

The Kokoda Track Foundation Limited

ABN 45 103 660 948

Report for the financial period ended
31 December 2009

The Kokoda Track Foundation Limited

Report for the financial period ended 31 December 2009

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The Kokoda Track Foundation

Chairman's Report

During the period under review the Foundation continued to expand its PNG education and health programs while successfully bringing our Oro seed nursery project into its distribution phase.

In addition, both our membership and support base grew steadily, we held a very successful Ralph Honner Oration Dinner, expanded our Krappers for Kokoda eco-toilets program, responded to the 2009 Oro flood disaster, and embarked on a range of exciting micro-business projects.

From this year the Foundation will align its accounting year with the calendar year for ease in delivering and monitoring our PNG programs.

We have increased the numbers of our **Fuzzy Wuzzy Angel Scholarship** recipients from 124 to 156, across primary school, secondary school, and tertiary institutions. We have also had our first cohort of students graduate from the Fuzzy Wuzzy Angel scholarship program and go on to gain entry into various tertiary institutions (including University of PNG, University of Technology, Divine Word, and Technical Colleges).

We supplied **School Resources funding** to 23 elementary, primary, and secondary schools (increased to 25 in 2010) throughout the Kokoda Track catchment area. These schools are empowered to make their own decision as to what resources they need – different schools have different needs. They use their funding to buy supplies ranging from whiteboards to textbooks, from pencils to calculators.

Our **Oro Seed Nurseries** are now in full distribution phase. During 2009, over 40,000 suckers, tubers and seedlings were distributed throughout the Cyclone-ravaged Oro Province. Improved strains of taro, cassava, corn, aibika, sweet potato and rice reached more than 30 satellite nurseries located throughout the province. During this process, around 500 groups were trained in new planting techniques and multiplication of the improved strains.

Disaster Relief: The Foundation responded to the December 2009 flooding in the Oro Province, where hundreds of communities lost their food gardens (their only source of food and income) which were inundated for many weeks. The Foundation and the International Red Cross were the only organisations to respond to the crisis. Our funds were used to purchase hundreds of 10kg bags rice, which were distributed to priority communities by our on-the-ground partners through the Anglican Church. The Red Cross addressed the medical needs of communities.

Krappers for Kokoda Project: We now have a fully functioning pilot toilet in Kagi village and two additional pilot toilets in Iarowari High School and Kokoda Skills Training Centre. The toilets are strategically located near waterways and four additional Krappers will be installed during 2010.

Microbusiness: The Foundation conducted cooking classes and small business workshops in ten villages along the Kokoda Track in 2009 – Naoro 1, Manari, Efogi, Kagi, Naduri, Alola, Isurava, Hoi, Kovello and Kokoda. The workshops linked with women's groups to help them establish small businesses through which they can earn an income during the trekking season. They will be selling banana bread, corn fritters, pumpkin soup, and pikelets to hungry trekkers!

Ralph Honner Oration Dinner: The 2009 Dinner was an outstanding success with record ticket sales, silent auction purchases, and donations to our Adopt an Angel appeal on the night.

New Plans: The Foundation is currently exploring a range of innovative programs – in health, education, community development, and microbusiness. We are developing partnerships with individuals, governments, NGOs and corporates to bring these programs to fruition. We will be announcing these programs as they come on line.

As always, my special thanks to all our members and supporters – both individual and corporate – for their continued assistance during the year. Our major corporate supporters are acknowledged by name below.

I must record our special gratitude to Bill James, passionate advocate of the Kokoda story and staunch supporter of the Foundation. Bill's continued support, both financial and moral, has been invaluable.

The Kokoda Track Foundation Limited

On behalf of our board, I offer our sincere thanks to our executive director, Dr Genevieve Nelson, for her untiring work, both here and along the Track, in delivering and expanding the Foundation's programs. Gen recently walked the Track for the 10th time as she carried out our annual audit of scholarships, schools and health centres. She has greatly expanded our collective knowledge about the Track and its people and has brought new insights, dedication and great energy to her role and has set the Foundation on the path to an exciting and sustainable future.

Finally, my thanks to my fellow board members for their passion and their wholehearted support as we continue to keep the spirit of Kokoda alive.

Kokoda Track Foundation's Corporate Partners

The board of the Kokoda Track Foundation would like to extend a warm thanks to the following individuals and companies for their ongoing generosity and support of the Foundation:

Bill James
Dashing Print
Overseas Disaster Resources Inc
Astoria Group
Dick Reynolds Club
RSL & Services Club NSW
Shoalhaven Ex-Servicemen's Club
PNG Tourism Promotion Authority

Blake Dawson
Cambooya
Kokoda Angels
Belmore RSL
Kurrajong Kitchens
PRD Nationwide
Sussex Inlet RSL

Deloitte Touche Tohmatsu
St Ignatius College, Riverview
Paul Hanna Designer & Website-R
Bankstown RSL
Merrylands RSL
Punchbowl Boys High
Sydney Adventist Hospital

The board of the Kokoda Track Foundation would like to extend a warm thanks to the following Kokoda Track trek companies for their ongoing generosity and support of the Foundation:

Frontline Kokoda
No Roads
Kokoda Tribute
South Sea Horizons

Brigade Hill Mission Tours
Adventure 1000
Adventure Out Australia
Kokoda Historical

Icon Adventures
Back Track Adventures
Kokoda Spirit
Naoro Kokoda Treks



Patrick Lindsay
Chairman

The Kokoda Track Foundation Limited

Director's report

The directors of The Kokoda Track Foundation Limited submit herewith the financial report of the Foundation for the financial period ended 31 December 2009. 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 Foundation during or since the end of the financial period are:

Name	Qualifications and experience
Mr Patrick John Lindsay	Chairman Full time author Director – Limetree 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 Institute
Dr Genevieve Fiona Nelson	Bachelor Psychology (Hons) 2005 PhD in Educational and Cross Cultural Psychology with the SELF Research Centre Executive Director, Kokoda Track Foundation
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
Dr Stephen Leslie Wearing	Doctorate of Philosophy Masters of Town Planning Currently Associate Professor, School of Leisure, Sport and Tourism, Faculty of Business, University of Technology, Sydney Advisor to the Board of Youth Challenge Australia
Mr Graeme Austin Carroll	Eighteen years experience in corporate affairs in industry associations CEO of the RSL & Service Clubs Association for the last five years Prior experience in journalism 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 - present International Monetary Fund - present Advisor to Promontory Financial Group - present

The above named directors held office during the whole of the financial period and since the end of the financial period.

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 period. 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.

The Kokoda Track Foundation Limited

Directors' report (continued)

Principal activities

The principal activity of the Foundation was to raise funds through donations. The principal expenditure activities were providing scholarships to school students from villages along the Kokoda Track in Papua New Guinea, providing medical supplies to clinics and hospitals on the Track providing assistance to people in the Oro Province following Cyclone Guba.

Review of operations

The net surplus of the Foundation for the financial period was \$19,998 (30 June 2009: deficit of \$38,511).

Changes in state of affairs

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

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial period 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 periods.

Future developments

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

Dividends

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

Indemnification of officers and auditors

During the financial period, 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 period, 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.

The Kokoda Track Foundation Limited

Directors' report (continued)

Directors' meetings

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

Directors	Held	Attended
Mr Patrick John Lindsay	5	4
Mr Yahoo Serious	5	4
Mr Peter Robert Thomas	5	2
Dr Genevieve Fiona Nelson	5	5
Mr David Crichton Frecker	5	5
Dr Stephen Wearing	5	1
Mr Graeme Austin Carroll	5	1
Mr Bernie Egan	5	0*

* Bernie Egan was appointed as a Director on 9 December 2009, therefore he didn't attend any board meetings in his capacity as Director during the 6 month financial year, however he did attend all the board meetings as Honorary Treasurer.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 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, 30 APRIL 2010

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

30 April 2010

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 period ended 31 December 2009, 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

DELOITTE TOUCHE TOHMATSU

Gaile Pearce

Gaile Pearce
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

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 2009, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration as set out on pages 9 to 23. 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 2009.

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 Foundation 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 period and the tests are performed on a sample basis.

Any projection of the evaluation of compliance with the *Charitable Fundraising Act 1991* to future periods 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 2009 and of its performance for the period 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 period ended 31 December 2009; and
- (c) monies received by The Kokoda Track Foundation Limited, as a result of fundraising appeals conducted during the period ended 31 December 2009, 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, 30 April 2010

The Kokoda Track Foundation Limited

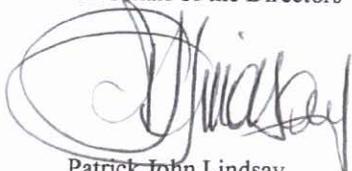
Directors' declaration

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



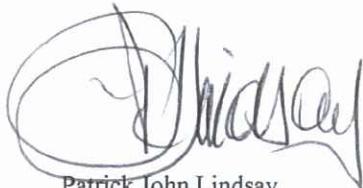
Patrick John Lindsay
Director
Sydney, 30 April 2010

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; 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, 30 April 2010

The Kokoda Track Foundation Limited

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The Kokoda Track Foundation Limited

Statement of comprehensive income for the financial period ended 31 December 2009

		6 month period to 31 December 2009	Year to 30 June 2009
	Note	\$	\$
Income			
Revenue:			
Donations		116,671	124,330
Ticket sales (Ralph Honner Leadership Oration)	4	42,075	-
Calendar sales		1,020	-
Department of Environment, Water, Heritage and the Arts (DEWHA)		8,685	44,319
Other income:			
Membership		2,590	6,020
Other		-	1,056
Finance income		2,338	6,614
Total income		173,379	182,339
Expenses			
Ralph Honner Leadership Oration		(30,288)	(3,620)
PNG programs		(75,420)	(142,107)
DEWHA funded PNG program		(14,127)	(14,748)
Employee benefits expense - Administrative		(13,239)	(30,616)
Travel		(327)	(932)
Consultancy expenses		-	(14,558)
Website and design costs		(4,417)	(4,721)
Computer costs		-	(300)
Postage, printing and stationery		(2,349)	(1,947)
Telephone		(323)	(279)
Insurance		(2,469)	(855)
Office rental		(1,739)	(880)
Other expenses		(8,683)	(5,287)
Total expenses		(153,381)	(220,850)
Surplus/(deficit) for the period/year	4	19,998	(38,511)
Total comprehensive income for the period/year		19,998	(38,511)

Notes to the financial statements are included on pages 16 to 23.

The Kokoda Track Foundation Limited

Statement of financial position as at 31 December 2009

		31 December 2009	30 June 2009
	Note	\$	\$
Current assets			
Cash and cash equivalents	8(a)	218,014	185,757
Trade and other receivables	5	6,678	16,976
Total current assets		<u>224,692</u>	<u>202,733</u>
Total assets		<u>224,692</u>	<u>202,733</u>
Current liabilities			
Trade and other payables	6	11,500	9,539
Total current liabilities		<u>11,500</u>	<u>9,539</u>
Total liabilities		<u>11,500</u>	<u>9,539</u>
Net assets		<u>213,192</u>	<u>193,194</u>
Equity			
Retained earnings		<u>213,192</u>	<u>193,194</u>
Total equity		<u>213,192</u>	<u>193,194</u>

Notes to the financial statements are included on pages 16 to 23.

The Kokoda Track Foundation Limited

Statement of changes in equity for the financial period ended 31 December 2009

	Retained earnings \$	Total \$
Balance at 1 July 2008	231,705	231,705
Deficit for the year	(38,511)	(38,511)
Balance at 30 June 2009	193,194	193,194
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

Notes to the financial statements are included on pages 16 to 23.

The Kokoda Track Foundation Limited

Statement of cash flows for the financial period ended 31 December 2009

		6 month period to 31 December 2009	Year to 30 June 2009
	Note	\$	\$
Cash flows from operating activities			
Receipts from customers		198,443	253,288
Payments to suppliers and employees		(168,524)	(211,311)
Net cash provided by/(used in) operating activities	8(b)	29,919	(41,977)
Cash flows from investing activities			
Interest received		2,338	6,614
Net cash provided by investing activities		2,338	6,614
Net increase/(decrease) in cash and cash equivalents		32,257	(35,363)
Cash and cash equivalents at the beginning of the financial period		185,757	221,120
Cash and cash equivalents at the end of the financial period	8(a)	218,014	185,757

Notes to the financial statements are included on pages 16 to 23.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial period ended 31 December 2009

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 is as follows:

Registered office and principal place of business

Level 10
19 – 31 Pitt Street
SYDNEY NSW 2000

The principal activity of the Foundation was to raise funds through donations. The principal expenditure activities were providing scholarships to school students from villages along the Kokoda Track in Papua New Guinea, providing medical supplies to clinics and hospitals on the Track providing assistance to people in the Oro Province following Cyclone Guba.

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 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, except for the revaluation of certain non-current assets and financial instruments. 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Adoption of new and revised Accounting Standards

In the current period, the Foundation has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

Because the Foundation does not have on issue any debt or equity securities that are traded in a public market and is not in the process of issuing any class or instruments in a public market, the Foundation is not required to present segment reporting information under AASB 8, and accordingly none has been provided in this financial report.

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.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial period ended 31 December 2009

2. Significant accounting policies (continued)

(b) Revenue

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

Donations revenue

Donations and collections are recognised when received.

Other revenue

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

Interest revenue

Interest revenue 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) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

(e) 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 period. 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 period.

Loans and receivables

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

Interest income is recognised by applying the effective interest rate.

(f) 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.

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial period ended 31 December 2009

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 Foundation's financial report:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 July 2009	31 December 2010
• AASB 2009-4 'Amendment to Australian Accounting Standards arising from the Annual Improvements Process'	1 July 2009	31 December 2010
• AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 January 2010	31 December 2010
• AASB 2009-7 'Amendment to Australian Accounting Standards'	1 July 2009	31 December 2010
• AASB 124 "Related Party Disclosures (2009)", AASB 2009-12 "Amendments to Australian Accounting Standards"	1 January 2011	31 December 2011
• AASB 9 "Financial Instruments", AASB 2009-11 "Amendments to Australian Accounting Standards arising from AASB 9"	1 January 2013	31 December 2013

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial period ended 31 December 2009

3. Segment information

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

4. Departmental breakdown

	6 month period to 31 December 2009	Year to 30 June 2009
	\$	\$
Ralph Honner Oration		
RHOD ticket sales	42,075	-
Expenses	<u>(30,288)</u>	<u>(3,620)</u>
	11,787	(3,620)
Department of the Environment, Water, Heritage and the Arts (DEWHA)		
Income	8,685	44,319
Expenses	<u>(14,127)</u>	<u>(14,748)</u>
	(5,442)	29,571
General fund raising		
Income	122,619	138,020
Expenses	<u>(33,546)</u>	<u>(63,995)</u>
Papua New Guinea programs	<u>(75,420)</u>	<u>(142,107)</u>
	13,653	(68,082)
Surplus/(deficit) for the period/year	<u>19,998</u>	<u>(38,511)</u>

5. Trade and other receivables

	31 December 2009	30 June 2009
	\$	\$
Solicitor's trust account balance (PNG) receivable	<u>6,678</u>	<u>16,976</u>

6. Trade and other payables

	31 December 2009	30 June 2009
	\$	\$
Accrued expenses	<u>11,500</u>	<u>9,539</u>

7. 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 2009, the number of members was 170 (30 June 2009: 161).

The Kokoda Track Foundation Limited

Notes to the financial statements for the financial period ended 31 December 2009

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 period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	31 December 2009	30 June 2009
	\$	\$
Cash at bank	218,014	185,757

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

	6 month period to 31 December 2009	Year to 30 June 2009
	\$	\$
Surplus/(deficit) for the period/year	19,998	(38,511)
Interest income received and receivable	(2,338)	(6,614)
<i>Changes in net assets and liabilities:</i>		
(Increase)/decrease in assets:		
Trade and other receivables	10,298	5,581
Increase/(decrease) in liabilities:		
Trade and other payables	1,961	(2,433)
Net cash provided by/(used in) operating activities	<u>29,919</u>	<u>(41,977)</u>

9. Financial instruments

(a) Capital risk management

The Foundation manages its capital to ensure it will continue as a going concern. The Foundation's overall strategy remains unchanged from 30 June 2009. The capital structure of the Foundation consists of cash and cash equivalents and retained earnings. Operating cash flows are used to maintain and expand the operations of the Kokoda Track Foundation.

b) Categories of financial instruments

	31 December 2009	30 June 2009
	\$	\$
Financial assets		
Trade and other receivables	6,678	16,976
Cash and cash equivalents	<u>218,014</u>	<u>185,757</u>

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Notes to the financial statements for the financial period ended 31 December 2009

9. Financial instruments (continued)

(c) Financial risk management objectives

The Foundation does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Foundation's activities expose it primarily to the financial risks of changes in interest rates.

(d) 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.

(e) Market risk

The Foundation's activities expose it to the financial risks of changes in interest rates. The Foundation has not used any derivative financial instruments to hedge its exposure to interest rate risk. There has been no change to the Foundation's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(f) Interest rate risk

The Foundation's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted average effective interest rate		Floating interest rate	
	31 December 2009	30 June 2009	31 December 2009	30 June 2009
	%	%	\$	\$
Financial assets				
Cash	2.0	2.0	218,014	185,757
Total financial assets			218,014	185,757
Non-interest bearing				
	6 month period to 31 December 2009	Year to 30 June 2009	6 month period to 31 December 2009	Year to 30 June 2009
	\$	\$	\$	\$
Financial assets				
Cash	-	-	218,014	185,757
Receivables	6,678	16,976	6,678	16,976
Total financial assets	6,678	16,976	224,692	202,733
Financial liabilities				
Trade and other payables	11,500	9,539	11,500	9,539
Total financial liabilities	11,500	9,539	11,500	9,539

(g) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and noted to the financial report. The Foundation does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Foundation.

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Notes to the financial statements for the financial period ended 31 December 2009

9. Financial instruments (continued)

(h) Net fair values

For financial assets and liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Foundation's short, medium and long term funding and liquidity management requirements. The Foundation manages liquidity risk by maintaining adequate reserves and banking facilities by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Foundation also uses a trade receivables and trade payables finance facility to manage its liquidity risk.

10. Remuneration of auditors

The auditor of The Kokoda Track Foundation Limited is Deloitte Touche Tohmatsu. The audit is carried out pro-bono.

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.

	6 month period to 31 December 2009	Year to 30 June 2009
Gross proceeds from fundraising appeals		
Special events and donations	159,766	124,330
Direct costs of fundraising appeals		
Special events and donations	(30,288)	(3,620)
Net surplus from fundraising appeals	129,478	120,710

(b) Fundraising appeals conducted during the year ended 31 December 2009.

Special events – Ralph Honner Leadership Oration

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Notes to the financial statements for the financial period ended 31 December 2009

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

(c) Application of funds for charitable purposes

	6 month period to 31 December 2009	Year to 30 June 2009
	\$	\$
Net surplus from fundraising appeals	129,478	120,710
 This was applied to the charitable purposes in the following manner:		
Expenditure on services	75,420	142,107
Expenditure on administration, marketing and indirect costs	47,673	75,123
 Total operating expenditure	123,093	217,230
 Surplus/(deficit) between fundraising appeals and expenditure	6,385	(96,520)
 The surplus of \$6,385 (30 June 2009: deficit of \$96,520) was increased by income from the following sources:		
Department of the Environment, Water, Heritage and the Arts Grant	8,685	44,319
Membership fees	2,590	6,020
Interest received	2,338	6,614
Other	-	1,056
 Total income from other sources	13,613	58,009
 Operating surplus/(deficit)	19,998	(38,511)

(d) Comparison of certain monetary figures and percentage

	Fundraising \$	Gross income from fundraising \$	6 month period to 31 December 2009	Year to 30 June 2009
Total cost	30,288	159,766	19	3
Net surplus from fundraising appeals	129,478	159,766	81	97
 Total costs of services	\$	Total expenditure	6 month period to 31 December 2009	Year to 30 June 2009
Services and expenditure	75,420	123,093	61	65
 Total costs of services	\$	Total income received	6 month period to 31 December 2009	Year to 30 June 2009
Services and income received	75,420	173,379	43	80
Fundraising appeals		159,766		
Other income		13,613		
		173,379		