challenges with resilience and hope. The spirit of Kokoda — courage, sacrifice, endurance, and mateship — guides us as we forge ahead, united in our mission to transform lives and communities across PNG.



Ian Kemish AM
Chair
28 March 2024



Dr Genevieve Nelson
Chief Executive Officer
28 March 2024

Directors' Report

The directors of The Kokoda Track Foundation Limited (KTF) submit herewith the annual financial report of KTF for the financial year ended 31 December 2023. 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

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

Name	Qualifications and experience
Ian Ferguson Kemish AM	Chair - The Kokoda Track Foundation Limited BA (Hons) Dip Ed (University of Queensland) Co-founder and Principal Consultant, Forridel International Advisory Services Chair - ChangeMakers Alumni Engagement Committee, UQ Chair - 3rd Space Brisbane Director - Australia Indonesia Centre Adjunct Associate Professor, UQ Honorary Fellow, Deakin University Distinguished Adviser at the ANU National Security College
Elizabeth Jessie Carr AM	Deputy Chair - The Kokoda Track Foundation Limited Member - Finance Audit & Risk Management Committee, The Kokoda Track Foundation Limited Member - Gift Fund Committee, The Kokoda Track Foundation Limited BA (Hons) (University of Western Australia) MPA (Harvard University) Fellow of the Australian Institute of Company Directors Chair - South Metropolitan Tafe (WA) Chair - St Mary's Anglican Girls School (WA) Chair - Murrumbidgee Local Health District NSW Audit & Risk Committee Chair - WA Department Communities Audit & Risk Committee Director - ICARE (NSW) Member - NSW Trustees & Guardians Audit & Risk Committee Past President - Harvard Club Australia Chair - Waste Authority WA Chair - North Regional TAFE WA Chair - Dept Primary Industries Regional Development WA ARC Chair - Department Education NSW ARC
Genevieve Fiona Nelson	Chief Executive Officer – The Kokoda Track Foundation Limited BPsych (Hons) (Western Sydney University) PhD in Educational and Cross Cultural Psychology (Western Sydney University) Adjunct Research Fellow, University of Queensland Adjunct Research Fellow, Western Sydney University Director - KTF PNG Limited Director - Partnering PNG Limited Director - Balimo College Limited Chair - Port Moresby Grammar School Graduate - Australian Institute of Company Directors
Francina Thomson	Board of Directors - The Kokoda Track Foundation Limited BA - Journalism and Public Relations (University of Papua New Guinea, 2005) Cert IV in Training and Assessment (Canberra Institute of Technology, 2015)

Jessica Leigh Gallagher	PhD in Comparative Cultural Studies (University of Queensland) Graduate of the Australian Institute of Company Directors Adjunct Senior Lecturer, School of Languages and Cultures (University of Queensland)
Peter Barrow	Fellow of the Australian Institute of Company Directors Fellow of Chartered Accountants Australia and New Zealand Founder & Senior Partner 35 years - MBT Chartered Accountants Chair - Oaks Hotels & Resorts Limited Chair - Audit & Risk Committee, Flight Centre Limited Director - Mosaic Oil N.L
Peter John Aitsi	Dip Program (PNG Institute of Banking & Finance) MBE for services to media and broadcasting in 2007 Male Director of the Year 2018 - PNG Institute of Directors Chair - PNGFM Ltd Chair - Transparency International PNG Executive Chair - PNG Property Developers Association Executive Director - OM Holdings Ltd Director - Steamships Trading Ltd Group Member - PNG Institute of Directors Member - Australian Institute of Company Directors
Peter William John Parry	Chair - Finance Audit & Risk Management Committee, The Kokoda Track Foundation Limited Chair - Gift Fund Committee, The Kokoda Track Foundation Limited Fellow Certified Practicing Accountant Bachelor of Business (NSW Institute of Technology) Director - KTF PNG Limited
Susan Patricia Black	BOccThy (University of Queensland) Master of Social Welfare Administration and Planning (University of Queensland) President - The Sandgate and Bracken Ridge Action Group Incorporated Strategic Engagement Mentor at This Life, Cambodia
William Manfred James	BEcon (University of Sydney) Dip Ed (University of Sydney) Founding Director - Flight Centre Travel Group Director - Partnering PNG Limited
Yahoo Serious (retired 17 April 2023)	Hon DLitt. Hon Doctorate of Letters (University of Newcastle) Actor, Producer, Director and Writer of feature films Director - Serious Productions Pty Limited

Company Secretary

Mr Peter Barrow, FAICD, FCA, is the company secretary.

Principal activities

The Kokoda Track Foundation Limited (KTF) is an international development organisation working in Papua New Guinea.

KTF works with people and communities to improve lives, livelihoods and futures. KTF is inspired by keeping the spirit of Kokoda alive.

Review of operations

KTF's net surplus for the financial year was \$1,064,011 (2022: \$347,341). A review of the operations of KTF during the financial year and the results of those operations found that KTF continued to engage in its principal activity of delivering development programs in education, health, equality and leadership in Papua New Guinea.

KTF has a policy of holding reserves sufficient to ensure it can meet existing commitments to its upcoming development activities.

KTF 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 KTF during the financial year.

Subsequent events

Subsequent to 31 December 2023, KTF renewed a \$9.3 million funding agreement for 2024, within a long-term partnership with PNG Sustainable Development Program for the expansion of our joint educational initiatives in Western Province.

There has not arisen in the interval between 31 December 2023 and the date of these Financial Statements, any other event that would have a material effect on the Financial Statements as at 31 December 2023.

Future developments

Disclosure of information regarding likely developments in the operations of KTF in future financial years is made in the Chair and Chief Executive Officer's Report.

Dividends

KTF is a not-for-profit organisation and pays no dividends.

Directors' meetings

The following table sets out the number of directors' meetings and meetings of the Finance Audit & Risk Management Committee and the Gift Fund Committee held during the financial year and the number of meetings attended by each director (while they were a director). No payments were made to non-executive directors.

Directors	Held	Attended
Ian Kemish AM (Chair)	5	5
Elizabeth Carr AM (Deputy Chair)	5	5
Genevieve Nelson (Chief Executive Officer)	5	5
Francina Thomson (appointed 17 April 2023)	3	2
Jessica Gallagher (on leave from October 2023)	4	1
Peter Barrow	5	4
Peter John Aitsi	5	4
Peter William John Parry	5	5
Susan Patricia Black	5	5
William James	5	5
Yahoo Serious (retired 17 April 2023)	2	2
Finance Audit & Risk Management Committee		
Peter Parry (Chair)	5	5
Elizabeth Carr AM	5	4
Bernie Egan	5	4
Gift Fund Committee		
Peter Parry (Chair)	5	5
Elizabeth Carr AM	5	4
Bernie Egan	5	4

Auditor's independence declaration

The Lead Auditor's Independence Declaration is set out on page 9 and forms part of the Directors' Report for the financial year ended 31 December 2023.

On behalf of the Directors



Ian Kemish AM
Chairman
Sydney, 28 March 2024



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 2023 there have been:

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

KPMG

KPMG

A handwritten signature in cursive script, appearing to read 'Patrice Scott'.

Patrice Scott

Partner

Sydney

28 March 2024



Independent Auditor's Report

To the Directors of The Kokoda Track Foundation Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report**, of The Kokoda Track Foundation Limited (the Foundation and Group).

In our opinion, the accompanying Financial Report of the foundation and Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, [and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991*], including:

- i. giving a true and fair view of the Foundation and the Group's financial position as at 31 December 2023, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Simplified Disclosures Framework* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022 (ACNCR)* [and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*].

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 31 December 2023.
- ii. Consolidated statement of revenue and expenditure and comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended.
- iii. Notes, including material accounting policies.
- iv. Directors' declaration of the Foundation and Group.

The Group consists of The Kokoda Track Foundation Limited and the entity it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.



Other information

Other Information is financial and non-financial information in The Kokoda Track Foundation Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Chairman's Report, Chief Executive Officer's Report and Director's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures Framework and the ACNC and ACNCR and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Foundation and Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Foundation and Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report¹

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.



As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Group's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Foundation and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Foundation and Group to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Foundation and Group's regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

KPMG

Patrice Scott

Partner

Sydney

28 March 2024

Directors' Declaration

In the opinion of the Directors of KTF:

- (a) KTF is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 15 to 29 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Charitable Fundraising Act (NSW) 1991*, including:
 - (i) giving a true and fair view of KTF's financial position as at 31 December 2023 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Simplified Disclosures, the *Australian Charities and Not-for-profits Commission Regulation 2013*, the *Charitable Fundraising Act (NSW) 1991* and the *Charitable Fundraising Regulation (NSW) 2021*;
- (c) there are reasonable grounds to believe that KTF will be able to pay its debts as and when they become due and payable; and
- (d) the internal controls exercised by KTF are appropriate and effective.

Signed in accordance with a resolution of the directors:



Ian Kemish AM
Chairman
Sydney, 28 March 2024

The Kokoda Track Foundation Limited

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The Kokoda Track Foundation Limited

Consolidated Statement of Revenue and Expenditure and Comprehensive Income for the financial year to 31 December 2023

	FY 2023	FY 2022
	\$	\$
REVENUE		
Donations & Gifts		
Monetary		
Donations	8,117,880	4,689,419
Non-monetary		
SolarBuddy Lights Program (Donation of Goods)	-	8,250
Government Grants		
Department of Foreign Affairs and Trade		
Australian NGO Cooperation Program Grant	617,220	1,079,702
Kokoda Initiative Partnership	102,246	84,198
Australian Sports Partnerships Program	249,375	90,000
DFAT/ESIP – Pawarim Komuniti Program	359,427	1,820,570
High Commission of Canada	79,783	81,311
Non-government Grants		
Newcrest Community Funding	1,012,500	337,500
Finance Income	65,401	9,749
Other Revenue	56,456	81,870
TOTAL REVENUE	10,660,288	8,282,569
EXPENDITURE		
International Aid and Development Programs Expenditure		
International Programs		
Funds to International Programs - PNG		
Education	(6,055,243)	(5,161,206)
Health	(672,858)	(516,946)
Equality	(473,045)	(331,774)
Leadership	(389,802)	(341,396)
Program Support Costs	(1,291,420)	(1,020,399)
Fundraising Costs		
Public	(236,505)	(108,723)
Government, multilateral and private	(62,749)	(34,686)
Community Education	(14,490)	(30,020)
Accountability and Administration	(400,165)	(381,828)
Non-Monetary Expenditure		
Goods to International Programs		
SolarBuddy Lights Program	-	(8,250)
Total International Aid and Development Programs Expenditure	(9,596,277)	(7,935,228)
TOTAL EXPENDITURE	(9,596,277)	(7,935,228)
EXCESS OF REVENUE OVER EXPENDITURE	1,064,011	347,341
Other comprehensive income	-	-
TOTAL SURPLUS	1,064,011	347,341

Notes to the financial statements are included on pages 19 to 29.

The Kokoda Track Foundation Limited

Consolidated Statement of Financial Position as at 31 December 2023

	Note	31 December 2023	31 December 2022
Current assets			
Cash and cash equivalents	9	2,888,995	1,843,328
Short-term bank deposits		3,850,827	1,785,776
Trade and other receivables	4	36,926	21,682
Total current assets		6,776,748	3,650,786
Non-current assets			
Property, plant & equipment	5	284,685	111,175
Right-of-use assets	6	440,521	-
Intangibles		3,975	3,975
Total non-current assets		729,181	115,150
Total assets		7,505,929	3,765,936
Current liabilities			
Trade and other payables		806,261	464,699
Deferred income	12	2,231,376	382,109
Provisions	7	177,284	146,399
Lease liabilities	6	35,003	-
Total current liabilities		3,249,924	993,207
Non-current liabilities			
Provisions	7	40,015	26,268
Lease liabilities	6	405,518	-
Total non-current liabilities		445,533	26,268
Total liabilities		3,695,457	1,019,475
Net assets		3,810,472	2,746,461
Accumulated funds			
Funds held		3,810,472	2,746,461
Total equity		3,810,472	2,746,461

Notes to the financial statements are included on pages 19 to 29.

The Kokoda Track Foundation Limited

Consolidated Statement of Changes in Equity for the financial year ended 31 December 2023

	Accumulated Funds
	\$
Balance at 1 January 2022	2,399,120
Surplus for the year	<u>347,341</u>
Balance at 31 December 2022	<u>2,746,461</u>
Balance at 1 January 2023	2,746,461
Surplus for the year	<u>1,064,011</u>
Balance at 31 December 2023	<u>3,810,472</u>

Notes to the financial statements are included on pages 19 to 29.

The Kokoda Track Foundation Limited

Consolidated Statement of Cash Flows for the financial year ended 31 December 2023

		FY 2023	FY 2022
	Note	\$	\$
Cash flows from operating activities			
Receipts from donors, fundraising activities, and government grants		12,381,753	8,012,420
Payments to suppliers and employees		(9,008,261)	(7,442,186)
Cash receipts from other operating activities	9(c)	56,456	81,870
Lease payments for short-term leases		(73,541)	(58,124)
Lease payments for leases of low-value assets		(3,053)	(4,278)
Net cash provided by operating activities	9(b)	3,353,354	589,702
Cash flows from investing activities			
Payment for property, plant and equipment	5	(276,218)	(80,010)
Net cash payments to short-term bank deposits		(2,065,052)	(259,264)
Interest received		65,401	9,749
Net cash used in investing activities		(2,275,869)	(329,525)
Cash flows from financing activities			
Repayments of lease liabilities		(31,818)	-
Net cash used in financing activities		(31,818)	-
Net increase in cash and cash equivalents		1,045,667	260,177
Cash and cash equivalents at the beginning of the financial year		1,843,328	1,583,151
Cash and cash equivalents at the end of the financial year	9(a)	2,888,995	1,843,328

Notes to the financial statements are included on pages 19 to 29.

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2023

1. General information

The Kokoda Track Foundation Limited (KTF) is an entity limited by guarantee, incorporated in Australia, and operating in Australia and Papua New Guinea (PNG). It has one 100% owned subsidiary company in PNG: KTF PNG Limited, which was not in operation during financial year 2023.

KTF is an international development organisation working in Papua New Guinea. KTF works with people and communities to improve lives, livelihoods, and futures. KTF does this by assisting remote and rural communities with access to elementary, primary, and secondary education; improving access to quality and accessible healthcare; improving opportunities for and the safety of women; and by fostering the next generation of leaders. KTF works across four main program areas: Education, Health, Equality and Leadership. Our inspiration is to keep the spirit of Kokoda alive.

KTF raises funds in both Australia and Papua New Guinea to design, manage, co-deliver, and monitor and evaluate its programs in education, health, equality, and leadership across Papua New Guinea.

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

Registered office	Principal place of business	In-Country office - PNG
Level 1	Level 1	Level 7 MRDC Haus
274 Darling Street	274 Darling Street	Cnr of Musgrave St & Champion Pde
BALMAIN NSW 2041	BALMAIN NSW 2041	Port Moresby

2. Material accounting policies

Statement of compliance

The financial report is a Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission (ACNC Act).

In the opinion of the Directors, having regard to the not-for-profit nature of KTF's business, the terms used in the prescribed format of the Statement of Revenue and Expenditure and Comprehensive Income are not appropriate. "Profit or Loss" in the prescribed format of the Statement of Revenue and Expenditure and Comprehensive Income has been substituted by "Surplus or Deficit". Statements are also compliant with the Australian Council for International Development's Code of Conduct.

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.

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2023

Critical accounting judgements and key sources of estimation uncertainty

In the application of KTF'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.

Climate change

Impacts related to climate change may include physical impacts resulting from increased severity of extreme weather events, and those related to chronic risks resulting from longer-term changes in climate patterns.

KTF continues to develop its assessment of the potential impacts of climate change and the transition to a lower carbon economy. KTF actively seeks partnership opportunities and engages with entities in clean and renewable energy sectors to deliver innovative and sustainable programs. KTF incorporates climate change mitigation strategies as a cross-cutting issue across all of its programming activities and is guided by its Climate Change Adaption and Disaster Risk Reduction Policy.

Material accounting policies

The following material 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.

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

(b) Revenue

Cash donations

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

Donations of goods

Donations of goods are recognised as revenue when the following conditions are met:

- (i) Control over goods is passed (normally on receipt of goods);
- (ii) KTF is able to benefit from those goods in the pursuit of the entity's objects and to deny or regulate access of others to those benefits;
- (iii) The fair value of goods can be reliably determined;
- (iv) It is probable that the economic benefits comprising the contribution will flow to KTF.

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2023

No amounts are included in the financial report for services donated by volunteers.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established. Other revenue includes ticket sales and silent auction sales from the fundraising events.

Interest

Interest income, including income arising from financial instruments, is recognised when it is received.

Government and non-government grants

Revenue is recognised over time as performance obligations are met. Funding is usually received in advance with a deferred income liability recorded for unspent funds.

Estimates and judgements relating to revenue

For the government grants received, the determination of whether the contract includes sufficiently specific performance obligations was a judgement involving review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Grants received by KTF have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made.

If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

(c) Income tax

KTF is a registered charity and is exempt from income tax pursuant to Section 50-5 of the Income Tax Assessment Act 1997.

(d) Cash at bank

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, in hand, and short-term, highly liquid investments that have short maturities of three months or less from the date of acquisition.

Short-term bank deposits

Short-term bank deposits comprise term deposits in financial institutions with maturities over three months but less than one year from the date of acquisition, held as at the end of the financial year as a financial reserve for future projects.

Interest

Interest income, including income arising from short-term bank deposits, is recognised upon receipt.

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2023

(e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less loss allowance for expected credit losses. The recognition of lifetime expected credit losses is estimated based on assumptions and information regarding expected future conditions affecting historical default rates. Bad debts are written off when identified.

(f) 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.

(g) Leases

At inception of a contract, KTF assesses whether a contract or contains, a Lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, KTF uses the definition of a lease in AASB 16.

At commencement or on modification of a contract that contains a lease component, KTF allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property KTF has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

KTF recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to KTF by the end of the lease term or the cost of the right-of-use asset reflects that KTF will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. KTF uses its incremental borrowing rate as the discount rate.

KTF determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2023

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that KTF is reasonably certain to exercise, lease payments in an optional renewal period if KTF is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless KTF is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in KTF's estimate of the amount expected to be payable under a residual value guarantee, if KTF changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

KTF has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. KTF recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(h) **Property, plant and equipment**

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. If significant part of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit and loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the organization.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives. The following estimated useful lives are used in the calculation of depreciation:

- (i) Office equipment 1 - 15 years;

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2023

- (ii) Motor vehicles 5 - 10 years;
- (iii) Transport assets 5 - 10 years;

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

(i) 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.

(j) Program Support Costs

Program Support Costs FY2023 include all Australian salary wages expenses on the basis that such costs are incurred and paid for in Australia.

(k) Subsequent events

Subsequent to 31 December 2023, KTF renewed a \$9.3 million funding agreement for 2024, within a long-term partnership with PNG Sustainable Development Program for the expansion of our joint educational initiatives in Western Province.

There has not arisen in the interval between 31 December 2023 and the date of this Financial Statements any other event that would have a material effect on the Financial Statements as at 31 December 2023.

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2023

3. Key management personnel compensation

	2023	2022
	\$	\$
Employee Benefits	539,086	474,090

In FY2022 KTF has identified the Key Management Personnel to be the Chief Executive Officer, The Chief Operating Officer and the General Manager (January – September 2022). In FY2023 KTF has identified the Key Management Personnel to be the Chief Executive Officer, the Chief Operating Officer, and the Chief Financial Officer.

4. Trade and other receivables

Sundry Debtors	23,197	17,252
Rental Bond	13,729	4,430
	36,926	21,682

5. Property, plant & equipment

Office Equipment

Office Equipment at Cost	271,567	169,915
Less: Accumulated Depreciation	(169,142)	(104,579)
	102,425	65,336
Opening Balance as at 1 January	65,336	76,913
Additions During the Year	101,652	77,017
Depreciation During the Year	(64,563)	(67,785)
Transfer Out During the Year	-	(20,809)
	102,425	65,336
Closing Balance as at 31 December	102,425	65,336

Motor Vehicles

Motor Vehicles (PNG) at Cost	219,173	44,607
Less: Accumulated Depreciation	(47,317)	(19,577)
	171,856	25,030

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Notes to the Consolidated Financial Statements for the financial year ended 31 December 2023

5. Property, plant & equipment (continued)

	2023	2022
	\$	\$
Opening Balance as at 1 January	25,030	43,616
Additions During the Year	174,566	-
Depreciation During the Year	(27,740)	(18,586)
	171,856	25,030
Transport Assets		
Transport Assets at Cost	38,773	38,774
Less: Accumulated Depreciation	(28,369)	(17,965)
	10,404	20,809
Opening Balance as at 1 January	20,809	-
Additions During the Year	-	2,993
Transfer Out During the Year	-	20,809
Depreciation During the Year	(10,405)	(2,993)
	10,404	20,809
Closing Balance as at 31 December	10,404	20,809
Total Property, plant & equipment as at 31 December	284,685	111,175

6. Leases

Right-of-use assets

Opening Balance as at 1 January	-	-
Additions During the Year	472,339	-
Depreciation During the Year	(31,818)	-
	440,521	-
Closing Balance as at 31 December	440,521	-

Amounts recognised in profit and loss

Expenses relating to short-term leases and leases of low-value assets that are not recognised as right-of-use assets	76,594	62,402
	76,594	62,402

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2023

6. Leases (continued)

	2023 \$	2022 \$
Lease liabilities		
Current	35,003	-
Non-Current	405,518	-
	<u>440,521</u>	<u>-</u>
Future lease payments		
Future lease payment in relation to lease liabilities		
Less than one year	63,636	-
One to five years	318,182	-
More than five years	222,727	-
	<u>604,545</u>	<u>-</u>

7. Provisions

Current

Provision for Annual Leave	102,846	83,339
Provision for Long Service Leave	74,438	63,060
	<u>177,284</u>	<u>146,399</u>

Non-current

Provision for Long Service Leave	40,015	26,268
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8. Members' guarantee

KTF is limited by guarantee. If KTF is wound up, the Constitution states that each member is required to contribute a maximum of \$10 towards any outstanding obligations of KTF.

9. 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:

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2023

9. Notes to the statement of cash flows (continued)

	2023	2022
	\$	\$
Cash and cash equivalents	2,888,995	1,843,328

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

Surplus for the year	1,064,011	347,341
Interest income received from investing activities	(65,401)	(9,749)
Depreciation	134,526	89,364
	1,133,136	426,956

Changes in net assets and liabilities:

Decrease in assets:

Trade and other receivables	(15,244)	31,553
	(15,244)	31,553

(Decrease)/Increase in liabilities:

Trade and other payables	341,561	305,446
Deferred income	1,849,268	(203,892)
Provisions	44,633	29,639
	2,235,462	131,193

Net cash provided by operating activities	3,353,354	589,702
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(c) Cash receipts from other operating activities

Event Tickets and Silent Auctions	16,220	36,340
Other sundry revenue	40,236	45,530
Cash receipts from other operating activities	56,456	81,870

10. Controlled Entities

Name of Entity	Country of Incorporation	Interest of immediate parent entity (ordinary shares)	
		2023	2022
KTF PNG Limited	Papua New Guinea	100%	100%

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Notes to the Consolidated Financial Statements for the financial year ended 31 December 2023

11. Related Parties

KTF occupied the office located at Level 1, 274 Darling Street, Balmain, a property owned by James Management Services, which is a related party of William Manfred James. KTF occupied the property free of charge over the duration of the FY2022 and has elected to recognise the lease at nil value in its financial statements.

In July 2023, KTF entered into a long-term lease agreement with James Management Services, for the lease of the office at Level 1, 274 Darling Street, Balmain (Refer to Note 6).

12. Deferred Income

In 2023, KTF received funding from Australian NGO Cooperation Program (ANCP) of \$966,488, where \$629,527 of this funding will be used to fund programs in year 2024. In 2023, KTF received funding of \$1,500,000 from Newcrest Mining Ltd as part of the Newcrest Sustainability Fund Community Agreement. The payment is to fund programs in year 2024.

In 2022, KTF received funding from Australian NGO Cooperation Program (ANCP) of \$875,810, where \$280,259 of this funding was used to fund programs in year 2023.

13. Auditor's remuneration

KTF's auditor is Patrice Scott, Chartered Accountant, Partner, Audit and Assurance, from KPMG, Tower Three, 300 Barangaroo Avenue Sydney NSW 2000.

Fees in relation to audit services in FY2023 were \$36,000 (FY2022: \$23,300). No non-audit services were provided in FY2023 (FY2022: nil).

14. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 28 March 2024.