

The Kokoda Track Foundation Limited

ABN 45 103 660 948

Consolidated Annual report for the
financial year ended 31 December 2015

The Kokoda Track Foundation Limited

Annual report for the financial year ended 31 December 2015

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Chairman's Report

As we move towards the 75th Anniversary of the Kokoda Campaign in 2017, we note with sadness the passing during the year of so many cherished veterans of that iconic campaign.

Soon there will be no living links to that chapter of our history, which inspired the formation of the KTF to repay the debt of honour we owe to the beloved WWII Fuzzy Wuzzy Angels by working to improve the lives and futures of their descendants.

During the year in review we undertook an assessment of our operations and we reset our goals, mid and long-term. From its inception as a provider of educational scholarships, the KTF has grown into a sophisticated and agile deliverer of aid to PNG. To reflect the growth and change in emphasis of our work, we decided to rebrand the organisation from the Kokoda Track Foundation to KTF.

Part of the rebrand was the introduction of our new logo, a stylised interpretation of the Queen Alexandra Birdwing Butterfly (the biggest in the world and, fittingly, only found in the Kokoda region). It symbolises our transformation and growth and the hope, change and freedom we aim to bring through our work.

In a year of outstanding successes in program delivery, two of our suite of projects demand special acknowledgement: the Kokoda College teacher and community health worker training facility; and the Archer Leadership Program.

After a four-year gestation, Kokoda College is now operational and we are confident it will make a significant contribution to improving PNG's educational prospects. The Archer Leadership Program, heading into its sixth year, has won national recognition as it helps to find and nurture the next generation of PNG's leaders. Its impact is truly transformational as all who hear our Archer alumni at the Ralph Honner Oration Dinner will attest.

As our CEO Dr Genevieve Nelson points out in detail in her report, KTF has continued to expand the size and reach of its projects. We are only able to do this with the help of our loyal band of supporters, our funders – corporate, institutional and individual – and our devoted staff and board.

One of our long-serving directors, Peter Thomas, retired during the year after ten years of invaluable service. We thank him for his wisdom and guidance. He has agreed to continue his association with KTF.

We give sincere thanks to our staff, both in Australia and PNG, for their unstinting work – often under trying conditions – to our board members for their collegiality, insight and vision and to our Patron, Ian Kemish, for his wise counsel.

We believe we are well placed to build on our work and we look to the future with confidence as we continue to work to improve the futures of our nearest neighbours.



Patrick Lindsay AM
Chairman
30 March 2016

Chief Executive Officer's Report

Reflecting on 2015, I am in awe of what a passionate movement of people can achieve. It has been a year of many milestones for KTF, as well as a year to refocus and commit to new goals in our journey to improve the lives and livelihoods of Papua New Guineans.

2015 saw the opening of the Kokoda College, KTF's state-of-the-art teacher and community health worker training facility. Four years in the making, thanks to our corporate and philanthropic partners, we have funded, constructed and now opened the College. November saw our first graduation ceremony take place, and we presented our first cohort of elementary teachers to their schools across remote and rural PNG.

Over the next 12 months, we will work towards opening the School of Health and training a new generation of community health workers, urgently needed in rural regions across the country. Investing in the training of high-quality teachers and health workers is the only way that children, families and communities will access primary education and basic healthcare in a country where hundreds of thousands continue to go without.

Our growth in 2015 also extended to our work in leadership, and we welcomed a new cohort of young leaders into our Archer Alumni, taking them on a journey of self-discovery and ongoing development of their passion for social justice. These impressive alumni are the next generation of leaders and are working in their professional, community and personal lives to make PNG a better, safer, and healthier nation. We are working with them to translate their passions and visions into tangible community and social action initiatives that are making real differences in the lives of PNG's most vulnerable. One such initiative is alumni Tess Gizoria's "UniMums", which provides mentoring and counselling to young mums, or young pregnant women in PNG. UniMums focuses on all aspects of a young woman's life as they juggle their commitments as a young mother, a student, and a contributing member of their family circle and society.

We have continued to support schools and aid posts across our region with educational and health infrastructure and resources and teacher and health worker postings and professional development opportunities. These programs continue to work with the most extraordinary and committed individuals whose desire to provide the highest quality education and healthcare to their people determines our ongoing success. It is indeed a pleasure to facilitate their journeys and to be inspired by their commitments.

May I offer my heartfelt thanks to the KTF staff and volunteers who are responsible for all of our programs. To Petra, Vera, Mike and Caitlin in Australia and Charles, Jenny, Saii, Wampy, Joe, Theo and Grayson in PNG... your willingness to go above and beyond rallies our committed group of supporters to continue their involvement with KTF.

As we look to the year ahead, I am filled with hope and promise that the change we are trying to achieve is not only possible... it is happening. I am indebted to all who give to KTF, whether it be financial, time and expertise, or resources and in-kind contributions. Your loyal commitment is making a difference for many of our nearest neighbours.



Genevieve Nelson
Chief Executive Officer
30 March 2016

Directors' Report

The directors of The Kokoda Track Foundation (KTF) Limited submit herewith the annual financial report of KTF for the financial year ended 31 December 2015.

Information about the directors and senior management

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

Name	Qualifications and experience
Patrick John Lindsay AM	Chairman - Kokoda Track Foundation Author Director – Lime Tree Productions Pty Limited
Genevieve Fiona Nelson	BPsych (Hons) (Western Sydney University) PhD in Educational and Cross Cultural Psychology (Western Sydney University) Chief Executive Officer - Kokoda Track Foundation Adjunct Research Fellow, Australian Catholic University
Elizabeth Jessie Carr	BA (Hons) (University of Western Australia) MPA (Harvard University) Fellow of the Australian Institute of Company Directors Chairman - Macular Disease Foundation Australia; Chairman - St Catherine's Aged Care Services (NSW) Chairman – Seton Villa (NSW) Chairman - Department of Family & Community Services Audit & Risk Committee Member - Environmental Protection Authority (WA) Director – ICARE (NSW) Member – Australian Technology Park NSW Audit & Risk Committee Member – Urban Growth Development Corp Audit & Risk Committee Member – Harvard Club Australia Council Director - St Mary's Anglican Girls School (WA)
Bernard Michael Egan	BA (Macquarie University) Certified Practicing Accountant Associate of the Institute of Corporate Managers, Secretaries and Administrators Associate of the Governance Institute of Australia Consultant – Banking and Risk Management
David Crichton Frecker	BA and LLM (Hons) (University of Sydney) Special Counsel – Ashurst Lawyers Director – Kula Gold Limited
William Manfred James	Bachelor of Economics (University of Sydney) Dip Education (University of Sydney) Director - Flight Centre Foundation
Yahoo Serious	Hon DLitt. Hon Doctorate of Letters Actor, Producer, Director and Writer of feature films Director – Serious Productions Pty Limited
Peter Robert Thomas	Bachelor of Commerce (University of Melbourne) Fellow of the Institute of Chartered Accountants Member of the Australian Institute of Company Directors Director – TFG International Pty Ltd Director – Indigenous Business Australia, Voyages Indigenous Tourism Australia; The Foundation for Alcohol Research and Education, Bluearth Foundation
Stephen Leslie Wearing	PhD in the Nature of Ecotourism (Charles Sturt University)

MTP (Research) (University of New South Wales)
BTP (University of New South Wales)
Associate Professor in Leisure, Sport and Tourism, Faculty of Business, University of
Technology, Sydney
Advisor to Volunteers in Community Engagement

Directors' Report (continued)

Company Secretary

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

Principal activities

KTF is an international aid organisation working in Papua New Guinea.

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

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

Review of operations

KTF's net surplus for the financial year was \$190,333 (2014: Deficit \$165,604). A review of the operations of KTF during the financial year and the results of those operations found that KTF continued to engage in its principal activity, the results of which are disclosed in the attached financial statements. KTF is a Deductible Gift Recipient and as such can accept tax-deductible donations.

Changes in state of affairs

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

Subsequent events

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 KTF, the results of those operations, or the state of affairs of KTF in future financial years.

Future developments

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

Dividends

KTF 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 Management 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
Bernard Egan	5	5
David Frecker	5	5
Bill James	5	4
Genevieve Nelson (Chief Executive Officer)	5	5
Yahoo Serious	5	5
Peter Thomas	3	3
Stephen Wearing	5	4
Finance Audit & Risk Management Committee		
David Frecker (Chairman)	7	7
Bernard Egan	7	7
Peter Thomas	4	4
Elizabeth Carr	3	3

Auditor's independence declaration

The Lead Auditor's Independence Declaration is set out on page 7 and forms part of the Directors' Report for the financial year ended 31 December 2015.

On behalf of the Directors



Patrick Lindsay AM
Chairman
Sydney, 30 March 2016



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

To: the Directors of The Kokoda Track Foundation Limited (KTF)

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2015 there have been:

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

KPMG

KPMG

Daniel Robinson
Director

Sydney

30 March 2016



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

Report on the financial report

We have audited the accompanying financial report of The Kokoda Track Foundation (KTF) and its controlled entities (the Foundation), which comprises the consolidated statement of financial position as at 31 December 2015, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Foundation.

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

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report gives a true and fair view, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the ACNC, and the *Charitable Fundraising (NSW) Act 1991* a true and fair view which is consistent with our understanding of the Foundation's financial position and of its performance.

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

Independence

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

Auditor's opinion pursuant to the ACNC

In our opinion, the financial report of the Foundation is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (a) giving a true and fair view of the Foundation's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards -- Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Audit opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion,

- (a) the financial report gives a true and fair view of the Foundation's financial result of fundraising appeal activities for the financial year ended 31 December 2015;
- (b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2015 to 31 December 2015, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- (c) money received as a result of fundraising appeal activities conducted during the period from 1 January 2015 to 31 December 2015 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 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

Daniel Robinson
Director

Sydney

30 March 2016

Directors' Declaration

In the opinion of the Directors of KTF:

- (a) KTF is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 12 to 22 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of KTF's financial position as at 31 December 2015 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- (c) there are reasonable grounds to believe that KTF will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Patrick Lindsay AM
Chairman
Sydney, 30 March 2016

The Kokoda Track Foundation Limited

Declaration under the Charitable Fundraising Act (1991)

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

1. The financial statements give a true and fair view of all income and expenditure of KTF with respect to the fundraising appeals activities for the financial year ended 31 December 2015.
2. The statement of financial position gives a true and fair view of the status of affairs with respect to fundraising appeals activities for the financial year ended 31 December 2015.
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 2015.
4. The internal controls exercised by KTF are appropriate and effective in accounting for all income received and applied by KTF from any of its fundraising appeals.

Signed in accordance with a resolution of the directors:



Patrick Lindsay AM
Chairman
Sydney, 30 March 2016

The Kokoda Track Foundation Limited

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The Kokoda Track Foundation Limited

Consolidated Statement of Comprehensive Income for the financial year to 31 December 2015

	Note	2015 \$	2014 \$
Income			
Donations		1,031,675	596,214
Government Grants (DFAT)		150,000	-
Ralph Honner Oration Dinner		148,492	125,720
Other Income			
Interest		6,918	9,443
Total income	6	1,337,085	731,377
Expenses			
Project Outgoings			
Education		(420,093)	(383,855)
Health		(209,542)	(126,707)
Microbusiness	6	-	(60,138)
Livelihoods		(59,279)	(66,352)
Leadership	6	(152,072)	-
Fundraising Outgoings			
General		(154,062)	(147,321)
Ralph Honner Oration Dinner		(48,573)	(40,639)
Other Outgoings			
Administration & General		(103,131)	(71,293)
Finance Expense		-	(676)
Total expenses	6	(1,146,752)	(896,981)
Surplus/(Deficit) for the year		190,333	(165,604)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		190,333	(165,604)

Notes to the Consolidated Financial Statements are included on pages 17 to 22.

The Kokoda Track Foundation Limited

Consolidated Statement of Financial Position as at 31 December 2015

		31 December 2015	31 December 2014
	Note	\$	\$
Current assets			
Cash and cash equivalents	8(a)	811,517	599,865
Trade and other receivables	4	5,166	16,951
Total current assets		<u>811,517</u>	<u>599,865</u>
Total assets		<u>816,683</u>	<u>616,816</u>
Current liabilities			
Trade and other payables	5	49,069	39,535
Total current liabilities		<u>49,069</u>	<u>39,535</u>
Total liabilities		<u>49,069</u>	<u>39,535</u>
Net assets		<u>767,614</u>	<u>577,281</u>
Accumulated funds			
Funds held		767,614	577,281
Total equity		<u>767,614</u>	<u>577,281</u>

Notes to the Consolidated Financial Statements are included on pages 17 to 22.

The Kokoda Track Foundation Limited

Consolidated Statement of Changes in Equity for the financial year ended 31 December 2015

	Accumulated Funds \$
Balance at 1 January 2014	742,885
Deficit for the year	<u>(165,604)</u>
Balance at 31 December 2014	<u>577,281</u>
Balance at 1 January 2015	577,281
Surplus for the year	<u>190,333</u>
Balance at 31 December 2015	<u>767,614</u>

Notes to the Consolidated Financial Statements are included on pages 17 to 22.

The Kokoda Track Foundation Limited

Consolidated Statement of Cash Flows for the financial year ended 31 December 2015

	Note	2015	2014
		\$	\$
Cash flows from operating activities			
Receipts from members, donors, fundraising activities		1,341,952	731,436
Payments to suppliers and employees		<u>(1,137,218)</u>	<u>(897,144)</u>
Net cash (used in)/provided by operating activities	8(b)	<u>204,734</u>	<u>(165,708)</u>
Cash flows from investing activities			
Interest received		<u>6,918</u>	<u>9,443</u>
Net cash provided by investing activities		<u>6,918</u>	<u>9,443</u>
Net increase/(decrease) in cash and cash equivalents		211,652	(156,265)
Cash and cash equivalents at the beginning of the financial year		<u>599,865</u>	<u>756,130</u>
Cash and cash equivalents at the end of the financial year	8(a)	<u>811,517</u>	<u>599,865</u>

Notes to the Consolidated Financial Statements are included on pages 17 to 22.

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2015

1. General information

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

KTF'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 1 274 Darling Street BALMAIN NSW 2041

KTF is an international aid organisation working in Papua New Guinea.

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

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

KTF raises funds in Australia to develop, implement and evaluate its programs in education, health, livelihoods and leadership in the Kokoda Track catchment region in Papua New Guinea.

2. Significant accounting policies

Statement of compliance

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

In the opinion of the Directors, having regard to the not-for-profit nature of KTF's business, the terms used in the prescribed format of the Statement of Comprehensive Income are not appropriate. "Profit or Loss" in the prescribed format of the Statement of Comprehensive Income has been substituted by "Surplus or Deficit".

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

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

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2015

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.

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

(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.

Government grants

Revenue from non-reciprocal grants are recognised when KTF obtains control of the asset or the right to receive it; it is probable that the economic benefits from the asset will flow to KTF; and its amount can be measured reliably. Grants or donations which are reciprocal in nature (those which have to be returned if KTF fails to deliver specified services or fulfil specified conditions) are initially recognised as deferred revenue (liability), with revenue recognised as the services are performed or the conditions are fulfilled.

(c) Income tax

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

(d) Financial assets

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter year.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

(e) Trade payables and other payables

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

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2015

2. Significant accounting policies (continued)

(f) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

(g) Standards and Interpretations issued not yet effective

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

3. Key management personnel compensation

	2015 \$	2014 \$
Employee benefits	109,988	103,523

4. Trade and other receivables

	2015 \$	2014 \$
Prepayments	1,613	1,613
GST Receivable	3,553	15,338
	<u>5,166</u>	<u>16,951</u>

5. Trade and other payables

	2015 \$	2014 \$
Accrued expenses	20,899	24,196
Employee entitlements	28,170	15,339
	<u>49,069</u>	<u>39,535</u>

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2015

6. Analysis of funds held

Any surplus on a program is quarantined for use on the designated program for future years. The majority of donations received by KTF are received directly in KTF's bank account or are received via credit card or cheque, with receipts issued for all donations received. KTF revised its program categories in 2015 to reflect its delivery of aid and development activities in the areas of education, health, livelihoods and leadership. Leadership activities were previously classified as education.

	Education	Health	Livelihoods	Leadership	General	Total
	\$	\$	\$	\$	\$	\$
As at beginning of financial year	155,503	-	-	-	421,778	577,281
Donations for current year	273,224	30,479	26,410	149,747	857,225	1,337,085
	428,727	30,479	26,410	149,747	1,279,003	1,914,366
Transfer from General	-	179,063	32,869	2,325	(214,257)	-
Distribution of funds for specific purpose	(420,093)	(209,542)	(59,279)	(152,072)	(305,766)	(1,146,752)
As at end of financial year	8,634	-	-	-	758,980	767,614

(a) Reconciliation of general funds held

	2015 \$	2014 \$
As at beginning of the financial year	421,778	350,953
Income		
General	701,816	315,753
Ralph Honner Oration Dinner	148,491	125,720
Other	6,918	9,443
	857,225	450,916
Transfer from general funds	(214,257)	(120,162)
Expenses		
Ralph Honner Oration Dinner	(48,573)	(40,639)
Fundraising	(154,062)	(147,321)
Other	(103,131)	(71,969)
	(305,766)	(259,929)
As at end of financial year	758,980	421,778

The Kokoda Track Foundation Limited

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2015

7. Members' guarantee

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

8. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	2015 \$	2014 \$
Cash at bank	811,517	599,865

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

	2015 \$	2014 \$
Surplus/(Deficit) for the year	190,333	(165,604)
Interest income received and receivable	(6,918)	(9,443)
Other	-	(326)
	183,415	(175,373)
<i>Changes in net assets and liabilities:</i>		
<i>(Increase)/Decrease in assets:</i>		
Trade and other receivables	-	15,100
GST Receivable	11,785	(5,598)
<i>Increase/(Decrease) in liabilities:</i>		
Trade and other payables	9,534	163
Net cash provided/(used in) by operating activities	204,734	(165,708)

9. Controlled Entities

Name of entity	Country of Incorporation	Interest of immediate parent entity (ordinary shares)	
		2015	2014
KTF PNG Limited	Papua New Guinea	100%	-

Notes to the Consolidated Financial Statements for the financial year ended 31 December 2015

10. Related parties

James Management Services Pty is a related party of William Manfred James. In May 2015, KTF entered into a three-year tenancy arrangement with James Management Services Pty in respect of the 274 Darling Street Balmain Property. The total value of rental expense incurred during the year relating to this agreement was \$35,000. Donations made to KTF by Mr James during the year far exceeded the rental expenses and associated GST.

11. Contingent liabilities

At 31 December 2015 KTF had a term deposit supporting an outstanding bank guarantee of \$65,445 (Australian dollar equivalent). The bank guarantee was issued to PNG Customs Service in lieu of a disputed claim relating to customs import duty. KTF continues to dispute the liability on the basis of their exemption status as a community organisation.

12. Auditor's remuneration

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

13. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 30 March 2016.