

The Kokoda Track Foundation Limited

ABN 45 103 660 948

Annual report for the financial year ended
31 December 2017

The Kokoda Track Foundation Limited

Annual report for the financial year ended 31 December 2017

Contents

	Page
Chair and Chief Executive Officer's Report	2
Directors' Report	4
Auditor's Independence Declaration	7
Independent Auditor's Report	8
Directors' Declaration	12
Declaration under the Charitable Fundraising Act 1991	13
Index to the Financial Statements	14
Consolidated Statement of Comprehensive Income	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes to the Financial Statements	19

Chair and Chief Executive Officer's Report

2017 was the 75th anniversary of the Kokoda Campaign and a time to reflect on the great friendship and bond that was forged between Papua New Guinea and Australia in WWII. This bond is just as strong 75 years on, and we at KTF are motivated to keep the spirit of Kokoda alive in ways that are tangible, and that recognise the strength of the mateship that was born out of courage, sacrifice and endurance in PNG all those years ago.

Our purpose is to work with people and communities to improve the lives and futures of the people of PNG. 2017 saw us expand many of our development activities to communities right across PNG and today we have a presence in 16 of PNG's Provinces, and relationships with provincial governments, communities, women's groups, schools and young leaders which enable us to, in partnership, affect change.

During the year in review, we expanded our Teach for Tomorrow project to ten Provinces across PNG, training 2,290 elementary teachers for remote and rural schools. This partnership with National and Provincial Departments of Education, the PNG Education Institute, communities, schools, trainers and teachers was made possible by tremendous generosity from PNG and Australia's corporate, philanthropic and government sectors. Those partners helped us to train all these teachers, keeping literally thousands of schools open and over 70,000 children in school.

As we look to the future, we are excited about the next stage of Teach for Tomorrow, our further expansion across PNG, and our ongoing commitment to the Kokoda Track catchment region. 2018 will be a year in which we further progress the resourcing of the Australian and PNG chapters of the organisation to ensure that all program expansion is properly supported, the capacity of our teams is grown, and our impact is measured. Communities across the nation continue to struggle to access basic education and primary healthcare – especially in regions that are difficult to access. We stand poised to work in partnership with local, provincial and national governments, leaders and their communities, and schools and health facilities to improve access to those services that are vitally important to lifting people out of poverty.

2017 saw the resignation of our long-time chair and director, Patrick Lindsay AM, and we thank him wholeheartedly for his extraordinary commitment to KTF, the people of PNG, and to keeping the spirit of Kokoda alive. We are grateful to all our directors, committee members, staff and volunteers in PNG and Australia for their dedication, innovation and enthusiasm in the face of challenge; and we welcome new director and company secretary, Peter Barrow, to the team in 2018 who replaces long-standing company secretary, Salman Haq.

None of our work would be possible without the generosity of the Australian and PNG philanthropic and business communities, the PNG and Australian Governments, and the passionate people in Australia and PNG who are committed to honouring the friendship between our nations and keeping the spirit of Kokoda alive. We thank you for your generosity – of time, money and resources – and your ongoing moral support.

They were there for us in our darkest hours... now it's our turn to lend a hand.



Mr Ian Kemish AM
Chair
28 March 2018



Dr Genevieve Nelson
Chief Executive Officer
28 March 2018

Directors' Report

The directors of The Kokoda Track Foundation Limited (KTF) submit herewith the annual financial report of KTF for the financial year ended 31 December 2017. In order to comply with the provisions of the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC), the directors report as follows:

Information about the directors and senior management

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

Name	Qualifications and experience
Ian Ferguson Kemish AM	Chair – Kokoda Track Foundation (Apr – Dec, 17) BA (Hons) Dip Ed (University of Queensland) Executive General Manager, External Affairs and Social Performance, Newcrest Mining Limited Member – Board of Commissioners, Nusa Halmahera Minerals Member – Board of Commissioners, Nusantara Bintang Management Director – Australia Indonesia Centre
Patrick John Lindsay AM	Chair – Kokoda Track Foundation (Jan – Apr, 17) Author Director – Lime Tree Productions Pty Limited Director – KTF PNG Limited
Elizabeth Jessie Carr AM	Deputy Chair – Kokoda Track Foundation BA (Hons) (University of Western Australia) MPA (Harvard University) Fellow of the Australian Institute of Company Directors Chair – St Catherine's Aged Care Services (NSW) Chair – Department of Family & Community Services Audit & Risk Committee Chair – Seton Villa (NSW) – Disabilities Chair – South Metropolitan Tafe (WA) Chair – St Mary's Anglican Girls School (WA) Director – ICARE (NSW) Member – Environmental Protection Authority (WA) Member – Urban Growth Development Corp Audit & Risk Committee Member – Harvard Club Australia Council
Wendy Joan Brooks	BMus (University of Melbourne) LLB (Hons) (Charles Darwin University) GDipLegPrac (College of Law) Managing Director, Wendy Brooks & Partners Pty Ltd Co-Chair – Human Rights Watch Australia Director – Summer Housing Pty Ltd Director – InLife Independent Living Ltd Director – Fitted for Work Director – National Trust of Australia (Victoria) Director – National Trust of Victoria Foundation
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
William Manfred James	BEcon (University of Sydney) Dip Ed (University of Sydney)

	Director – Flight Centre Foundation Director – Partnering PNG Limited
Stephannie Anna-Maria Kirriwom	LLB (University of Papua New Guinea) Lawyer (Litigation), Dentons Lawyers Chair – KTF PNG Limited Chair – Partnering PNG Limited
Andrew Moutu	BA (University of Papua New Guinea) PhD, Anthropology & Philosophy (University of Cambridge) Member – Department of Foreign Affairs & Trade Innovation Xchange
Genevieve Fiona Nelson	BPsych (Hons) (Western Sydney University) PhD in Educational and Cross Cultural Psychology (Western Sydney University) Chief Executive Officer – Kokoda Track Foundation (KTF) Adjunct Research Fellow, Australian Catholic University Director – KTF PNG Limited Director – Partnering PNG Limited
Yahoo Serious	Hon DLitt. Hon Doctorate of Letters (University of Newcastle) Actor, Producer, Director and Writer of feature films Director – Serious Productions Pty Limited
Peter Barrow	(Appointed in January 2018) Fellow of Australian Institute of Company Directors Fellow Chartered Accountant Founder & Senior Partner 35 years - MBT Chartered Accountants Chair – Oaks Hotels & Resorts Limited Chair – Audit & Risk Committee, Flight Centre Limited Director - Mosaic Oil N.L

Company Secretary

Mr Peter Barrow, FAICD, FCA, is the company secretary. He was appointed Secretary of KTF in January 2018. Mr Salman Haq FCIS, CA, FCA was company secretary for financial year 2017. Salman retired in January 2018.

Principal activities

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

We work with people and communities to improve the lives and futures of Papua New Guineans. Our inspiration is to keep the spirit of Kokoda alive.

Review of operations

KTF's net surplus for the financial year was \$145,800 (2016: \$121,124). 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 held net assets of \$1.2 million at the end of the financial year. KTF has a policy of holding reserves sufficient to ensure it can meet existing commitments to its development activities. It also currently holds funds in respect of a potential purchase of an asset with intended social and income-generating purposes in the next financial year. 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 Chair and Chief Executive Officer's Report.

Dividends

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

Directors' meetings

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

Directors	Held	Attended
Ian Kemish AM (Chair Apr - Dec)	6	5
Patrick Lindsay AM (Chair Jan – Apr)	2	2
Elizabeth Carr AM (Deputy Chair)	6	5
Wendy Brooks	6	4
Bernard Egan	6	6
Bill James	6	5
Stephannie Kirriwom	6	2
Andrew Moutu	6	2
Genevieve Nelson (Chief Executive Officer)	6	6
Yahoo Serious	6	5
Finance Audit & Risk Management Committee		
Bernie Egan (Chair)	7	7
Elizabeth Carr AM	7	7
Ian Kemish AM (Retired Apr)	3	1
Peter Parry (Appointed Apr)	4	4

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 2017.

On behalf of the Directors



Ian Kemish AM
Chair
Sydney, 28 March 2018

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

To: the Directors of The Kokoda Track Foundation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2017 there have been:

- (a) 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
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



Daniel Robinson
Partner
Sydney
28 March 2018

Independent Auditor's Report

To the members of The Kokoda Track Foundation Limited

Report on the audit of the Financial Report

Opinion

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

In our opinion, the accompanying Financial Report of the Foundation and Group is in accordance with the Australian Charities and Not-for-profits Commission (ACNC) Act 2012, including:

- i. giving a true and fair view of the Foundation and Group's financial position as at 31 December 2017, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with Australian Accounting Standards- Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.

The **Financial Report** comprises :

- Consolidated Statement of Financial Position as at 31 December 2017;
- Consolidated Statement of Comprehensive Income, Consolidated of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies;
- Directors' Declaration of the Foundation and Group;
- Declaration by the Chairman in respect of fundraising appeals of the Foundation and Group.

Basis for opinion

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

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

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

Other Information

Other Information is financial and non-financial information in The Kokoda Track Foundation Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Chairman's Report, Chief Executive Officer's Report and Director's Report. The Directors are responsible for the Other Information.

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards- Reduced Disclosure Requirements and the ACNC.
- Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991.
- Implementing necessary internal control to enable the preparation of Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- Assessing the Foundation and Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Foundation and Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

Undertaking an audit in accordance with Australian Auditing Standards, means exercising professional judgement and maintaining professional skepticism.

Our responsibilities include:

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

In addition we have:

- i. Obtained an understanding of the internal control structure for fundraising appeal activities.
- ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulation.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

Report on Other Legal and Regulatory Requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- i. the Financial Report gives a true and fair view of the Foundation and Group's financial result of fundraising appeal activities for the financial year ended 31 December 2017;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2017 to 31 December 2017, in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations;
- iii. money received as a result of fundraising appeal activities conducted during the period from 1 January 2017 to 31 December 2017 has been properly accounted for and applied in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations; and
- iv. there are reasonable grounds to believe that the Foundation and Group will be able to pay its debts as and when they fall due.



KPMG

Daniel Robinson
Partner

Sydney
28 March 2018

The Kokoda Track Foundation Limited

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 14 to 24 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair of KTF's financial position as at 31 December 2017 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:



Ian Kemish AM
Chairman
Sydney, 28 March 2018

The Kokoda Track Foundation Limited

Declaration under the Charitable Fundraising Act (1991)

I, Ian Kemish AM, 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 2017.
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 2017.
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 2017.
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:



Ian Kemish AM
Chair
Sydney, 28 March 2018

The Kokoda Track Foundation Limited

Index to the Financial Statements

Contents	Page
Consolidated Statement of Comprehensive Income	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes to the Consolidated Financial Statements:	
1 General information	19
2 Significant accounting policies	19
3 Key management personnel compensation	21
4 Trade and other receivables	22
5 Trade and other payables	22
6 Table of cash movements for designated purposes	22
7 Reconciliation of general funds held	23
8 Members' guarantee	23
9 Notes to the statement of cash flows	23
10 Controlled entities	24
11 Related parties	24
12 Auditors remuneration	24
13 Approval of financial statements	24

The Kokoda Track Foundation Limited

Consolidated Statement of Comprehensive Income for the financial year to 31 December 2017

	2017	2016
	\$	\$
REVENUE		
Donations & Gifts		
Monetary		
Donations	1,455,741	907,115
Ralph Honner Oration Dinner	121,213	114,894
Kids of Kokoda Lunch	21,385	44,360
Non-monetary		
SolarBuddy Lights Program (Donation of Goods)	89,750	-
Government Grants		
Department of Foreign Affairs & Trade (ANCP)	433,289	150,000
Department of Foreign Affairs & Trade (Australian High Commission)	107,920	62,075
Other Overseas (PNG)	-	103,519
TOTAL REVENUE	2,229,297	1,381,963
EXPENDITURE		
International Aid and Development Programs Expenditure		
International Programs		
Funds to International Programs		
Education	(1,032,511)	(604,736)
Health	(225,544)	(114,278)
Livelihoods	(130,819)	(42,272)
Leadership	(164,750)	(150,897)
Goods to International Programs		
SolarBuddy Lights Program	(89,750)	-
Program Support Costs	(88,741)	(77,793)
Fundraising Costs		
Public Events		
Ralph Honner Oration Dinner	(53,867)	(44,318)
Kids of Kokoda Lunch	(12,200)	(18,617)
General Fundraising	(111,556)	(114,892)
Accountability & Administration	(180,838)	(102,899)
TOTAL EXPENDITURE	(2,090,575)	(1,270,702)
Finance Income	7,078	9,863
EXCESS OF REVENUE OVER EXPENDITURE	145,800	121,124
Other comprehensive income	-	-
TOTAL SURPLUS / (DEFICIT)	145,800	121,124

Notes to the financial statements are included on pages 19 to 24.

The Kokoda Track Foundation Limited

Consolidated Statement of Financial Position as at 31 December 2017

	Note	31 December 2017 \$	31 December 2016 \$
Current assets			
Cash and cash equivalents	9(a)	963,575	912,801
Trade and other receivables	4	320,201	19,757
Total current assets		1,283,776	932,558
Non current assets			
Property, plant & equipment		4,744	-
Less: (Accumulated Depreciation)		(647)	-
Total non current assets		4,097	
Total assets		1,287,873	932,558
Current liabilities			
Trade and other payables	5	133,748	43,820
Deferred income		119,587	-
Total current liabilities		253,335	43,820
Total liabilities		253,335	43,820
Net assets		1,034,538	888,738
Accumulated funds			
Funds held		1,034,538	888,738
Total equity		1,034,538	888,738

Notes to the financial statements are included on pages 19 to 24.

The Kokoda Track Foundation Limited

Consolidated Statement of Changes in Equity for the financial year ended 31 December 2017

	Accumulated Funds \$
Balance at 1 January 2016	767,614
Surplus for the year	<u>121,124</u>
Balance at 31 December 2016	<u>888,738</u>
Balance at 1 January 2017	888,738
Surplus for the year	<u>145,800</u>
Balance at 31 December 2017	<u>1,034,538</u>

Notes to the financial statements are included on pages 19 to 24.

The Kokoda Track Foundation Limited

Consolidated Statement of Cash Flows for the financial year ended 31 December 2017

	<u>Note</u>	<u>2017</u> <u>\$</u>	<u>2016</u> <u>\$</u>
Cash flows from operating activities			
Receipts from donors, fundraising activities and government		2,001,929	1,367,372
Payments to suppliers and employees		(1,953,490)	(1,275,951)
Net cash provided by operating activities	9(b)	48,439	91,421
Cash flows from investing activities			
Payment for property, plant and equipment		(4,744)	-
Interest received		7,078	9,863
Net cash provided by investing activities		2,334	9,863
Net increase in cash and cash equivalents		50,774	101,284
Cash and cash equivalents at the beginning of the financial year		912,801	811,517
Cash and cash equivalents at the end of the financial year	9(a)	963,575	912,801

Notes to the financial statements are included on pages 19 to 24.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2017

1. General information

The Kokoda Track Foundation Limited (KTF) is an entity limited by guarantee, incorporated in Australia and operating in Australia and Papua New Guinea (PNG). It has two 100% owned subsidiary companies in PNG: KTF PNG Limited and Partnering PNG Limited, neither was in operation during FY17.

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

Registered office	Principal place of business
Level 1 274 Darling Street BALMAIN NSW 2041	Level 1 274 Darling Street BALMAIN NSW 2041

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

We work with people and communities to improve the lives and futures of Papua New Guineans. Our inspiration is to keep the spirit of Kokoda alive.

KTF raises funds in both Australia and Papua New Guinea to design, co-deliver, and monitor and evaluate its programs in education, health, livelihoods and leadership across 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 (ACNC Act).

In the opinion of the Directors, having regard to the not-for-profit nature of KTF's business, the terms used in the prescribed format of the Statement of 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". Statements are also compliant with the Australian Council for International Development's Code of Conduct.

Basis of preparation

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

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.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2017

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 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.

Cash donations

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

Donations of goods

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

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

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 fulfill 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.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2017

Loans and receivables

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

Interest income is recognised by applying the effective interest rate.

(e) **Trade payables and other payables**

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

(f) **Comparative figures**

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

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

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

(i) *AASB 15 Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue which covers contracts for goods and services.

The requirements of AASB 15 for not for profit entities is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group has not completed an initial assessment of the potential impact of the adoption of AASB 15 on its consolidated financial statements.

(ii) *AASB 1058 Income for Not-for-Profit Entities*

AASB 1058 establishes principles for not for profit (NFP) entities that apply specifically to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a NFP entity to further its objectives; and to volunteer services received.

AASB 1058 is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted as long as AASB 15 is applied to the same period.

The Group has not completed an initial assessment of the potential impact of the adoption of AASB 1058 on its consolidated financial statements.

(iii) *AASB 16 Leases*

Under the new standard AASB 16 "Leases" a lessee is in essence required to:

- Recognise all lease assets and liabilities (including those currently classed as operating leases) on the balance sheet, initially measured at the present value of unavoidable lease payments;
- Recognize amortisation of lease assets and interest on lease liabilities in the income statement over the lease term; and
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (which companies can chose to present within operating or financing activities consistent with presentation of any other interest paid) in the cash flow statement.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019.

The Group has not completed an initial assessment of the potential impact of the adoption of AASB 1058 on its consolidated financial statements.

3. **Key management personnel compensation**

	2017	2016
	\$	\$
Employee benefits	165,000	124,159

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2017

4. Trade and other receivables

	2017 \$	2016 \$
Accrued income	254,447	-
Sundry debtors	63,541	12,095
Prepayments	2,213	4,643
GST Receivable	-	3,019
	320,201	19,757

Note: accrued income includes revenue earned from multi-year grant agreements that has yet to be received as at the end of the financial year.

5. Trade and other payables

	2017 \$	2016 \$
Accrued expenses	96,085	21,259
Employee entitlements	37,663	22,561
	133,748	43,820

6. Table of Cash Movements for Designated Purposes

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 to KTF's bank account or are received via credit card or cheque, with receipts issued for all donations received.

	Cash available at beginning of financial year	Cash raised during financial year	Cash disbursed during financial year	Cash available at end of financial year
Education Program	-	1,230,064	1,070,492	159,572
Health Program	-	139,892	239,853	-
Livelihoods Program	24,671	80,687	145,145	-
Leadership Program	52,815	-	186,874	-
General (non-designated purposes)	823,752	498,414	244,356	804,002
TOTAL	901,238	1,949,057	1,886,720	963,575

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2017

7. Reconciliation of general funds held

	2017	2016
	\$	\$
As at beginning of the financial year	823,752	758,980
Income		
General	491,336	475,162
Other	7,078	9,863
	<u>498,414</u>	<u>485,025</u>
Transfer from general funds to programs	(273,808)	(152,027)
Expenses		
Ralph Honner Oration Dinner	(53,867)	(44,318)
Kids of Kokoda Lunch	(12,200)	(18,617)
Fundraising	(111,556)	(114,892)
Accountability & Administration	(66,733)	(90,399)
	<u>(244,356)</u>	<u>(268,226)</u>
As at end of financial year	<u>804,002</u>	<u>823,752</u>

8. Members' guarantee

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

9. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

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

	2017	2016
	\$	\$
Cash at bank	<u>963,575</u>	<u>912,801</u>

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2017

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

	2017 \$	2016 \$
Surplus for the year	145,800	121,124
Interest income received and receivable	(7,078)	(9,863)
Depreciation	647	-
	<u>139,369</u>	<u>111,261</u>
<i>Changes in net assets and liabilities:</i>		
<i>(Increase)/Decrease in assets:</i>		
Trade and other receivables	(303,463)	(15,125)
GST Receivable	-	534
<i>Increase/(Decrease) in liabilities:</i>		
Trade and other payables	30,230	(5,249)
Deferred income	119,587	-
GST payable	62,716	-
	<u>(90,930)</u>	<u>(19,840)</u>
Net cash (used in)/provided by operating activities	<u>48,439</u>	<u>91,421</u>

10. Controlled Entities

Name of Entity	Country of Incorporation	Interest of immediate parent entity (ordinary shares)	
		2017	2016
KTF PNG Limited	Papua New Guinea	100%	100%
Partnering PNG Limited	Papua New Guinea	100%	100%

11. 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 \$70,343. Donations made to KTF by Mr James during the year exceeded the rental expenses and associated GST.

12. Auditor's remuneration

KPMG is the auditor of KTF. Fees in relation to audit services for FY17 were \$12,500 (FY 16: \$12,500; FY15: nil, pro bono). No non-audit services were provided in FY17 (FY16: nil).

13. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 28 March 2018.