

# **The Kokoda Track Foundation Limited**

**ABN 45 103 660 948**

Annual report for the financial year ended  
31 December 2016

# The Kokoda Track Foundation Limited

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## Annual report for the financial year ended 31 December 2016

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# Chairman's Report

In many ways the year in review has been a turning point in the Kokoda Track Foundation's history. Key milestones include: guiding our Kokoda College teaching facility into its operational stage; undergoing our accreditation review with the Department of Foreign Affairs and Trade's Australian NGO Cooperation Program (ANCP); extending some programs outside our traditional Kokoda catchment area; and planning and implementing a board transition.

While our Archer Leadership Program has operated nationwide since its inception in 2011, we have been cautious in expanding the geographical reach of our other programs until we were confident we could deliver them with the same care and oversight we gave the Archers.

This year, guided by our CEO, Dr Genevieve Nelson, we believed the time was right to expand and we took our first steps. We successfully delivered our *Teach for Tomorrow* teachers' training program in four provinces, upskilling thousands of teachers who otherwise would have been lost to the profession. Our College Manager, Petra Arifeae, has been outstanding in delivering these programs and in mentoring attendees.

In addition to hosting the Oro programs for the *Teach for Tomorrow* project, the Kokoda College's School of Education continued to run teacher training programmes in collaboration with the National and Provincial Departments of Education. We have great plans for the College as an educational and cultural hub for the region.

We are delighted to have undergone our accreditation review with assessors from DFAT's ANCP program. The process has been detailed and laborious (as it should be) and all credit must go to Gen Nelson and our staff for their efforts – often far beyond the call of duty – in ensuring we met the required high standards.

The year also saw a board transition that I believe will place KTF in a sound position to grow and expand. We farewelled two long-serving and devoted directors, David Frecker and Dr Stephen Wearing, and we welcomed four new board members, Stephannie Kirriwom, Wendy Brooks, Dr Andrew Moutu and Ian Kemish AM.

During his decade on the board, David Frecker drew unstintingly on his vast PNG experience and his legal and corporate skills to provide wisdom and guidance to me and to the board. Similarly we benefitted from Stephen's academic knowledge and practical experience in developing nations. I record my deep gratitude to both.

Our new board members bring a wonderful array of skills and experience, broadening our knowledge base on PNG, governance and philanthropy. We're delighted to welcome two PNG nationals, Museum Director, Dr Andrew Moutu and barrister, Stephannie Kirrowom, together with Melbourne-based lawyer, Wendy Brooks, and former diplomat and past High Commissioner to PNG, Ian Kemish AM.

I give special thanks to our loyal staff members both in Australia and in PNG for their dedication and ingenuity in ensuring we deliver our programs whatever the challenges. And I thank my fellow board members for their insight and support.

Ian Kemish AM brings to the board peerless experience, born of his decorated diplomatic career, his lifelong love of PNG and his years of leadership there as our High Commissioner. It has been my pleasure and my privilege to serve as chair of KTF. I am delighted to hand over the position to Ian. I cannot imagine a person better qualified for the role.



Mr Patrick Lindsay AM  
Chairman  
29 March 2017

# Chief Executive Officer's Report

KTF has been responding to the needs of communities across remote and rural PNG for over a decade. During this time, our programs in education, health, livelihoods and leadership have resulted in many tangible and long-lasting improvements for people living in the Kokoda Track catchment region including increased access to school, improved student enrolments and outcomes, improved health outcomes, and increased access by women to income-generating opportunities.

In pursuit of our regional strategy, in 2016 we expanded our operations beyond the Kokoda Track catchment region, to work in Oro, Central and Gulf Provinces, and the Autonomous Region of Bougainville. It was the discovery earlier in 2016 of a large cohort of partially-trained elementary teachers across the country who urgently needed to complete their training to become fully certified, that urged us to develop our new Teach for Tomorrow project.

Given our background and track record in training teachers, we knew we could respond, and in partnership with the National Department of Education and PNG Education Institute, we were able to deliver the required training to 535 teachers across three Provinces. More than 50% of these teachers were women, and the large majority had been volunteering their services for over 6 years in order to keep schools open in remote areas. These teachers are now formally certified and are in the process of being transferred across to Provincial Government payrolls.

'Teach for Tomorrow' will continue in 2017 as we position ourselves to continue to influence policy decisions and implement extensions granted of the training deadline which will result in more teachers becoming certified and as a result, more children in school. Without Teach for Tomorrow, thousands of teachers would be exited from the profession resulting in the closure of thousands of schools across the country.

Our holistic approach to development means that none of this happened in isolation. Graduates of Teach for Tomorrow are provided ongoing mentoring, training and professional development support and KTF's expansion strategy involves implementation of long-term development activities in regions where our graduates are based.

Of course, the Kokoda Track catchment region remained an important focus for KTF in 2016, and by working with our partners at the Kokoda Initiative, Department of Foreign Affairs and Trade, Provincial Education and Health authorities, and peer NGOs including No Roads to Health and SDA Health and Education, all schools and aid posts remained open and operating along the Track, with many in the catchment region fully operational.

As we close off another big year, we also come to the end of a significant chapter and farewell our co-founder and pioneering chair, Patrick Lindsay AM. After serving as chair since 2006 and director since 2003, Patrick is handing over the reins to incoming chair, Ian Kemish AM (effective from the date of our upcoming AGM). Rick's tireless service and dedication to the organisation has provided the leadership and determination needed to grow our teams and leadership, expand our programs and geographical focus, and implement innovative and life-changing initiatives such as the Archer Leadership Program and Kokoda College. We are indebted to Patrick and the decade and a half he has dedicated to KTF. His contribution has changed countless lives in communities within our nearest neighbour.

Rick... the Kokoda veterans, Stan, Phil, Bede, Peter... and many others, would be so proud. Tenk yu tru for keeping the spirit alive.



Dr Genevieve Nelson  
Chief Executive Officer  
29 March 2017

## Directors' Report

The directors of The Kokoda Track Foundation Limited (KTF) submit herewith the annual financial report of the Foundation for the financial year ended 31 December 2016. 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:

<b>Name</b>	<b>Qualifications and experience</b>
Patrick John Lindsay AM	Chairman – Kokoda Track Foundation (KTF) Author Director – Lime Tree Productions Pty Limited Director – KTF PNG 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 (KTF) Adjunct Research Fellow, Australian Catholic University Director – KTF PNG Limited Director – Partnering PNG Limited
Wendy Joan Brooks	BMus (University of Melbourne) LLB (Hons) (Charles Darwin University) GDipLegPrac (College of Law) Managing Director, Wendy Brooks Consulting 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
Elizabeth Jessie Carr	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) Deputy Chair – St Mary's Anglican Girls School (WA) Director – ICARE (NSW) Member – Environmental Protection Authority (WA) Member – Australian Technology Park (NSW) Audit & Risk Committee Member – Urban Growth Development Corp Audit & Risk Committee Member – Harvard Club Australia Council
Bernard Michael Egan	BA (Macquarie University) Certified Practising Accountant Associate of the Institute of Corporate Managers, Secretaries and Administrators Associate of the Governance Institute of Australia Consultant – Banking and Risk Management
David Crichton Frecker	BA and LLM (Hons) (University of Sydney) Special Counsel – Ashurst Lawyers Director – Kula Gold Limited Director – KTF PNG Limited

William Manfred James	BEcon (University of Sydney) Dip Ed (University of Sydney) Director – Flight Centre Foundation Director – Partnering PNG Limited
Ian Ferguson Kemish AM	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
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
Yahoo Serious	Hon DLitt. Hon Doctorate of Letters (University of Newcastle) Actor, Producer, Director and Writer of feature films Director – Serious Productions Pty Limited
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) Adjunct Professor, University of Technology, Sydney Advisor to Volunteers in Community Engagement

### **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**

Kokoda Track Foundation (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.

### **Review of operations**

KTF's net surplus for the financial year was \$121,124 (2015: \$190,333). 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' 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).

<b>Directors</b>	<b>Held</b>	<b>Attended</b>
Patrick Lindsay AM (Chairman)	5	5
Wendy Brooks (appointed April 16)	3	3
Elizabeth Carr	5	4
Bernard Egan	5	5
David Frecker (retired April 16)	3	3
Bill James	5	4
Ian Kemish AM (appointed April 16)	3	2
Stephannie Kirriwom (appointed Oct 16)	1	1
Andrew Moutu (appointed April 16)	3	-
Genevieve Nelson (Chief Executive Officer)	5	5
Yahoo Serious	5	5
Stephen Wearing (retired April 16)	3	-
<b>Finance Audit &amp; Risk Management Committee</b>		
David Frecker (Chair, Jan – Jul)	4	4
Bernie Egan (Chair, Jul – Dec)	6	6
Elizabeth Carr	6	6
Ian Kemish AM (appointed Jul 16)	3	2

No payments were made to non executive directors.

## 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 2016.

On behalf of the Directors



Patrick Lindsay AM  
Chairman  
Sydney, 29 March 2017



# Lead 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 2016 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

Daniel Robinson  
*Partner*  
Sydney  
29 March 2017





# 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 2016, 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:

- (i) Consolidated statement of financial position as at 31 December 2016.
- (ii) Consolidated Statement of comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended.
- (iii) Notes including a summary of significant accounting policies.
- (iv) Directors' declaration of the Foundation and Group.
- (v) 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 Directors' 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 Chairman's Report, Chief Executive Officer's Report and Directors' 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:

- (i) Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosures Requirements* and the ACNC.
- (ii) Preparing the Financial Report in accordance with Section 24(2) of the *Charitable Fundraising (NSW) Act 1991*.
- (iii) Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- (iv) Assessing the Foundation and Group's ability to continue as a going concern. 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:

- (i) to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- (ii) 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 judgment 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 our 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 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.

## 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 2016;
- (ii) the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 January 2016 to 31 December 2016, 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 2016 to 31 December 2016 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  
29 March 2017

# The Kokoda Track Foundation Limited

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## 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 of KTF's financial position as at 31 December 2016 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, 29 March 2017

# The Kokoda Track Foundation Limited

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## Declaration under the Charitable Fundraising Act (1991)

I, Patrick Lindsay 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 2016.
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 2016.
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 2016.
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, 29 March 2017

# 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 2016

	2016 \$	2015 \$
<b>REVENUE</b>		
Donations & Gifts		
Monetary		
Donations	907,115	1,031,675
Ralph Honner Oration Dinner	114,894	148,492
Kids of Kokoda Lunch	44,360	-
Government Grants		
Department of Foreign Affairs & Trade (ANCP)	150,000	150,000
Department of Foreign Affairs & Trade (Australian High Commission)	62,075	-
Other Overseas (PNG)	103,519	-
<b>TOTAL REVENUE</b>	<b>1,381,963</b>	<b>1,330,167</b>
<b>EXPENDITURE</b>		
<b>International Aid and Development Programs Expenditure</b>		
International Programs		
Funds to International Programs		
Education	(604,736)	(420,093)
Health	(114,278)	(209,542)
Livelihoods	(42,272)	(59,279)
Leadership	(150,897)	(152,072)
Program Support Costs	(77,793)	-
Fundraising Costs		
Public Events		
Ralph Honner Oration Dinner	(44,318)	(48,573)
Kids of Kokoda Lunch	(18,617)	-
General Fundraising	(114,892)	(154,062)
Accountability & Administration	(102,899)	(103,131)
<b>TOTAL EXPENDITURE</b>	<b>(1,270,702)</b>	<b>(1,146,752)</b>
Finance Income	9,863	6,918
<b>EXCESS OF REVENUE OVER EXPENDITURE</b>	<b>121,124</b>	<b>190,333</b>
<b>Other comprehensive income</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>121,124</b>	<b>190,333</b>

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



# The Kokoda Track Foundation Limited

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## Consolidated Statement of Financial Position as at 31 December 2016

	<b>Note</b>	<b>31 December 2016 \$</b>	<b>31 December 2015 \$</b>
<b>Current assets</b>			
Cash and cash equivalents	9(a)	912,801	811,517
Trade and other receivables	4	19,757	5,166
<b>Total current assets</b>		932,558	816,683
<b>Total assets</b>		932,558	816,683
<b>Current liabilities</b>			
Trade and other payables	5	43,820	49,069
<b>Total current liabilities</b>		43,820	49,069
<b>Total liabilities</b>		43,820	49,069
<b>Net assets</b>		888,738	767,614
<b>Accumulated funds</b>			
Funds held		888,738	767,614
<b>Total equity</b>		888,738	767,614

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

# The Kokoda Track Foundation Limited

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## Consolidated Statement of Changes in Equity for the financial year ended 31 December 2016

	<b>Accumulated Funds \$</b>
	<u>                    </u>
Balance at 1 January 2015	577,281
Surplus for the year	<u>190,333</u>
<b>Balance at 31 December 2015</b>	<b><u>767,614</u></b>
Balance at 1 January 2016	767,614
Surplus for the year	<u>121,124</u>
<b>Balance at 31 December 2016</b>	<b><u>888,738</u></b>

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

# The Kokoda Track Foundation Limited

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## Consolidated Statement of Cash Flows for the financial year ended 31 December 2016

	<u>Note</u>	<u>2016</u> <u>\$</u>	<u>2015</u> <u>\$</u>
<b>Cash flows from operating activities</b>			
Receipts from donors, fundraising activities and government		1,367,372	1,341,952
Payments to suppliers and employees		<u>(1,275,951)</u>	<u>(1,137,218)</u>
Net cash provided by operating activities	9(b)	<u>91,421</u>	<u>204,734</u>
<b>Cash flows from investing activities</b>			
Interest received		<u>9,863</u>	<u>6,918</u>
Net cash provided by investing activities		<u>9,863</u>	<u>6,918</u>
<b>Net increase in cash and cash equivalents</b>		101,284	211,652
<b>Cash and cash equivalents at the beginning of the financial year</b>		<u>811,517</u>	<u>599,865</u>
<b>Cash and cash equivalents at the end of the financial year</b>	9(a)	<u>912,801</u>	<u>811,517</u>

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

# The Kokoda Track Foundation Limited

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## Notes to the financial statements for the financial year ended 31 December 2016

### 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.

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

<b>Registered office</b>	<b>Principal place of business</b>
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 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

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## Notes to the financial statements for the financial year ended 31 December 2016

### 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.

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**

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

**(d) 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.

# The Kokoda Track Foundation Limited

## Notes to the financial statements for the financial year ended 31 December 2016

**(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.

### 3. Key management personnel compensation

	2016 \$	2015 \$
Employee benefits	124,159	109,988

### 4. Trade and other receivables

	2016 \$	2015 \$
Sundry debtors	12,095	-
Prepayments	4,643	1,613
GST Receivable	3,019	3,553
	<u>19,757</u>	<u>5,166</u>

### 5. Trade and other payables

	2016 \$	2015 \$
Accrued expenses	21,259	20,899
Employee entitlements	22,561	28,170
	<u>43,820</u>	<u>49,069</u>

# The Kokoda Track Foundation Limited

## Notes to the financial statements for the financial year ended 31 December 2016

### 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	8,634	553,503	637,668	-
Health Program	-	49,804	126,300	-
Livelihoods Program	-	78,970	54,299	24,671
Leadership Program	-	224,524	171,709	52,815
General (non-designated purposes)	758,980	485,025	268,226	823,752
<b>TOTAL</b>	<b>767,614</b>	<b>1,391,826</b>	<b>1,258,202</b>	<b>901,238</b>

### 7. Reconciliation of general funds held

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
As at beginning of the financial year	758,980	421,778
<b>Income</b>		
General	475,162	701,816
Ralph Honner Oration Dinner	- <sup>1</sup>	148,491
Other	9,863	6,918
	<u>485,025</u>	<u>857,225</u>
Transfer from general funds to programs	(152,027)	(214,257)
<b>Expenses</b>		
Ralph Honner Oration Dinner	(44,318)	(48,573)
Kids of Kokoda Lunch	(18,617)	-
Fundraising	(114,892)	(154,062)
Accountability & Administration	(90,399)	(103,131)
	<u>(268,226)</u>	<u>(305,766)</u>
As at end of financial year	<u>823,752</u>	<u>758,980</u>

<sup>1</sup> Funds raised at the 2016 Ralph Honner Oration dinner were for designated education programs rather than for general funds as per previous years.

# The Kokoda Track Foundation Limited

## Notes to the financial statements for the financial year ended 31 December 2016

### 8. Members' guarantee

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

	2016 \$	2015 \$
Cash at bank	912,801	811,517

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

	2016 \$	2015 \$
Surplus for the year	121,124	190,333
Interest income received and receivable	(9,863)	(6,918)
Other	-	-
	<u>111,261</u>	<u>183,415</u>
<i>Changes in net assets and liabilities:</i>		
<i>(Increase)/Decrease in assets:</i>		
Trade and other receivables	(15,125)	-
GST Receivable	534	11,785
<i>Increase/(Decrease) in liabilities:</i>		
Trade and other payables	(5,249)	9,534
Net cash (used in)/provided by operating activities	<u>91,421</u>	<u>204,734</u>

### 10. Controlled Entities

Name of Entity	Country of Incorporation	Interest of immediate parent entity (ordinary shares)	
		2016	2015
KTF PNG Limited	Papua New Guinea	100%	100%
Partnering PNG Limited	Papua New Guinea	100%	100%



# The Kokoda Track Foundation Limited

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## Notes to the financial statements for the financial year ended 31 December 2016

### 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 \$32,843. 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 FY16 were \$12,500 (FY15: nil, pro bono). No non-audit services were provided in FY16 (FY15: nil).

### 13. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 29 March 2017.