

The Kokoda Track Foundation Limited

ABN 45 103 660 948

Annual report for the financial year ended
31 December 2013



The Kokoda Track Foundation

The Kokoda Track Foundation Limited

Annual report for the financial year ended 31 December 2013

Contents

	Page
Chairman's Report	2
Executive Director's Report	3
Directors' Report	4
Auditor's Independence Declaration	7
Independent Auditor's Report	8
Directors' Declaration	10
Declaration under the Charitable Fundraising Act	11
Index to the Financial Statements	12
Annual Financial Statements:	
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17



The Kokoda Track Foundation

Chairman's Report

The Foundation had one of its most eventful years in 2013. We made record progress on many fronts: our scholarships; our projects in education, health, community development and microbusiness; and our fundraising. But, at the same time, we encountered some testing obstacles, particularly in our efforts to build the Kokoda College.

We awarded another 330 scholarships and supported 40 schools with the educational resources they need to operate. We built the Naduri Elementary School and Enivilogo Elementary School and we are working on new classrooms in Buna, Sanananda and Manari.

We funded the salaries of 25 committed elementary teachers, allowing them to keep open the schools along and around the Track and to provide access to a high quality education to children in remote communities.

Similarly, our dedicated health workers have operated aid posts along and around the Track providing vital healthcare to very remote communities, often for the first time. And we have been able to expand our programs in microbusiness, agriculture, food security and solar lighting during the year.

This progress was possible because of the continued generosity of our funding support base, highlighted by the 2013 Ralph Honner Oration Dinner, which was a sellout, and with the proceeds from the auctions raised around \$80,000 after expenses.

A combination of logistic and bureaucratic bottlenecks and weather temporarily slowed our progress in constructing the College campus. Nevertheless, we are confident that we will be able to complete the campus during 2014.

Our selfless and tireless team - led by our CEO Dr Gen Nelson and supported by Vera, Petra, Jonathan and Rebecca in Australia and Saii, Wampy, Grayson, Theo, and Elijah in PNG - met the challenges, often working long hours hampered by frustrating communication difficulties.

Petra Arifeae and her husband Charles answered our call at the eleventh hour to rush to Kou Kou to take command of the College campus creation after the unforeseen withdrawal of our project manager. They drew on their wide experience - Petra as a school principal and Charles as an engineer - and they performed magnificently under great pressure. We owe them a great debt of gratitude.

The year in prospect is an exciting one. We believe that the Kokoda College project will be a 'game changer', bringing with it wide-ranging benefits for the Kokoda catchment region. Once established, it has the potential to benefit the nation as a whole.

In anticipation of establishing the College, we put funds aside in 2012 that were spent in 2013. For this reason, the Foundation recorded a surplus in 2012 and a deficit in 2013.

Our Executive Director, Dr Gen Nelson, is taking maternity leave. We wish her, James and their baby daughter, Emilie, well. Gen plans to take a six-month leave period and then return to her role.

Gen managed her pregnancy during a tumultuous period for the Foundation. She has handled the pressure with aplomb. In her absence Bernie Egan is taking the reins with our team all stepping up to share additional responsibilities.

Thank you to everyone who supported the Foundation in 2013. Your generosity has once again kept the spirit of Kokoda alive and in action.

Patrick Lindsay
Chairman
Sydney, 30 April 2014



The Kokoda Track Foundation

Executive Director's Report

2013 has been another year of great inspiration for both myself and the Kokoda Track Foundation. Every day we are inspired by the communities along and around the Kokoda Track in which we work. We are inspired by the commitment and dedication of our teachers and health workers who sacrifice so much to see their communities thrive and prosper. We are inspired by the children who receive our scholarships and who are achieving the most extraordinary results - both in their own lives and in impacting the lives of those around them. And we are particularly inspired by the generosity and goodwill of the many individuals and organisations which make it all possible.

This year, we once again relied on the generosity of financial and in-kind contributions from individuals, organisations, corporate partners, NGOs, schools, philanthropists and many others across both Australia and PNG. Thank you, our valued supporters, for continuing to show us your overwhelming generosity. You have displayed enormous vision for our nearest neighbour and your trust in and support of the Foundation provides us with our lifeline and enables us to continue to grow and reach more people throughout the region.

The strong support and confidence placed in us by hundreds across our two countries enabled us to continue embarking upon our biggest project ever – the creation and construction of the Kokoda College. There are currently more than 500,000 school-aged children across PNG who cannot go to school due to the lack of teachers. Based on these numbers, PNG urgently needs to train 12,500 new teachers before it can contemplate offering universal primary education. In health, the rate of maternal and child death in PNG is staggeringly high – among the highest in the world – and the main contributing factor to this is the lack of primary healthcare and maternal and child health services available for PNG's rural poor.

The key to breaking the cycle of infant and maternal mortality in PNG and to provide universal access to education, is to give rural communities access to basic aid post facilities and elementary schools. Crucial to these facilities being able to properly operate are qualified and committed community health workers and elementary teachers. The Foundation's Kokoda College project is hoping to break this cycle. From next year, the Kokoda College will operate a School of Education, that will train elementary and primary teachers, and a School of Health, that will train community health workers. It will be one of only a few PNG Colleges based in a rural area and will have the capacity to train and graduate 80 teachers and 30 community health workers every year. After graduation, these professionals will be posted into their home villages and will operate the remote schools and aid posts across rural PNG – bringing these vital services to where they are needed the most.

2013 was the real beginning of this exciting initiative. We began constructing the College campus, we developed and piloted the innovative learning program and curriculum to be run out of the project, and we worked alongside local communities to build the vision for a healthy and educated rural Kokoda Track catchment region. We look to 2014 and beyond with much hope and anticipation and we know that the best is ahead of us.

I also continue to draw great inspiration from the amazing team behind the Kokoda Track Foundation – our dedicated board, our hard-working and motivated Sydney staff, and our team of project officers, teachers and community health workers in PNG – the nuts and bolts of our organisation. Thank you to all of you for your extraordinary commitment to keeping the spirit of Kokoda alive and for always going beyond the call of duty.

In 2014 I am embarking on my biggest personal journey to date as my husband James and I became first-time parents in January. As I take a brief period of maternity leave, I am very conscious of just how lucky we are in Australia to have access to high quality child and maternal health services. Bringing these services to the developing world has to be one of the greatest and most pressing challenges of our time. The Kokoda Track Foundation is at the coalface of making this a reality for our friends in PNG.

Genevieve Nelson
Executive Director
Sydney, 30 April 2014

Directors' Report

The directors of The Kokoda Track Foundation Limited ('the Foundation') submit herewith the annual financial report of the Foundation for the financial year ended 31 December 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors and senior management

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

Name	Qualifications and experience
Mr Patrick Lindsay	Chairman, Kokoda Track Foundation Author Director – Lime Tree Productions Pty Limited
Dr Genevieve Fiona Nelson	BPsych (Hons) (University of Western Sydney) PhD in Educational and Cross Cultural Psychology (University of Western Sydney) Executive Director, Kokoda Track Foundation Adjunct Research Fellow, Australian Catholic University
Ms Elizabeth Jessie Carr	BA (Hons) (University of Western Australia) MPA (Harvard University) Fellow Australian Institute of Company Directors Chairman - Macular Disease Foundation Australia Chairman - St Catherine's Aged Care Services (NSW) Chairman - Department of Family and Community Services (NSW) Audit & Risk Committee Member - Environmental Protection Authority (WA) Member - Safety, Return to Work and Support Board (NSW) Director - St Mary's Anglican Girls School (WA)
Mr Graeme Austin Carroll (To 23 May 2013)	CEO of the RSL & Service Clubs Association Company secretary of RSL & Services Clubs Association, KYLC (Kokoda Youth Leadership Challenge) Benevolent Fund and Operation CARE Benevolent Fund
Mr Bernard Michael Egan	BA (Macquarie University) Certified Practising Accountant Associate of the Institute of Corporate Managers, Secretaries and Administrators Associate of the Governance Institute of Australia Consultant - banking and risk management
Mr David Crichton Frecker	BA and LLM (Hons) (University of Sydney) Special Counsel - Ashurst Lawyers Director – Kula Gold Limited
Mr William Manfred James (From 1 January 2014)	Bachelor of Economics (Sydney University) Director - Flight Centre Foundation
Dr Yahoo Serious	Hon DLitt. Hon Doctorate of Letters Actor, Producer, Director and Writer of feature films Director – Serious Productions Pty Limited
Mr Peter Robert Thomas	Bachelor of Commerce (University of Melbourne) Fellow of the Institute of Chartered Accountants Member of the Institute of Company Directors Director - TFG International Pty Ltd Director - Indigenous Business Australia; Voyages Indigenous Tourism Australia; Foundation for Alcohol Research and Education; CatholicCare, Bluearth
Dr Stephen Leslie Wearing	PhD in the Nature of Ecotourism (Charles Sturt University) MTP (Research) (University of New South Wales) BTP (University of New South Wales) Associate Professor in Leisure, Sport and Tourism, Faculty of Business, University of Technology, Sydney Advisor to Youth Challenge Australia

Company Secretary

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

Principal activities

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

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

Review of operations

The Foundation's net deficit for the financial year was \$178,925 (2012: Surplus \$255,570). A review of the operations of the Foundation during the financial year and the results of those operations found that the Foundation continued to engage in its principal activity, the results of which are disclosed in the attached financial statements. The Foundation is a Deductible Gift Recipient and as such can accept tax deductible donations.

Changes in state of affairs

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

Subsequent events

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

Future developments

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

Dividends

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

Directors' Report (continued)

Directors' meetings

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

Directors	Held	Attended
Patrick Lindsay (Chairman)	5	5
Elizabeth Carr	5	5
Graeme Carroll	3	2
Bernard Egan	5	5
David Frecker	5	5
Genevieve Nelson (Executive Director)	5	5
Yahoo Serious	5	5
Peter Thomas	5	4
Stephen Wearing	5	4
Finance Audit & Risk Committee		
David Frecker (Chairman)	6	6
Bernie Egan	6	6
Peter Thomas	6	6

Auditor's independence declaration

The auditor's independence declaration under section 307C of the Corporation Act 2001 is included on page 7 of the annual report.

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

On behalf of the Directors

Patrick Lindsay
Chairman
Sydney, 30 April 2014

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

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 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Charmaine Hopkins
Partner

Sydney

30 April 2014

Independent auditor's report to the directors of The Kokoda Track Foundation Limited

Report on the financial report

We have audited the accompanying financial report of The Kokoda Track Foundation Limited (the Foundation), which comprises the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Foundation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards – Reduced Disclosure Requirements, a true and fair view which is consistent with our understanding of the Foundation's financial position and of its performance.

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

In addition, our audit report has also been prepared for the members of the Foundation in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991. Accordingly we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the Corporations Act 2001. These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising (NSW) Act 1991 and Regulations.

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

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

Independence

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

Basis for qualified opinion

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

Qualified auditor's opinion pursuant to the Corporations Act 2001

In our opinion, except for possible effects of the matter described in the Basis for qualified opinion paragraph, the financial report of the Foundation is in accordance with:

- a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Foundation's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

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

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

- a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 31 December 2013;
- b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2013 to 31 December 2013, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations;
- c) money received as a result of fundraising appeal activities conducted during the period from 1 January 2013 to 31 December 2013 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations; and
- d) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

KPMG

Charmaine Hopkins

Partner

Sydney

30 April 2014

The Kokoda Track Foundation Limited

Directors' Declaration

In the opinion of the Directors of The Kokoda Track Foundation Limited ('the Foundation')

- (a) the financial statements and notes that are set out on pages on 13 to 24 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Foundations financial position as at 31 December 2013 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulation 2011 and
- (b) there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable

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

On behalf of the Directors

Patrick Lindsay
Chairman
Sydney, 30 April 2014

The Kokoda Track Foundation Limited

Declaration under the Charitable Fundraising Act

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

1. The financial statements give a true and fair view of all income and expenditure of the Foundation with respect to the fundraising appeals activities for the financial year ended 31 December 2013.
2. The statement of financial position gives a true and fair view of the status of affairs with respect to fundraising appeals activities as at 31 December 2013.
3. The provisions of the Charitable Fundraising Act 1991 (NSW), the Regulations under the Act and the conditions attached to the authority have been complied with for the financial year ended 31 December 2013; and
4. The internal controls exercised by the Foundation are appropriate and effective in accounting for all income received and applied by the Foundation from any of its fundraising appeals.

Patrick Lindsay
Chairman
Sydney, 30 April 2014

The Kokoda Track Foundation Limited

Index to the Financial Statements

Contents	Page
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements:	
1 General information	17
2 Significant accounting policies	17
3 Key management personnel compensation	20
4 Trade and other receivables	20
5 Intangible assets	20
6 Trade and other payables	20
7 Analysis of funds held	21
8 Members' guarantee	21
9 Notes to the statement of cash flows	22
10 Auditors remuneration	22
11 Approval of financial statements	22
12 Additional information required under the Charitable Fundraising Act 1991	23

The Kokoda Track Foundation Limited

Statement of Comprehensive Income for the financial year to 31 December 2013

	Note	2013 \$	2012 \$
Income			
Donations & Grants			
Education Projects		535,637	615,666
Health Projects		109,203	10,065
Microbusiness Projects		16,370	32,812
Community Development Projects		29,005	47,582
General		381,456	304,907
Ralph Honner Oration Dinner		70,554	64,295
Other Income			
Membership		1,690	120
Interest		4,940	9,562
Total income	7	1,148,855	1,085,009
Expenses			
Project Outgoings			
Education		822,473	346,247
Health		57,372	77,717
Microbusiness		11,465	58,802
Community Development		31,606	89,986
Fundraising Outgoings			
General		43,570	32,296
Ralph Honner Oration Dinner		41,211	28,674
Other Outgoings			
Administration & General		316,266	193,604
Finance Expense		3,817	2,113
Total expenses	7	1,327,780	829,439
(Deficit)/Surplus for the year		(178,925)	255,570
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(178,925)	255,570

Notes to the financial statements are included on pages 17 to 24.

The Kokoda Track Foundation Limited

Statement of Financial Position as at 31 December 2013

	Note	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	9(a)	756,130	962,386
Trade and other receivables	4	26,453	1,613
Total current assets		782,583	963,999
Non current assets			
Plant and Equipment		-	1,405
Intangible Assets	5	-	7,161
Total non current assets		-	8,566
Total assets		782,583	972,565
Current liabilities			
Trade and other payables	6	39,698	50,755
Total current liabilities		39,698	50,755
Total liabilities		39,698	50,755
Net assets		742,885	921,810
Equity			
Accumulated Surpluses	7	742,885	921,810
Total equity		742,885	921,810

Notes to the financial statements are included on pages 17 to 24.

The Kokoda Track Foundation Limited

Statement of Changes in Equity for the financial year ended 31 December 2013

	Accumulated Surpluses \$
Balance at 1 January 2012	666,240
Surplus for the year	<u>255,570</u>
Balance at 31 December 2012	<u>921,810</u>
Balance at 1 January 2013	921,810
Deficit for the year	<u>(178,925)</u>
Balance at 31 December 2013	<u>742,885</u>

Notes to the financial statements are included on pages 17 to 24.

The Kokoda Track Foundation Limited

Statement of Cash Flows for the financial year ended 31 December 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from members, donors, fundraising activities		1,128,815	1,078,551
Payments to suppliers and employees		<u>(1,340,009)</u>	<u>(795,643)</u>
Net cash (used in)/provided by operating activities	9(b)	<u>(211,194)</u>	<u>282,908</u>
Cash flows from investing activities			
Payments for Plant, Equipment and Intangibles		(2)	(8,568)
Interest received		<u>4,940</u>	<u>9,562</u>
Net cash provided by investing activities		<u>4,938</u>	<u>994</u>
Net (decrease)/increase in cash and cash equivalents		(206,256)	283,902
Cash and cash equivalents at the beginning of the financial year		<u>962,386</u>	<u>678,484</u>
Cash and cash equivalents at the end of the financial year	9(a)	<u>756,130</u>	<u>962,386</u>

Notes to the financial statements are included on pages 17 to 24.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2013

1. General information

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

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

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

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

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

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

2. Significant accounting policies

Statement of compliance

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

Basis of preparation

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

Early adoption of accounting standards

AASB 1053 'Application of Tiers of Australian Accounting Standards'

From the 2011 Financial Report the directors elected under s.334(5) of the Corporations Act 2001 to apply AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to implement its revised differential reporting regime', even though the Standards are not required to be applied until annual reporting periods beginning on or after 1 July 2013.

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

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2013

2. Significant accounting policies (continued)

Significant accounting policies

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

(a) Foreign currency

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

(b) Revenue

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

Donations

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

Other revenue

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

Interest

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

(c) Income tax

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

(d) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(e) Intangible Assets

Website development and other software costs

Costs incurred in developing website tools and other software which incorporate revenue generating capabilities are recognised as an 'intangible asset' where it is probable that future economic benefits will flow to the company and the cost of the item can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, licences and direct labour. The development costs are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the website over its estimated useful life.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2013

2. Significant accounting policies (continued)

(f) Financial assets

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on funds 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.

(g) Trade Payables and other payables

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

(h) 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.

(i) Standards and Interpretations issued not yet effective

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

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2013

3. Key management personnel compensation

	2013 \$	2012 \$
Employee benefits	145,000	120,000

4. Trade and other receivables

	2013 \$	2012 \$
Sundry debtors	15,100	-
Prepayments	1,613	1,613
GST Receivable	9,740	-
	<u>26,453</u>	<u>1,613</u>

5. Intangible Assets

	2013 \$	2012 \$
Website and other software development	-	7,161
	<u>-</u>	<u>7,161</u>

6. Trade and other payables

	2013 \$	2012 \$
Accrued expenses	25,593	42,324
Employee entitlements	14,105	8,431
	<u>39,698</u>	<u>50,755</u>

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2013

7. Analysis of funds held

	Education	Health	Microbusiness	Community Development	General (a)	Total
	\$	\$	\$	\$	\$	\$
As at beginning of financial year	622,032	-	-	-	299,778	921,810
Donations for current year	535,637	109,203	16,370	29,005	458,640	1,148,855
Transfer from General Funds	-	-	-	2,601	(2,601)	-
	1,157,669	109,203	16,370	31,606	755,817	2,070,665
Distribution of funds for specific purpose	(822,473)	(57,372)	(11,465)	(31,606)	(404,864)	(1,327,780)
As at end of financial year	335,196	51,831	4,905	-	350,953	742,885

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

(a) Reconciliation of general funds held

	2013 \$	2012 \$
As at beginning of the financial year	299,778	268,643
Income		
General	381,456	304,907
Ralph Honner Oration Dinner	70,554	64,295
Other	6,630	9,682
	458,640	378,884
Transfer from general funds	(2,601)	(91,062)
Expenses		
Ralph Honner Oration Dinner	(41,211)	(28,674)
Fundraising	(43,570)	(32,296)
Other	(320,083)	(195,717)
	(404,864)	(256,687)
As at end of financial year	350,953	299,778

8. Members' guarantee

The Foundation is limited by guarantee. If the Foundation is wound up, the Constitution states that each member is required to contribute a maximum of \$10 towards any outstanding obligations of the Foundation. At 31 December 2013, the number of members was 184 (31 December 2012: 233).

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2013

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:

	2013 \$	2012 \$
Cash at bank	756,130	962,386

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

(Deficit)/Surplus for the year	(178,925)	255,570
Interest income received and receivable	(4,940)	(9,562)
Depreciation and Amortisation	8,568	-
	<u>(175,297)</u>	<u>246,008</u>
<i>Changes in net assets and liabilities:</i>		
(Increase)/Decrease in assets:		
Trade and other receivables	(15,100)	3,104
GST Receivable	(9,740)	-
(Decrease)/Increase in liabilities:		
Trade and other payables	<u>(11,057)</u>	<u>33,797</u>
Net cash provided by operating activities	<u>(211,194)</u>	<u>282,909</u>

10. Auditors remuneration

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

11. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 30 April 2014.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2013

12. 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.

	2013 \$	2012 \$
Gross proceeds from fundraising		
Ralph Honnor Oration Dinner	70,554	64,295
Other	1,071,671	1,011,032
	1,142,225	1,075,327
Direct costs of fundraising		
Ralph Honnor Oration Dinner	(41,211)	(60,970)
	(41,211)	(60,970)
Net surplus from fundraising	1,101,014	1,014,357

- (b) Fundraising conducted during the year ended 31 December 2013.

Special events – Ralph Honner Oration Dinner

- (c) Application of funds for charitable purposes

Net surplus from fundraising	1,057,444	1,014,357
This was applied to the charitable purposes in the following manner:		
Expenditure on programs	922,916	572,752
Expenditure on administration, marketing and indirect costs	320,083	195,717
	1,242,999	768,469
Total operating expenditure	1,242,999	768,469
(Deficit)/Surplus between fundraising and expenditure	(185,555)	245,888
The deficit of \$185,555 (31 December 2012: surplus of \$245,888) was decreased by income from the following sources:		
Interest received	4,940	9,562
Other Income	1,690	120
	6,630	9,682
Total income from other sources	6,630	9,682
Operating (Deficit)/Surplus	(178,925)	255,570

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2013

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

(d) Comparison of certain monetary figures and percentage

	2013 \$	2013 %	2012 \$	2012 %
<i>Fundraising costs as % of gross income from fundraising</i>				
Fundraising Cost	84,781	7	60,970	6
Gross Income	1,142,225		1,075,327	
<i>Net surplus from fundraising as % of gross income from fundraising</i>				
Net Surplus	1,057,444	93	1,014,357	94
Gross Income	1,142,225		1,075,327	
<i>Cost of programs as % of total expenditure</i>				
Program expenditure	922,916	74	572,752	74
Total expenditure	1,242,999		768,469	
<i>Cost of programs as % of income received</i>				
Program expenditure	922,916	80	572,752	53
Total Income Received	1,148,855		1,085,009	
- Gross income from Fundraising	1,142,225		1,075,327	
- Other income	6,630		9,682	
Total Income received	1,148,855		1,085,009	