

The Kokoda Track Foundation Limited

ABN 45 103 660 948

Annual report for the financial year ended
31 December 2010

The Kokoda Track Foundation Limited

Annual report for the financial year ended 31 December 2010

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The Kokoda Track Foundation

Chairman's Report

The Foundation made significant progress during the year, substantially extending both our support base and our PNG programs. We added a range of exciting new programs and we have doubled our scholarship recipients to more than 300 as we move into 2011.

We were gratified to see our vision steadily turning into reality throughout the Kokoda corridor. In particular, we were greatly encouraged by the success of programs like the Northern Province Seed Restoration Program, which helped communities in the Oro Province to recover from the 2007 Cyclone Guba by rebuilding and replenishing their devastated food gardens. During the year, the program had advanced sufficiently to enable us to hand its ownership to the local communities.

We welcomed a number of new key partners during 2010, including the Hawthorn AFL Club, the Trust Company and Geoff Harris, while we continued to enjoy enthusiastic support from our core supporters, including Bill James, staff at the Department of Veterans' Affairs, Rotary, Blake Dawson and Deloitte.

Some of the year's highlights included:

- *growing* our Fuzzy Wuzzy Angel scholarship scheme from 156 to 300 angels and providing primary, secondary and tertiary students in PNG with the opportunity to get an education that they otherwise would not have;
- *forming* a ground-breaking partnership with Rotary to deliver more than 80 classrooms full of school furniture (from Sydney schools following the Federal Government's "Building the Education Revolution") to schools through the Kokoda region;
- *expanding* our School Resources Program from 25 to 35 schools;
- *underwriting* the training of 8 community health workers and providing emergency drug supplies to Kokoda Memorial Hospital and aid posts along the Kokoda Track;
- *expanding* our Krappers for Kokoda program to schools along the Track;
- *creating* and developing a vibrant alliance with the Hawthorn AFL club, under which the Hawks have committed to support the Foundation with a portfolio of fundraising activities, including an annual "Kokoda Game" to be held at the MCG;
- *securing* the support of the Trust Company (through the Estate of the late Fred Archer) to create the first of the annual Archer Leadership Scholarships, an intensive leadership program aimed at identifying and nurturing the next generation of PNG's leaders;
- *expanding* our "Pawa Givim Meri" microbusiness program, aimed at empowering village women's groups to establish snack stores for trekkers and locals along the Track;
- *enjoying* a 'sold-out' Ralph Honner Oration Dinner, at which AFL great and leadership advocate, David Parkin, addressed a packed house, which included 17 Kokoda veterans and Fuzzy Wuzzy Angel, Faole Bokoi;
- *implementing* a volunteer program under which visiting Australian teachers and health workers provide their skills to villages in the Kokoda region.

We believe our results show that our program "template" is working. We have adapted each of our programs to meet the specific needs of the communities we serve and we are delighted with the responses of these communities in building and strengthening our partnerships with them.

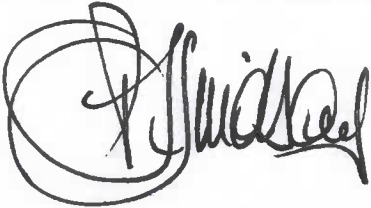
Our constant aim is to deliver the maximum impact on the ground from each dollar of funding. Over the year we have been able to ensure that every dollar donated to the Foundation was used in the most efficient and effective way to bring lasting change to the Kokoda Track communities.

The driving force in our success has been our outstanding Executive Director, Dr Genevieve Nelson. Our special thanks to Genevieve for her energy, vision and leadership, both at home and on the ground in PNG.

The Kokoda Track Foundation Limited

My sincere thanks also to our board for their teamwork and passion and to our faithful supporters: Rotary (especially Graeme Boler); Paul Hanna (website and graphic design); Mike Nelson (event management and videos); Deloitte (audit); Blake Dawson (legal); and our enormous army of volunteers and supporters for helping us to keep the spirit of Kokoda alive in 2010.

We look forward with confidence to continuing the Foundation's growth in 2011 as we build on our existing programs and seek new ways to help improve the lives of our nearest neighbours.

A handwritten signature in black ink, appearing to read 'P. Lindsay', written in a cursive style. The signature is enclosed within a large, hand-drawn circle.

Patrick John Lindsay
Chairman
Sydney, 29th April 2011

The Kokoda Track Foundation Limited

Directors' Report

The directors of The Kokoda Track Foundation Limited submit herewith the annual financial report of the Foundation for the financial year ended 31 December 2010. 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 John Lindsay	Chairman Author Director – Lime Tree Productions Pty Limited
Mr Yahoo Serious	Hon DLitt. Hon Doctorate of Letters Producer, Director and Writer of feature films Actor Director – Serious Productions Pty Limited
Mr Peter Robert Thomas	Bachelor of Commerce Fellow of the Institute of Chartered Accountants Director – Indigenous Business Australia Director – The Australian Solar Institute Limited Director – Bluearth Foundation
Dr Genevieve Fiona Nelson	Executive Director, Kokoda Track Foundation Bachelor Psychology (Hons) 2004 PhD in Educational and Cross Cultural Psychology with the SELF Research Centre (2008)
Mr David Crichton Frecker	B.A. and Master of Laws (Hons) from the University of Sydney Admitted as a solicitor in NSW (1972) and a lawyer in PNG (1975) Currently a partner with Blake Dawson in Sydney Director – Kula Gold Limited
Dr Stephen Leslie Wearing	Doctorate of Philosophy Masters of Town and Environmental Planning (Research) Bachelor of Town and Environmental Planning Currently Associate Professor in Leisure, Sport and Tourism, Faculty of Business, University of Technology, Sydney Advisor to Youth Challenge Australia
Mr Graeme Austin Carroll	Twenty-two years experience in corporate affairs in industry associations CEO of the RSL & Service Clubs Association – 9 years Prior experience in journalism and public relations Company secretary of RSL & Services Club Association, KYLC (Kokoda Youth Leadership Challenge) Benevolent Fund and Operation CARE Benevolent Fund
Mr Bernie Egan	Reserve Bank of Australia 1994 - 2003 Australian Prudential Regulation Authority 2003 - 2008 Ernst and Young 2008 – 2009 International Monetary Fund – 2008 - 2010 Advisor to Promontory Financial Group – 2009 – 2011 Senior Financial Sector Specialist, Bank for International Settlements 2011 - present
Ms Elizabeth Carr	BA (Hons) UWA & MPA Harvard University Chairman – Macular Degeneration Foundation Councillor – Kambala School for Girls Rose Bay

The Kokoda Track Foundation Limited

Directors' Report (continued)

The above named directors held office during the whole of the financial year and since the end of the financial year except for:

Elizabeth Carr Appointed 23.06.2010

Company Secretary

Mr Salman Haq, FCIS, CA, FCA (England and Wales), held the position of company secretary of The Kokoda Track Foundation Limited at the end of the financial year. He was appointed Secretary of the Kokoda Track Foundation Limited in August 2006 and also holds the company secretary position of Provident Capital Limited. He is a member of the Chartered Institute of Company Secretaries in Australia.

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 surplus for the financial year was \$98,832 (6 months to 31 December 2009: net surplus of \$19,998).

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.

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 no dividends are payable.

The Kokoda Track Foundation Limited

Directors' Report (continued)

Indemnification of officers and auditors

During the financial year, the Foundation paid a premium in respect of a contract insuring the directors of the Foundation (as named above), the Foundation secretary, Salman Haq, and all executive officers of the Foundation and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Foundation has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Foundation or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, 5 meetings were held.

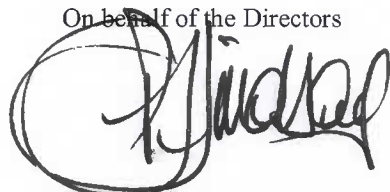
Directors	Held	Attended
Mr Patrick John Lindsay	5	4
Mr Yahoo Serious	5	5
Mr Peter Robert Thomas	5	4
Dr Genevieve Fiona Nelson	5	5
Mr David Crichton Frecker	5	4
Dr Stephen Leslie Wearing	5	1
Mr Graeme Austin Carroll	5	3
Mr Bernie Egan	5	5
Ms Elizabeth Carr	3	3

Auditor's independence declaration

The auditor's independence declaration 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 John Lindsay
Director
Sydney, 29th April 2011

Board of Directors
The Kokoda Track Foundation Limited
Level 10, 19-31 Pitt Street
Sydney NSW 2000

29th April 2011

Dear Board of Directors

The Kokoda Track Foundation Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of The Kokoda Track Foundation Limited.

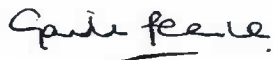
As lead audit partner for the audit of the financial statements of The Kokoda Track Foundation Limited for the financial year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Gaile Pearce
Partner
Chartered Accountants

Independent Auditor's Report to the Members of The Kokoda Track Foundation Limited

We have audited the accompanying financial report of The Kokoda Track Foundation Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration as set out on pages 10 to 24. In addition, we have audited The Kokoda Track Foundation Limited's compliance with specific requirements of the Charitable Fundraising Act 1991 for the year ended 31 December 2010.

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

The directors of the Foundation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for compliance with the *Charitable Fundraising Act 1991*. This responsibility includes establishing and maintaining internal control relevant to compliance with requirements of the *Charitable Fundraising Act 1991* and the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the Foundation's compliance with specific requirements of the *Charitable Fundraising Act 1991* and the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the company has complied with specific requirements of the *Charitable Fundraising Act 1991* and the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the Foundation's compliance with specific requirements of the *Charitable Fundraising Act 1991* and amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of non-compliance with specific requirements of the *Charitable Fundraising Act 1991* and material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's compliance with the *Charitable Fundraising Act 1991* and preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Inherent Limitations

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error, or non-compliance with the *Charitable Fundraising Act 1991* may occur and not be detected. An audit is not designed to detect all weaknesses in The Kokoda Track Foundation Limited's compliance with the *Charitable Fundraising Act 1991* as an audit is not performed continuously throughout the year and the tests are performed on a sample basis.

Any projection of the evaluation of compliance with the *Charitable Fundraising Act 1991* to future years is subject to the risk that the procedures, may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

Auditor's Independence Declaration

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

Basis for Qualified Auditor's Opinion

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

Qualified Auditor's Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the completeness of the donations revenue:

- (a) the financial report of The Kokoda Track Foundation Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Foundation's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) the financial report agrees to the underlying financial records of The Kokoda Track Foundation Limited, that have been maintained, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations for the year ended 31 December 2010; and
- (c) monies received by The Kokoda Track Foundation Limited, as a result of fundraising appeals conducted during the year ended 31 December 2010, have been accounted for and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gaile Pearce

Gaile Pearce
Partner
Chartered Accountants
Sydney, 29th April 2011

The Kokoda Track Foundation Limited

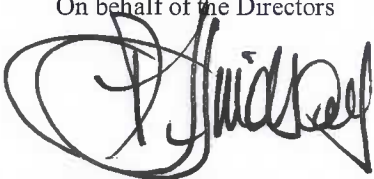
Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Foundation.

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

On behalf of the Directors



Patrick John Lindsay
Director
Sydney, 29th April 2011

The Kokoda Track Foundation Limited

Declaration under the Charitable Fundraising Act

I, Patrick John 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 the Foundation with respect to the fundraising appeals;
2. The statement of financial position gives a true and fair view of the status of affairs with respect to fundraising appeals.
3. The provisions of the Charitable Fundraising Act 1991, the Regulations under the Act and the conditions attached to the authority have been complied with exception of the following:
 - a. One member of the Foundation's governing body, Genevieve Nelson, receives remuneration in her capacity as our Executive Director. Under Section 48 of the Charitable Fundraising Act 1991, a person is not prohibited from being a member of the governing body of a non-profit organisation merely because the person receives any remuneration but in these circumstances approval must be obtained under the section. This requirement for approval has only recently come to the attention of the Foundation and an application to the regulating authority (the Office of Liquor, Gaming and Racing) has been made to obtain it in respect of our Executive Director; 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 John Lindsay
Director
Sydney, 29th April 2011

The Kokoda Track Foundation Limited

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The Kokoda Track Foundation Limited

Statement of Comprehensive Income for the financial year to 31 December 2010

	Note	Year to 31 December 2010 \$	6-month period to 31 December 2009 \$
Income			
Donations			
Education Projects		150,972	44,430
Health Projects		10,723	-
Microbusiness Projects		26,730	2,510
Community Development Projects		12,821	1,485
General		131,097	51,691
Ralph Honner Oration Dinner		65,678	59,650
Other Income			
Membership		6,000	2,590
Finance income		6,809	2,338
Consultancy fees (DEWHA)		-	8,685
Total income	3	410,830	173,379
Expenses			
Project Outgoings			
Education		110,978	53,554
Health		29,080	6,525
Microbusiness		15,737	3,767
Community Development		47,120	11,575
Fundraising Outgoings			
General		14,158	6,862
Ralph Honner Oration Dinner		34,117	30,288
Other Outgoings			
Administration & General		28,490	12,200
Employee benefits		30,788	13,239
Finance expense		1,530	1,244
Department of Environment, Water, Heritage and the Arts (DEWHA)		-	14,127
Total expenses	3	311,998	153,381
Surplus for the year / period		98,832	19,998
Other comprehensive income		-	-
Total comprehensive income for the year / period		98,832	19,998

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 2010

	Note	31 December 2010 \$	31 December 2009 \$
Current assets			
Cash and cash equivalents	8(a)	302,624	218,014
Trade and other receivables	4	20,750	6,678
Total current assets		<u>323,374</u>	<u>224,692</u>
Total assets		<u>323,374</u>	<u>224,692</u>
Current liabilities			
Trade and other payables	5	11,350	11,500
Total current liabilities		<u>11,350</u>	<u>11,500</u>
Total liabilities		<u>11,350</u>	<u>11,500</u>
Net assets		<u>312,024</u>	<u>213,192</u>
Equity			
Retained earnings		312,024	213,192
Total equity		<u>312,024</u>	<u>213,192</u>

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 2010

	Retained earnings \$	Total \$
Balance at 1 July 2009	193,194	193,194
Surplus for the period	19,998	19,998
Balance at 31 December 2009	213,192	213,192
Balance at 1 January 2010	213,192	213,192
Surplus for the year	98,832	98,832
Balance at 31 December 2010	312,024	312,024

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 2010

		Year to 31 December 2010	6-month year to 31 December 2009
	Note	\$	\$
Cash flows from operating activities			
Receipts from members, donors, fundraising activities		404,021	171,041
Payments to suppliers and employees		(326,220)	(141,122)
Net cash provided by operating activities	8(b)	77,801	29,919
Cash flows from investing activities			
Interest received		6,809	2,338
Net cash provided by investing activities		6,809	2,338
Net increase in cash and cash equivalents		84,610	32,257
Cash and cash equivalents at the beginning of the financial year		218,014	185,757
Cash and cash equivalents at the end of the financial year	8(a)	302,624	218,014

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 2010

1. General information

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

The Kokoda Track Foundation Limited registered office and its principal place of business are as follows:

Registered office	Principal place of business
Level 13 167 Macquarie Street SYDNEY NSW 2000	Level 10 19-31 Pitt 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 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, 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.

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.

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'

In the current year, the directors have 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 income tax, segments, impairment, related parties, share-based payments and financial instruments.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2010

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.

(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 income tax exempt 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) Financial instruments issued by the Foundation

Trade payables

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

(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.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2010

2. Significant accounting policies (continued)

(g) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standards which are expected to be applicable to the Foundation will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the company's financial report:

<u>Standard/Interpretation</u>	<u>Effective for annual reporting years beginning on or after</u>	<u>Expected to be initially applied in the financial year ending</u>
• AASB 9 <i>Financial Instruments</i> , AASB 2009-11 and AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	1 January 2013	31 December 2013
• AASB 124 <i>Related Party Disclosures (2009)</i> , AASB 2009-12 <i>Amendments to Australian Accounting Standards</i>	1 January 2011	31 December 2011
• AASB 2009-14 <i>Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement</i>	1 January 2011	31 December 2011
• AASB 2010-3 <i>Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	1 July 2010	31 December 2011
• AASB 2010-4 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	1 January 2011	31 December 2011
• AASB 2010-5 <i>Amendments to Australian Accounting Standards</i>	1 January 2011	31 December 2011
• AASB 2010-6 <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets</i>	1 July 2011	31 December 2012
• AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	1 January 2013	31 December 2013
• AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i> and AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	1 July 2013	31 December 2014

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2010

	Year to 31 December 2010 \$	6-month period to 31 December 2009 \$
3. Departmental breakdown		
Education programs		
Donations - specific	150,972	44,430
Donations - general	-	9,124
Outgoings	(110,978)	(53,554)
	39,994	-
Health programs		
Donations - specific	10,723	-
Donations - general	18,357	6,525
Outgoings	(29,080)	(6,525)
	-	-
Community Development programs		
Donations - specific	12,821	1,485
Donations - general	34,299	10,090
Outgoings	(47,120)	(11,575)
	-	-
Microbusiness program		
Donations - specific	26,730	2,510
Donations - general	-	1,257
Outgoings	(15,737)	(3,767)
	10,993	-
Ralph Honner Oration Dinner		
Income	65,678	59,650
Expenses	(34,117)	(30,288)
	31,561	29,362
Department of the Environment, Water, Heritage and the Arts (DEWHA)		
Income	-	8,685
Expenses	-	(14,127)
	-	(5,442)
Administration & General		
Donations - general	78,442	24,695
Other income	12,809	4,928
Expenses – fundraising	(14,158)	(6,862)
Expenses – administration & general	(60,809)	(26,683)
	3,709	(3,922)
	98,832	19,998
Surplus for the year/period	98,832	19,998

Any surplus on a project is quarantined for use on the designated project for future years.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2010

4. Trade and other receivables

	31 December 2010	31 December 2009
	\$	\$
Solicitor's trust account balance (PNG)	19,137	4,835
Sundry debtors	-	230
Prepayments	1,613	1,613
	<hr/>	<hr/>
	20,750	6,678
	<hr/>	<hr/>

5. Trade and other payables

	31 December 2010	31 December 2009
	\$	\$
Accrued expenses	6,822	11,500
Employee entitlements	4,528	-
	<hr/>	<hr/>
	11,350	11,500
	<hr/>	<hr/>

6. Members' guarantee

The Foundation is limited by guarantee. If the Foundation is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards any outstanding obligations of the Foundation. At 31 December 2010, the number of members was 201 (31 December 2009: 170).

7. Segment information

The Foundation operated in one business segment and one geographic segment and as such, no segment disclosure is deemed necessary.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2010

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

	31 December 2010	31 December 2009
	\$	\$
Cash at bank	302,624	218,014

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

	Year to 31 December 2010	6-month period to 31 December 2009
	\$	\$
Surplus for the year/period	98,832	19,998
Interest income received and receivable	(6,809)	(2,338)
<i>Changes in net assets and liabilities:</i>		
(Increase)/decrease in assets:		
Trade and other receivables	(14,072)	10,298
Increase/(decrease) in liabilities:		
Trade and other payables	(150)	1,961
Net cash provided by operating activities	77,801	29,919

9. Financial instruments

a) Categories of financial instruments

	31 December 2010	31 December 2009
	\$	\$
Financial assets		
Trade and other receivables	20,750	6,678
Cash and cash equivalents	302,624	218,014
Financial liabilities		
Trade and other payables	11,350	11,500

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2010

10. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 29th April 2011.

11. Additional information required under the Charitable Fundraising Act 1991

- (a) Information and declarations to be furnished under the Charitable Fundraising Act 1991. Details of aggregate gross income and total expenses of fundraising appeals.

	Year to 31 December 2010 \$	6 month period to 31 December 2009 \$
Gross proceeds from fundraising appeals		
Special events and donations	398,021	159,766
Direct costs of fundraising appeals		
Special events and donations	(34,117)	(30,288)
Net surplus from fundraising appeals	<u>363,904</u>	<u>129,478</u>

- (b) Fundraising appeals conducted during the year ended 31 December 2010.

Special events – Ralph Honner Oration Dinner

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial year ended 31 December 2010

11. Additional information required under the Charitable Fundraising Act 1991 (continued) (c) Application of funds for charitable purposes

	Year to 31 December 2010 \$	6 month period to 31 December 2009 \$
Net surplus from fundraising appeals	363,904	129,478
This was applied to the charitable purposes in the following manner:		
Expenditure on services	202,915	75,421
Expenditure on administration, marketing and indirect costs	74,966	47,672
Total operating expenditure	277,881	123,093
Surplus/(deficit) between fundraising appeals and expenditure	86,023	6,385
The surplus of \$86,023 (31 December 2010: surplus of \$6,385) was increased by income from the following sources:		
Department of the Environment, Water, Heritage and the Arts Grant	-	8,685
Membership fees	6,000	2,590
Interest received	6,809	2,338
Total income from other sources	12,809	13,613
Operating surplus	98,832	19,998

(d) Comparison of certain monetary figures and percentage

	Fundraising \$	Gross income from fundraising \$	Year to 31 December 2010 %	6 month period to 31 December 2009 %
Total cost	34,117	398,021	9	19
Net surplus from fundraising appeals	363,904	398,021	91	81
	Total costs of services \$	Total expenditure \$	Year to 31 December 2010 %	6 month period to 31 December 2009 %
Services and expenditure	202,916	277,881	73	61
	Total costs of services \$	Total income received \$	Year to 31 December 2010 %	6 month period to 31 December 2009 %
Services and income received	202,915	410,830	49	44
- Fundraising appeals		398,021		
- Other income		12,809		
		410,830		