

# **The Kokoda Track Foundation Limited**

**ABN 45 103 660 948**

Annual report for the financial year ended  
30 June 2008

# The Kokoda Track Foundation Limited

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## Annual report for the financial year ended 30 June 2008

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# The Kokoda Track Foundation Limited

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## Chairman's report



The Kokoda Track Foundation

## A Year of Consolidation and Growth



2007-8 was a year of consolidation and growth for the Kokoda Track Foundation. The Foundation also responded to the disastrous consequences of Cyclone Guba which ravaged the Oro Province in November of 2007 by launching a national appeal that raised \$184,000.

We have substantially increased our growth in donations raised and program funding over the previous period. Total donations more than doubled to \$292,205.01 (including \$184,459 received from our Kokoda Cyclone Appeal). We were thus able to more than triple the amount we spent on PNG programs during the period from \$31,000 to \$109,000. Delivering and monitoring these programs saw an increase in consultancy fees to \$53,000 (mainly payments to two in-country liaison officers - largely covered by a specific administration donation by Bill James).

|                  | 2006   | 2007    | 2008    |
|------------------|--------|---------|---------|
|                  | \$     | \$      | \$      |
| Donations        | 82,861 | 120,995 | 292,205 |
| Membership       | 240    | 17,305  | 5,785   |
| Programs         | 20,030 | 31,491  | 109,043 |
| Consultancy fees | 47,039 | 25,003  | 53,432  |

During the year the Board continued restructuring its education and health programs in Papua New Guinea. Our administrative costs accounted for about 18% of funds raised. (We aim to follow the generally-accepted practice in modern philanthropy in Australia and overseas by keeping our overall administrative costs at between 15 and 25% of funds raised.)

Nevertheless, without an administrative base, the organisation cannot take a strategic view of its operations and projects, nor can it oversee them properly. We will constantly monitor our figures to ensure our donations are used to maximum effect for the benefit of the people of PNG.

### Kokoda Initiative

The Foundation has thrown its support behind the Australian Government's *Kokoda Initiative*, led by the Prime Minister's Special Envoy on Kokoda, Sandy Hollway. The *Initiative* aims to work with the PNG Government to assist in securing World Heritage Listing for the Track and surrounds, to assist in capacity building for services to the local people, to improve the management of the Track and to create and implement a Code of Conduct for trek operators.

The *Initiative* is working through the Australian Department of the Environment and its PNG counterpart to improve infrastructure and services to the people living in the region and protecting their environment.

# The Kokoda Track Foundation Limited

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## Chairman's report (continued)

It has already succeeded in restructuring the Kokoda Track Authority (including the appointment, for two years, of Australian-sourced Chief Executive, Chief Financial Officer and Chief Operating Officer, who will administer the organisation and mentor their successors).

It has begun a series of programs designed to improve health and education facilities, starting with the medical centre at Efogi, which is already in place. The *Initiative* also aims to follow through on one of the foundation's main focuses: the creation and implementation of Master Plan for Sustainable Eco-Trekking along the Track.

## Our PNG Programs

### Kokoda Cyclone Appeal

Immediately after Cyclone Guba swept through Oro Province in November 2007 - killing as many as 350, destroying scores of roads, major bridges, villages, schools, and gardens and leaving thousands homeless - the Foundation established the Kokoda Cyclone Appeal. It drew a magnificent response from individuals and organisations across the nation, ultimately raising \$184,000.

As soon as the scale of the emergency was apparent, the Foundation made an immediate donation of \$20,000 in emergency medical supplies, which went in with the first wave of ADF choppers and was divided between Popondetta Hospital and Kokoda Memorial Hospital. Shortly afterwards, we sent another \$20,000 worth of emergency medical supplies.

Then, in a remarkable act of generosity, the global courier group, DHL, provided, free of charge, its Trans-Tasman aeroplane, The Jedi, to PNG, delivering 15 tonnes of emergency equipment which had been donated, collected and packed by Guy Chenery's Sydney-based not-for-profit organisation, Overseas Disaster Resources Inc.

DHL answered our call and dropped everything to drop the shipment of towels, sheets, blankets, workwear, cooking & eating utensils, tools, rope and tarpaulins.

We salute DHL's selfless philanthropy and Guy Chenery and his team's dedication and unremitting hard work which helped hundreds of families which had lost everything.

### Northern Province Food Restoration Program



The success of the Foundation's Kokoda Cyclone Appeal allowed the Board to commit \$150,000 to create a series of seed multiplication gardens aimed at helping those devastated by Cyclone Guba to re-establish their food gardens.

The Foundation has combined with the Oro Province's Anglican Diocese, under the guidance of Bishop Joe Kopapa, to establish thriving nurseries at Dobodura, Ilimo and Martyrs School. The nurseries are being administered by a local board under the leadership of Davidson Jeune. He is supported by Elijah Sarigari, Winstone Gore and Henry Kopapa Jr.

The Foundation is funding the project through the Oro Anglican Diocese in a series of tranches which are payable after the local management committee provides details of progress.

# The Kokoda Track Foundation Limited

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## Chairman's report (continued)

In September, the Board visited the three sites and found them well advanced and well supported by the local communities. The local administrators hope that the nurseries will be sufficiently advanced in the New Year to be able to provide seedlings to communities affected by Cyclone Guba so they can regenerate their food gardens in the new growing season.



## Scholarships



During the year the Board redrafted the selection criteria for our scholarship programs to ensure that all recipients were chosen on merit and only maintained their scholarship support when they achieved satisfactory academic results.

The 2008 scholarship cohort now reflects these changes. The Foundation supports 35 students with secondary school scholarships: at Popondetta Secondary School (10 students); Martyrs Secondary School (8 students); Sogeri National High School (6 students); Laloki High School (6 students); and Mt Diamond Secondary School (5 students).

Starting in 2009 we will be establishing a number of teacher-education scholarships aimed at funding continuing education for village school teachers. This will enable many to acquire skills needed to teach and competently operate their schools.

Also in 2009 we will be finalising the establishment of the first cohort of the Foundation's Kokoda Scholars, a scheme based on the Rhodes Scholarship, that provides tertiary scholarships aimed at finding and fostering the next generation of PNG leaders.

## Education Supplies



We also provide educational supplies to up to 20 village schools along the Track. We have established a system where we open an account in the school's name with Port Moresby-based educational supplier, Theodist. We pay funds into each school's account, based on student numbers, and then the school draws against its account to acquire materials as needed.

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# The Kokoda Track Foundation Limited

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## Chairman's report (continued)

### Kokoda Memorial Hospital



We have maintained our funding of medical supplies to Kokoda Memorial Hospital and we are working with the Kokoda Initiative, the PNG Government and other partners to pursue our aim of upgrading the Kokoda Memorial Hospital to a teaching facility.

To this end we have brought together strategic partners, including Adventist Health Pacific Division, Rotary Australia, Australian Doctors International and the Kokoda Initiative.

Negotiations with the PNG National Government are underway. We hope the result will be a partnership between Adventist Health and the local Kokoda community for the management of the hospital, providing an administrator, doctor and nursing staff.

The next aim will be to transform the facility into a teaching hospital where nurses graduating from the Pacific Adventist University in Port Moresby can complete their practical training.

### Krappers for Kokoda Project



The Foundation is supporting Victorian-based trek operator, No Roads, in a pilot program to provide eco-sustainable toilets for a number of villages along the Track. The first toilet is already in place at Kagi village.

This program has been prompted by the appalling state of toilet blocks in many schools. They are both a serious health hazard and major disincentive to children to attend school.

### Administration

Our part-time General Manager, Jason Franklin, has performed magnificently during a difficult year, especially during the hectic activities centred on our response to Cyclone Guba and in the build-up to and production of our annual Ralph Honner Oration Dinner. During this extremely busy year his workload has probably more than tripled. He has maintained our office and our records. He has introduced, updated and maintained an MYOB financial system and continued the expansion of our website. And he has maintained communication with our members.

### 2008 Ralph Honner Oration Dinner

On Friday February 29th, Kokoda Veterans, trekkers, PNG expatriates, KTF members and supporters and the Australian corporate community gathered once again to support the Kokoda Track Foundation's annual fundraiser, the Lt. Col. Ralph Honner Oration Dinner.

More than 420 people attended the Sofitel Wentworth Hotel in Sydney, to hear Australian Federal Police Commissioner, Mick Keelty, deliver an inspiring oration on leadership and to be entertained by the outstanding Siale Dance Group, a group of young PNG performers who did their country proud.

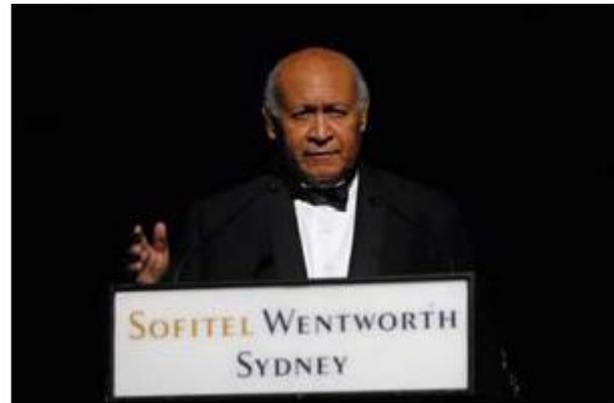
# The Kokoda Track Foundation Limited

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## Chairman's report (continued)



The Foundation's Patron, His Excellency the Governor General, Major Michael Jeffery AC CVO MC also attended, as did the PNG High Commissioner, His Excellency Charles Lepani. Both men gave heartfelt impromptu speeches about the importance of Papua New Guinea and Australia relations, and what Kokoda means to them.



We also heard from some of our veterans, especially George Palmer and Arnold Forrester of the 39th Battalion and we met two of our scholarship recipients, Wendy Sumave and Jeffery Siga from Mt Diamond High School. The night raised just over \$26,000, which was applied to the ongoing implementation of the Foundation's health and education programs in PNG.

Our special thanks to all who attended and, in particular: to Fosters for supplying our alcoholic beverages on the night; to Dame Carol Kidu, Dobi Kidu, Andrew Kidu and Jo Frecker for their kind help in coordinating and chaperoning the Siale Dance Group; to Shore School's Cadet Unit for providing the Guard of Honour for VIPs, guests and our Diggers; to all our honoured guests, especially our beloved Diggers.

### Our Patron



The Board extends its sincere thanks to our Patron, His Excellency Major General Michael Jeffery AC CVO MC, former Governor-General of Australia, for his support and his much-valued personal donations to our programs. We hope that he will be able to continue as our patron now that his Vice-Regal duties have been completed.

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# The Kokoda Track Foundation Limited

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## Chairman's report (continued)

### Appointment of Executive Director



The Board is delighted to announce the appointment of Dr Genevieve Nelson as the Foundation's Executive Director, effective from January 2009.

Dr Nelson, who has walked the Kokoda Track six times, has been a Board member since the Foundation's inception in 2003. She holds a PhD in Psychology, with her thesis based on student academic outcomes in Papua New Guinea.

Dr Nelson chairs the KTF's Education Subcommittee and has led the development and implementation of the suite of education and community-based programs funded by the Foundation in PNG.

The Board is confident that Dr Nelson has the credentials, the experience and the passion needed to lead the Foundation to a new level as it works to help improve the lives and futures of the descendants of the beloved Fuzzy Wuzzy Angels.

We are delighted that she has agreed to take the reins at such an exciting, yet challenging, time in our growth and in the development of Papua New Guinea.

Dr Nelson spent some years as a tutor and in private practice as a psychologist before joining the Benevolent Society as a Research Officer last year. She has had extensive experience in the not-for-profit sector, as a youth camp facilitator and as a counselor with the Drug Arm NSW.

She has been a regular visitor to PNG and has developed a close relationship with the people living along the Kokoda Track.

### Sincere Thanks

My warmest thanks go to each of our leadership team: our Board members (Graeme Carroll, David Frecker, Dr Genevieve Nelson, Yahoo Serious, Peter Thomas and Prof Stephen Wearing), our Secretary, Salman Haq, our Honorary Treasurer, Bernie Egan and our General Manager, Jason Franklin, for their dedication and teamwork during the year.

Once again my special thanks to Jo Frecker for her unstinting work in helping to organise the Ralph Honner Dinner.

Most leading Kokoda Track trek operators now support the Foundation's work in PNG. Our special thanks go to:

- Peter Miller and his team from No Roads and their trekkers (and especially for their invaluable work with the Krappers for Kokoda pilot project and for their outstanding fund-raising for the Foundation)
- Paul Croll and Amanda Loth from Frontline Kokoda
- Ruth Dicker from Niugini Tours
- Kori Chan and Al Manning from South Sea Horizons
- Aidan Grimes from Our Spirit treks
- Wayne Wetherall from Kokoda Spirit
- Gail Thomas from Kokoda Trekking
- Brian Freeman from Adventure 35
- John Miles and Al Forsyth from Executive Excellence
- Noel Gumaba and Saii Faole from Brigade Hill Mission Tours

Again, our deep gratitude to Bill James for his continued generous support for the Foundation.

# The Kokoda Track Foundation Limited

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## Chairman's report (continued)

Our sincere thanks to Guy Chenery and his team at Overseas Disaster Resources for their sustained work in sourcing and dispatching emergency supplies after Cyclone Guba and to Gary Edstein and his team from DHL for their wonderful generosity in providing free transport for the shipment to PNG.

### Looking ahead

I'm delighted at the way the Foundation and its growing band of supporters rallied to help the people in Oro and around Kokoda who were stricken by Cyclone Guba

The organisation is now soundly based. We are well placed to survive the effects of the world economic downturn and its flow-on to the philanthropic sector.

I'm particularly pleased that Dr Genevieve Nelson has agreed to take the position as the Foundation's Executive Director. Those of us who have worked with Genevieve over the past five years have seen first-hand her rare talents, her commitment and her passion for the story of Kokoda and the people of PNG.

I know that under Genevieve's leadership the Foundation's projects, existing and planned, will allow us to play a substantial role in enhancing the lives of the people of the Kokoda Track while ensuring that the story of Kokoda lives on in Australia's national consciousness.

Patrick Lindsay  
Chairman

# The Kokoda Track Foundation Limited

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## 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 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Information about the directors and senior management

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

| <b>Name</b>               | <b>Qualifications and experience</b>   |
|---------------------------|--|
| Mr Paul David Croll       | Freelance Television Cameraman.<br>Director – Live Bait Pictures Pty Limited   |
| Mr Patrick John Lindsay   | Chairman.<br>Full time author.<br>Director – Limetree Productions Pty Limited.   |
| Mr Yahoo Serious          | Hon DLitt. Hon Doctorate of Letters.<br>Producer, Director and Writer of feature films.<br>Actor.<br>Director – Serious Productions Pty Limited.   |
| Mr Peter Robert Thomas    | Bachelor of Commerce.<br>Fellow of the Institute of Chartered Accountants.<br>Director – WWF – the Conservation Organisation.<br>Director – Bluearth Institute.  |
| Dr Genevieve Fiona Nelson | Bachelor Psychology (Hons) 2005.<br>PhD in Educational and Cross Cultural Psychology with the SELF Research Centre.<br>Tutor for undergraduate psychology.   |
| Mr David Crichton Frecker | B.A. and Master of Laws (Hons) from the University of Sydney.<br>Admitted as a solicitor in NSW (1972) and a lawyer in PNG (1975).<br>Currently a partner with Blake Dawson Waldron in Sydney.   |
| Dr Stephen Wearing        | Doctorate of Philosophy.<br>Masters of Town Planning.<br>Currently Associate Professor, School of Leisure, Sport and Tourism, Faculty of Business, University of Technology, Sydney.<br>Advisor to the Board of Youth Challenge Australia.   |
| Mr Graeme Austin Carroll  | Eighteen years experience in corporate affairs in industry associations.<br>CEO of the RSL & Service Clubs Association for the last five years.<br>Prior experience in journalism.<br>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 except for:

- Mr Paul David Croll Resigned 19 December 2007

### 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 joined The Kokoda Track Foundation Limited in August 2006 and also holds the company secretary position of InfoChoice Limited and Provident Capital Limited. He is a member of the Chartered Institute of Company Secretaries in Australia.

# The Kokoda Track Foundation Limited

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## Directors' report (continued)

### Principal activities

The principal activity of the Foundation was to raise 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 and conducting a workshop in the area towards fostering balanced tourism of the Kokoda Track.

### Review of operations

The net surplus of the Foundation for the financial year was \$121,755 (2007: \$67,439).

### 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 and the expected results of those operations is likely to result in unreasonable prejudice to the Foundation. Accordingly, this information has not been disclosed in this report.

### Dividends

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

### Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Salman Haq, and all executive officers of the company 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 company 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 company or of any related body corporate against a liability incurred as such an officer or auditor.

# The Kokoda Track Foundation Limited

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## 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, 9 meetings were held.

| Directors                 | Held | Attended |
|---------------------------|------|----------|
| Mr Paul David Croll       | 3    | 3        |
| Mr Patrick John Lindsay   | 9    | 9        |
| Mr Yahoo Serious          | 9    | 7        |
| Mr Peter Robert Thomas    | 9    | 4        |
| Dr Genevieve Fiona Nelson | 9    | 7        |
| Mr David Crichton Frecker | 9    | 8        |
| Dr Stephen Wearing        | 6    | 6        |
| Mr Graeme Austin Carroll  | 6    | 4        |

### Auditor's independence declaration

The auditor's independence declaration is included on page 11 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, 17 December 2008

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

17 December 2008

Dear Board Members

### **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 2008, 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

**Anthony J Beavan**  
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 2008, 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 14 to 25. 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 2008.

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

The directors of the company 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 company's compliance with specific requirements of the *Charitable Fundraising Act 1991* and the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 company's compliance with specific requirements of the *Charitable Fundraising Act 1991* and amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of non-compliance with specific requirements of the *Charitable Fundraising Act 1991* and material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

# Deloitte.

## *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 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 company's financial position as at 30 June 2008 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 2008; and
- (c) monies received by The Kokoda Track Foundation Limited, as a result of fundraising appeals conducted during the year ended 30 June 2008, have been accounted for and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations.

DELOITTE TOUCHE TOHMATSU

**Anthony J Beavan**  
Partner  
Chartered Accountants  
Sydney, 17 December 2008

# The Kokoda Track Foundation Limited

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## Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company 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 company and the consolidated entity.

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, 17 December 2008

# The Kokoda Track Foundation Limited

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## Income statement for the financial year ended 30 June 2008

|                                  | <u>Note</u> | <u>2008</u><br>\$ | <u>2007</u><br>\$ |
|----------------------------------|-------------|-------------------|-------------------|
| <b>Income</b>                    |             |                   |                   |
| Revenue:                         |             |                   |                   |
| Donations                        |             | 284,750           | 120,995           |
| Auction                          |             | 7,125             | 22,905            |
| Ticket sales                     |             | 59,841            | 56,712            |
| Other income:                    |             |                   |                   |
| Membership                       |             | 5,785             | 17,305            |
| Finance income                   |             | 8,922             | 1,823             |
| <b>Total income</b>              |             | <u>366,423</u>    | <u>219,740</u>    |
| <b>Expenses</b>                  |             |                   |                   |
| Ralph Honner Leadership Oration  |             | (66,003)          | (73,295)          |
| PNG programs                     |             | (86,487)          | (31,491)          |
| Travel                           |             | (989)             | (1,098)           |
| Consultancy expenses             |             | (63,212)          | (25,003)          |
| Website and design costs         |             | (10,082)          | (9,278)           |
| Computer costs                   |             | (1,037)           | (983)             |
| Postage, printing and stationery |             | (780)             | (5,447)           |
| Telephone                        |             | (925)             | (533)             |
| Insurance                        |             | (965)             | (965)             |
| Office rental                    |             | (2,860)           | (2,343)           |
| Other expenses                   |             | (11,328)          | (1,865)           |
| <b>Total expenses</b>            |             | <u>(244,668)</u>  | <u>(152,301)</u>  |
| <b>Surplus for the year</b>      | 4           | <u>121,755</u>    | <u>67,439</u>     |

Notes to the financial statements are included on pages 19 to 25.

# The Kokoda Track Foundation Limited

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## Balance sheet as at 30 June 2008

|                                  | <u>Note</u> | <u>2008</u><br>\$ | <u>2007</u><br>\$ |
|----------------------------------|-------------|-------------------|-------------------|
| <b>Current assets</b>            |             |                   |                   |
| Cash and cash equivalents        | 8(a)        | 221,120           | 105,430           |
| Trade and other receivables      | 5           | 22,557            | 11,009            |
| <b>Total current assets</b>      |             | <u>243,677</u>    | <u>116,439</u>    |
| <b>Total assets</b>              |             | <u>243,677</u>    | <u>116,439</u>    |
| <b>Current liabilities</b>       |             |                   |                   |
| Trade and other payables         | 6           | 11,972            | 6,489             |
| <b>Total current liabilities</b> |             | <u>11,972</u>     | <u>6,489</u>      |
| <b>Total liabilities</b>         |             | <u>11,972</u>     | <u>6,489</u>      |
| <b>Net assets</b>                |             | <u>231,705</u>    | <u>109,950</u>    |
| <b>Equity</b>                    |             |                   |                   |
| Retained earnings                |             | <u>231,705</u>    | <u>109,950</u>    |
| <b>Total equity</b>              |             | <u>231,705</u>    | <u>109,950</u>    |

Notes to the financial statements are included on pages 19 to 25.

# The Kokoda Track Foundation Limited

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## Statement of changes in equity for the financial year ended 30 June 2008

|                                | <b>Retained<br/>earnings<br/>\$</b> | <b>Total<br/>\$</b> |
|--------------------------------|-------------------------------------|---------------------|
| Balance at 1 July 2006         | 42,511                              | 42,511              |
| Surplus for the period         | 67,439                              | 67,439              |
| <b>Balance at 30 June 2007</b> | <b>109,950</b>                      | <b>109,950</b>      |
| Balance at 1 July 2007         | 109,950                             | 109,950             |
| Surplus for the period         | 121,755                             | 121,755             |
| <b>Balance at 30 June 2008</b> | <b>231,705</b>                      | <b>231,705</b>      |

Notes to the financial statements are included on pages 19 to 25.

# The Kokoda Track Foundation Limited

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## Cash flow statement for the financial year ended 30 June 2008

|   | <u>Note</u> | <u>2008</u><br>\$ | <u>2007</u><br>\$ |
|---|-------------|-------------------|-------------------|
| <b>Cash flows from operating activities</b>                             |             |                   |                   |
| Receipts from customers   |             | 345,953           | 206,911           |
| Payments to suppliers and employees                                     |             | (239,185)         | (146,126)         |
| Net cash provided by operating activities                               | 8(b)        | 106,768           | 60,785            |
| <b>Cash flows from investing activities</b>                             |             |                   |                   |
| Interest received   |             | 8,922             | 1,823             |
| Net cash provided by investing activities                               |             | 8,922             | 1,823             |
| <b>Net increase in cash and cash equivalents</b>                        |             | 115,690           | 62,608            |
| <b>Cash and cash equivalents at the beginning of the financial year</b> |             | 105,430           | 42,822            |
| <b>Cash and cash equivalents at the end of the financial year</b>       | 8(a)        | 221,120           | 105,430           |

Notes to the financial statements are included on pages 19 to 25.

# The Kokoda Track Foundation Limited

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## Notes to the financial statements for the financial year ended 30 June 2008

### 1. General information

The Kokoda Track Foundation Limited (the Foundation) is a company 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 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 and conducting a workshop in the area towards fostering balanced tourism of the Kokoda Track.

### 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 company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 17 December 2008.

#### 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 Foundation has also adopted the following Standards as listed below which only impacted on the Foundation's financial statements with respect to disclosure:

- AASB 101 'Presentation of Financial Statements (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'

# The Kokoda Track Foundation Limited

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## Notes to the financial statements for the financial year ended 30 June 2008

### 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 has been granted an exemption from income tax.

(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 company**

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

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## Notes to the financial statements for the financial year ended 30 June 2008

### 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 will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the company's financial report:

- AASB 101 'Presentation of Financial Statements (revised September 2007). AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101' Effective for annual reporting periods beginning on or after 1 January 2009
- AASB 8 'Operating Segments', AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8' Effective for annual reporting periods beginning on or after 1 January 2009

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the company:

- AASB 2008-2 'Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation' Effective for annual reporting periods beginning on or after 1 January 2009
- AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project' Effective for annual reporting periods beginning on or after 1 January 2009
- AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' Effective for annual reporting periods beginning on or after 1 July 2009
- AASB 2008-8 'Amendments to Australian Accounting Standards – Eligible Hedged Items' Effective for annual reporting periods beginning on or after 1 July 2009

The initial application of the expected issue of an Australian equivalent accounting standard to the following standard is not expected to have a material impact on the financial report of the company:

- Improvements to IFRSs (2008) Effective for annual reporting periods beginning on or after 1 January 2009
- Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards' and IAS 27 'Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate' Effective for annual reporting periods beginning on or after 1 January 2009

### 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

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## Notes to the financial statements for the financial year ended 30 June 2008

### 4. Departmental breakdown

|  | 2008<br>\$     | 2007<br>\$    |
|--|----------------|---------------|
| <b>Ralph Honner Oration</b>                |                |               |
| Income                                     | 66,966         | 79,617        |
| Expenses                                   | (66,003)       | (67,350)      |
|  | <u>963</u>     | <u>12,267</u> |
| <b>Representatives in Papua New Guinea</b> |                |               |
| Income                                     | 25,000         | -             |
| Expenses                                   | (17,417)       | -             |
|  | <u>7,583</u>   | <u>-</u>      |
| <b>General fund raising</b>                |                |               |
| Income                                     | 274,457        | 140,123       |
| Expenses                                   | (74,761)       | (53,460)      |
| Papua New Guinea programs                  | (86,487)       | (31,419)      |
|  | <u>113,209</u> | <u>55,244</u> |
| <b>Surplus for the year</b>                | <u>121,755</u> | <u>67,511</u> |

### 5. Trade and other receivables

|  | 2008<br>\$    | 2007<br>\$    |
|--|---------------|---------------|
| Solicitor's trust account balance (PNG) receivable | <u>22,557</u> | <u>11,009</u> |

### 6. Trade and other payables

|                  | 2008<br>\$    | 2007<br>\$   |
|------------------|---------------|--------------|
| Accrued expenses | <u>11,972</u> | <u>6,489</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 each towards any outstanding obligations of the Foundation. At 30 June 2008, the number of members was 139 (2007: 152).

# The Kokoda Track Foundation Limited

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## Notes to the financial statements for the financial year ended 30 June 2008

### 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:

|              | <b>2008</b> | <b>2007</b> |
|--------------|-------------|-------------|
|              | <b>\$</b>   | <b>\$</b>   |
| Cash at bank | 221,120     | 105,430     |

#### (b) Reconciliation of profit for the period to net cash flows from operating activities

|   | <b>2008</b> | <b>2007</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| Surplus for the year                          | 121,755     | 67,439      |
| Interest income received and receivable       | (8,922)     | (1,823)     |
| <i>Changes in net assets and liabilities:</i> |             |             |
| (Increase)/decrease in assets:                |             |             |
| Trade and other receivables                   | (11,548)    | (11,006)    |
| Increase/(decrease) in liabilities:           |             |             |
| Trade and other payables                      | 5,483       | 6,175       |
| Net cash from operating activities            | 106,768     | 60,785      |

### 9. Financial instruments

#### (a) 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:

|                         | <b>Weighted average<br/>effective interest rate</b> |             | <b>Floating interest rate</b> |             |
|-------------------------|---|-------------|-------------------------------|-------------|
|                         | <b>2008</b>   | <b>2007</b> | <b>2008</b>                   | <b>2007</b> |
|                         | <b>%</b>  | <b>%</b>    | <b>\$</b>                     | <b>\$</b>   |
| <b>Financial assets</b> |   |             |                               |             |
| Cash                    | 6.20  | 6.06        | 221,120                       | 105,430     |
| Total financial assets  |   |             | 221,120                       | 105,430     |

# The Kokoda Track Foundation Limited

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## Notes to the financial statements for the financial year ended 30 June 2008

### 9. Financial instruments (continued)

#### (a) Interest rate risk (continued)

|                                    | Non-interest bearing |        | Total   |         |
|------------------------------------|----------------------|--------|---------|---------|
|                                    | 2008                 | 2007   | 2008    | 2007    |
|                                    | \$                   | \$     | \$      | \$      |
| <b>Financial assets</b>            |                      |        |         |         |
| Cash                               | -                    | -      | 221,120 | 105,430 |
| Receivables                        | 22,557               | 11,009 | 22,557  | 11,009  |
| <b>Total financial assets</b>      | 22,557               | 11,009 | 243,677 | 116,439 |
| <b>Financial liabilities</b>       |                      |        |         |         |
| Trade and sundry creditors         | 11,972               | 6,489  | 11,972  | 6,489   |
| <b>Total financial liabilities</b> | 11,972               | 6,489  | 11,972  | 6,489   |

#### (b) 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.

#### (c) 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.

### 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.

|  | 2008    | 2007    |
|--|---------|---------|
|  | \$      | \$      |
| <b>Gross proceeds from fundraising appeals</b> |         |         |
| Special events and donations                   | 351,716 | 200,612 |
| <b>Direct costs of fundraising appeals</b>     |         |         |
| Special events and donations                   | 66,003  | 73,295  |
| <b>Net surplus from fundraising appeals</b>    | 285,713 | 127,317 |

#### (b) Fundraising appeals conducted during the year ended 30 June 2008.

Special events – Ralph Honner Leadership Oration

# The Kokoda Track Foundation Limited

## Notes to the financial statements for the financial year ended 30 June 2008

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

(c) Application of funds for charitable purposes

|   | 2008<br>\$     | 2007<br>\$    |
|---|----------------|---------------|
| Net surplus from fundraising appeals  | 285,713        | 127,317       |
| This was applied to the charitable purposes in the following manner:                          |                |               |
| Expenditure on services   | 86,487         | 31,491        |
| Expenditure on administration, marketing and indirect costs                                   | 92,178         | 47,515        |
| <b>Total operating expenditure</b>  | <b>178,665</b> | <b>79,006</b> |
| Surplus between fundraising appeals and expenditure   | 107,048        | 48,311        |
| The surplus of \$107,048 (2007: \$48,311) was increased by income from the following sources: |                |               |
| Membership fees   | 5,785          | 17,305        |
| Interest received   | 8,922          | 1,823         |
| <b>Total income from other sources</b>  | <b>14,707</b>  | <b>19,128</b> |
| <b>Operating surplus</b>  | <b>121,755</b> | <b>67,439</b> |

(d) Comparison of certain monetary figures and percentage

|                                      | Fundraising<br>\$                | Gross<br>income<br>from<br>fundraising<br>\$ | 2008<br>% | 2007<br>% |
|--------------------------------------|----------------------------------|--|-----------|-----------|
| Total cost                           | 66,003                           | 351,716                                      | 18.8      | 36.5      |
| Net surplus from fundraising appeals | 285,713                          | 351,716                                      | 81.2      | 63.5      |
|                                      | Total costs<br>of services<br>\$ | Total<br>expenditure<br>\$                   | 2008<br>% | 2007<br>% |
| Services v expenditure               | 86,487                           | 178,665                                      | 48.4      | 39.9      |
|                                      | Total costs<br>of services<br>\$ | Total<br>income<br>received<br>\$            | 2008<br>% | 2007<br>% |
| Services v income received           | 86,487                           | 300,420                                      | 28.8      | 21.5      |
| <i>Fundraising appeals</i>           |                                  | 285,713                                      |           |           |
| <i>Other income</i>                  |                                  | 14,707                                       |           |           |
|                                      |                                  | 300,420                                      |           |           |