

# **Bicycle Institute of Victoria Incorporated**

**Financial Report  
for the year ended 30 June 2003**

**Registration No: A0008607J**

**ABN 41 026 835 903**

# *Bicycle Institute of Victoria Incorporated*

## **Council Members' Report**

Your council members submit the following report of Bicycle Institute of Victoria Incorporated (the Institute) for the year ended 30 June 2003.

### **Council members**

The following persons were Council members at Bicycle Victoria during the whole of the financial year and up to the date of this report:

Stuart Orr (President, member of Executive Committee)  
Albie Heintz (Vice President, member of Executive Committee)  
James Alexander (Secretary, member of Executive Committee)  
Jürgen Strauss (member Events Marketing Committee)  
Amanda Swaney

The following persons were elected as Council Members in November 2002 and held office up to the date of this report:

Simon Crone (member of Executive Committee)  
Sandra Edwards  
James Kelly  
Paul van Veenendaal

Don Glasson and Susan Strain were Council Members from the beginning of the financial year until their retirement in November 2002

Graham Lindsay is the Consulting Treasurer and a member of the Executive Committee

### **Meetings of Council and Executive**

| <b>Councillor</b>  | <b>Full meetings of Councillors</b> |          | <b>Meetings of Executive</b> |          |
|--------------------|-------------------------------------|----------|------------------------------|----------|
|                    | <b>A</b>                            | <b>B</b> | <b>A</b>                     | <b>B</b> |
| Stuart Orr         | 13                                  | 10       | 9                            | 7        |
| Albie Heintz       | 13                                  | 13       | 9                            | 9        |
| James Alexander    | 13                                  | 8        | 9                            | 5        |
| Simon Crone        | 8                                   | 8        | 5                            | 5        |
| Sandra Edwards     | 8                                   | 7        |                              |          |
| James Kelly        | 8                                   | 7        |                              |          |
| Jürgen Strauss     | 13                                  | 11       |                              |          |
| Amanda Swaney      | 13                                  | 9        |                              |          |
| Paul vanVeenendaal | 8                                   | 7        |                              |          |
| Graham Lindsay     | n/a                                 | n/a      | 9                            | 7        |
| Don Glasson        | 5                                   | 2        | 4                            | 1        |
| Susan Strain       | 5                                   | 4        |                              |          |

A = Number of meetings held during the time the Councillor held office or was a member of the Committee during the year.

B = Number of meetings attended

# *Bicycle Institute of Victoria Incorporated*

## **Council Members' Report (continued)**

### **Councillor's emoluments**

Councillors hold office in an honorary position and are not paid for their services to the organisation.

### **Principal activities**

The principal continuing activities of the Institute during the year were:

- Promoting services to members
- Running bicycle events
- Providing bicycle related products and services
- Representation of cyclists interests at all levels at government and in the community for the purpose of getting more people cycling more often

### **Significant changes in the state of affairs**

No significant changes in the state of affairs occurred during the period.

### **Operating result**

The profit for the year was \$116,929. Bicycle Victoria is exempt from income tax because it is categorised as a not-for-profit organisation for tax purposes.

### **Matters arising subsequent to the end of the financial year**

On 30 June 2003 Bicycle Victoria entered into a license agreement for outsourcing the data capture and storage of the organisation for \$118,200. It is proposed to write off this cost over the next two financial periods.

### **Corporate Governance Statement**

The Corporate Governance Statement set out on pages 3 to 6 of this report, adopted in May 2002, was reviewed and updated in July 2003.

### **Insurance of Officers**

During the year, Bicycle Victoria paid a premium of \$10,340 to insure the Councillors and Officers of the organisation.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of Bicycle Victoria and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the organisation.

Signed in accordance with a resolution of the Members of the Council

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S Orr - President

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E A Heintz - Vice President

Dated this 25 day of August 2003

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## **Bicycle Victoria Corporate Governance Statement**

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Bicycle Victoria is a self-funded community organisation.

Bicycle Victoria and the council are committed to achieving and demonstrating the highest standards of corporate governance in a manner appropriate to Bicycle Victoria. Corporate governance practices are regularly reviewed especially in light of best practice recommendations as released from time to time. The aim is to be largely consistent with or exceed best practice.

The relationship between the Council and management is important to Bicycle Victoria's long-term success. Day to day management of the organisation's affairs and the implementation of strategy and policy initiatives are formally delegated by the Council to the General Manager and management in the organisation's delegations policy, which is contained in the by-laws. These delegations are reviewed on a regular basis.

The Councillors are responsible to the members for the performance of Bicycle Victoria in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the members as a whole. The focus of the Council is to enhance the interests of members and other key stakeholders and to ensure the organisation is properly managed.

Councillors take into account the rights and interests of members, event riders, volunteers, supporters, employees, suppliers and the community at large recognising that all are essential to the ongoing success of the organisation. Councillors maintain an awareness of contemporary community needs and seek to identify strategic business opportunities for Bicycle Victoria that further the objective of getting more people riding more often.

### **Council Composition & Term of office**

The rules surrounding composition and election of the Council are set out in the Bicycle Victoria Constitution, which is available from Bicycle Victoria. The constitution states:

- The Council will consist of nine members elected for a three year term.
- Three Councillors will retire each year in rotation at which point they are entitled to stand for re-election, if so nominated.
- The President is elected by the full Council at the first meeting after the elections are held each year. The president is limited to two terms or six years.

The Councillors act in an unpaid, honorary capacity.

Details of the members of council, any office they hold on Council or committees they are a member of is set out in the Council Members Report and available on the Bicycle Victoria website.

It is the aim of council to have a qualifications, experience and skills statement to identify the attributes appropriate for Councillors and inventory existing Councillors skills. This will be completed over the next twelve months as part of a broader education process for current and prospective councillors.

All councillors sign a Councillor's Declaration each year. Under the declaration each councillor agrees to act with the utmost integrity and objectivity striving to enhance the reputation and performance of the organisation. The declaration covers areas such as: action, performance, governance, compliance, interest, information, support and commitment.

The General Manager and Finance Manager attend all council meetings, other than those sessions where there is a conflict such as remuneration discussions. They have a voice but no vote, nor are they included in the quorum for a meeting.

## ***Bicycle Institute of Victoria Incorporated***

### **Council role and responsibilities**

The role and responsibilities of the Councillors include:

- Contributing to the development of and approving the organisational strategy
- Reviewing and approving the annual budget and business and financial plans supporting any major initiative
- Overseeing and monitoring:
  - Organisational performance and the achievement of the organisation's strategic objectives
  - Progress of major projects and significant programs
- Establishing goals for management and monitoring the achievement of those goals
- Ensuring there are effective management processes in place and approving major initiatives
- Monitoring financial performance including approval of the annual and half year financial reports and liaison with the organisation's auditors
- Appointment, performance assessment and, if necessary, removal of the General Manager
- Enhancing and protecting the reputation of Bicycle Victoria
- Ensuring the significant risks facing the organisation, including those associated with its legal compliance obligations have been identified and appropriate and adequate control, monitoring, accountability and reporting mechanisms are in place
- Reporting to members
- Establishing practices and policies in respect of employment and volunteer safety, health and the environment

### **Commitment**

The Council held monthly council meetings during the year. One of these meetings was an additional meeting for the purpose of reviewing the parameters for the budget for the coming year.

Councillors also attend meetings of the Executive and other sub-committees of which they are a member.

The number of meetings of the council, the executive and of each committee held during the year and the number of meetings attended by each councillor are disclosed in the Council Members' Report.

### **Conflict of interests and independence**

None of the current councillors have business dealings with Bicycle Victoria during the year other than as a normal member. Councillors are required to declare any interest they have in any dealings with the organisation and absent themselves from any related discussion or decision making.

### **Performance Assessment**

There is no current formal self assessment of the collective performance of the council. This is however an area under review and it is the intention that this process will be established in the near future.

### **President and General Manager**

The president is responsible for leading the Council, ensuring that the council activities are organised and efficiently conducted and for ensuring councillors are properly briefed for meetings. The President is also responsible for encouraging effective participation in the activities of the organisation by members including standing for Council. The General Manager is responsible for implementing organisational strategies and policies.

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## **Delegation**

Council delegates responsibility for the operation and administration of Bicycle Victoria to the General Manager who, with the executive team, is assisted in fulfilling their responsibilities by a number of salaried personnel and volunteers. Performance is regularly monitored in conjunction with management.

## **Council Committees**

The council has a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of council are the executive and events marketing committees. All matters determined by the committees are submitted to the full council as recommendations for council decision.

### **• The Executive**

An Executive Committee is established under the Constitution. The executive consists of:

- President – Stuart Orr
- Vice President – Albie Heintz
- Secretary – James Alexander
- One other Councillor elected by the full Council – Simon Crone
- Consulting Treasurer – Graham Lindsay

The General Manager and Finance Manager attend the executive and have a voice but no vote. The executive meets monthly a week prior to the council meeting.

The main responsibilities of the executive are:

- To ensure that Bicycle Victoria has an appropriate system of internal controls and monitoring of compliance activities over Bicycle Victoria resources, functions and assets.

- to ensure Bicycle Victoria meets its statutory and fiduciary responsibilities relating to the accounting and financial reporting practices and internal control systems.
- for the audit function:
  - to review the accounts in detail each month before presentation to Council
  - to review, assess and approve the financial information prior to publication in the Annual Report and lodgement with the Department of Justice and any other financial information published by the organisation
  - to conduct annual reviews of the external auditors, reviewing audit fees, plan, policies and scope, ensuring the twice-yearly audits are effective and reviewing the audit reports.
  - to meet with the auditors during the year to discuss accounting policies, changes in the Accounting Standards and other relevant pronouncements and legislation.
  - to discuss the external audit and any significant issues arising from it and ensuring management takes prompt action, including any significant disagreements between the auditors and management, irrespective of whether they have been resolved.
- for investment review:
  - Perform a detailed quarterly review of the 'non current assets' or holdings of securities, which the Council intends to retain on a long-term basis.
  - Review the performance of the funds managers in the short and long term and meet with them regularly to discuss the investments.

## *Bicycle Institute of Victoria Incorporated*

- for risk management:
  - Review and discuss the major risks affecting the business and ensure strategies are developed to mitigate these risks. These risks include action taken by competitors, government policy changes, supply arrangements and the purchase, development and use of information systems. The effectiveness of management information systems and systems of internal control.
- for remuneration and staff review:
  - To ensure Bicycle Victoria follows appropriate remuneration policies and practices of compensation including incentive plans, other benefits and service contracts.
  - To ensure appropriate staff performance monitoring and appraisal.
  - To review all staffing matters.
- for major investments:
  - From time to time oversee the development of plans that require capital or abnormal financial expenditure, co-opting external independent advice as necessary.

Generally the Executive has no power itself other than to make recommendations to Council. However from time to time Council will delegate specific tasks to the Executive.

- **Events Marketing committee**

The Events Marketing Committee includes A Councillor (Jürgen Strauss), Marketing advisors, Public relations advisor, International marketing advisor and

Bicycle Victoria Event Directors. The group aims to make our Events Business strong by helping each Event Director to be effective in marketing

### **External auditors**

The organisation policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external audit is reviewed annually. An analysis of fees paid to external auditors is provided in the financial statements.

### **Other initiatives**

Other Council initiatives include:

- **Value Management**

Management have been directed to develop a system of value in the organisation including both the value of capital and cash and the value of investment in people's time.

This will be used by Council to set targets, as a basis of reports to Council, develop new management strategies including defining staff performance bonuses.

- **Risk management**

Council has instigated a review of risks identification that impact on the organisation during the day-to-day management of its operations and that are inherent in its actual existence.

Such threats may prevent achievement of Bicycle Victoria objectives and goals and thwart execution of its strategies.

The Finance Manager is currently identifying risks and evaluating their impact on Bicycle Victoria, developing monitoring and reporting methods and implementing counter measures.

## *Bicycle Institute of Victoria Incorporated*

### **Independent audit report to the members of Bicycle Institute of Victoria Inc.**

#### **Scope**

##### *The financial report and Council's responsibility*

The financial report comprises the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows, accompanying notes to the financial statements, and the Declaration by Members of the Council for the Bicycle Institute of Victoria Inc. ("the institute"), for the year ended 30 June 2003. The Council of the institute is responsible for the preparation and true and fair presentation of the financial report in accordance with the Incorporation Act (Vic) 1981. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

##### *Audit approach*

We conducted an independent audit in order to express an opinion to the members of the institute. Our audit was conducted in accordance with Australian Auditing and Assurance Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the institute's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls. Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

#### **Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

#### **Qualification**

Voluntary contributions are a source of revenue for the Bicycle Institute of Victoria Inc. As is common for organisations of this type, it is not practicable to maintain an effective system of internal control over the collection of voluntary contributions and fundraising monies prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to voluntary contributions and fundraising monies had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether voluntary contributions and fundraising monies obtained are complete.

## ***Bicycle Institute of Victoria Incorporated***

### **Qualified Audit Opinion**

In our opinion, except for the effects (if any) on the financial report of the matter referred to in the qualification paragraph, the financial report presents a true and fair view in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia the financial position of the Bicycle Institute of Victoria Inc as at 30 June 2003 and the results of its operations and its cash flows for the year then ended.

McInnes Graham & Gibbs  
Chartered Accountants

Simon C Trivett  
Partner

25 August 2003

*Bicycle Institute of Victoria Incorporated*

**Statement of Financial Performance for the year ended 30 June 2003**

|   | Note          | 2003<br>\$           | 2002<br>\$           |
|---|---------------|----------------------|----------------------|
| Events revenue  |               | 3,662,653            | 2,038,965            |
| Membership fees, income & donations   |               | 1,176,196            | 1,061,112            |
| Campaigns revenue   |               | 207,675              | 144,372              |
| <b>External sales revenue</b>   | <b>3</b>      | <b>5,046,524</b>     | <b>3,244,449</b>     |
| Interest & Investment Income  |               | 104,091              | 79,069               |
| <br><b>Revenue from ordinary activities</b>   | <br><b>2</b>  | <br><b>5,150,615</b> | <br><b>3,323,518</b> |
| Employee benefits   |               | 1,082,125            | 870,007              |
| Supply and service costs  |               | 1,467,001            | 890,482              |
| Depreciation and amortisation   |               | 151,160              | 132,750              |
| Insurance   |               | 557,197              | 461,422              |
| Printing & office costs   |               | 453,285              | 259,067              |
| Promotion costs   |               | 223,123              | 131,668              |
| Cost of merchandise   |               | 266,640              | 92,162               |
| Audit, legal & consultancy  |               | 110,364              | 91,720               |
| Finance costs   |               | 62,580               | 66,034               |
| IT & website costs  |               | 180,697              | 62,221               |
| Occupancy costs   |               | 147,348              | 101,293              |
| Loss on sale of shares  |               | 73,059               | 11,646               |
| Other   |               | 259,107              | 39,528               |
| <br><b>Expenses from ordinary activities</b>  | <br><b>2</b>  | <br><b>5,033,686</b> | <br><b>3,210,000</b> |
| <br><b>PROFIT FROM ORDINARY ACTIVITIES BEFORE<br/>INCOME TAX EXPENSE</b>                                      |               | <br><b>116,929</b>   | <br><b>113,518</b>   |
| Income tax expense<br><b>(Bicycle Victoria is exempt from income tax)</b>                                     | <b>1(m)</b>   | -                    | -                    |
| <br><b>NET PROFIT FROM ORDINARY ACTIVITIES<br/>AFTER INCOME TAX EXPENSE<br/>ATTRIBUTABLE TO THE INSTITUTE</b> |               | <br><b>116,929</b>   | <br><b>113,518</b>   |
| <br><b>TOTAL CHANGES IN EQUITY</b>  | <br><b>16</b> | <br><b>116,929</b>   | <br><b>113,518</b>   |

The above statement of financial performance should be read in conjunction with the accompanying notes.

*Bicycle Institute of Victoria Incorporated*

**Statement of Financial Position as at 30 June 2003**

|                                      | <b>Note</b> | <b>2003</b><br><b>\$</b> | <b>2002</b><br><b>\$</b> |
|--------------------------------------|-------------|--------------------------|--------------------------|
| <b>CURRENT ASSETS</b>                |             |                          |                          |
| Cash assets                          | <b>4</b>    | 446,022                  | 240,844                  |
| Receivables                          | <b>5</b>    | 168,673                  | 57,443                   |
| Inventories                          | <b>6</b>    | 69,105                   | 29,128                   |
| Other                                | <b>7</b>    | 264,029                  | 167,492                  |
| <b>TOTAL CURRENT ASSETS</b>          |             | <u>947,829</u>           | <u>494,907</u>           |
| <b>NON CURRENT ASSETS</b>            |             |                          |                          |
| Property, plant and equipment        | <b>8</b>    | 390,834                  | 511,088                  |
| Intangible assets                    | <b>9</b>    | 6,433                    | 3,148                    |
| Investments                          | <b>10</b>   | 1,407,715                | 1,422,293                |
| <b>TOTAL NON CURRENT ASSETS</b>      |             | <u>1,804,982</u>         | <u>1,936,529</u>         |
| <b>TOTAL ASSETS</b>                  |             | <u><b>2,752,811</b></u>  | <u><b>2,431,436</b></u>  |
| <b>CURRENT LIABILITIES</b>           |             |                          |                          |
| Payables                             | <b>11</b>   | 295,448                  | 218,353                  |
| Interest-bearing liabilities         | <b>12</b>   | 13,297                   | 70,660                   |
| Provisions                           | <b>13</b>   | 87,755                   | 63,465                   |
| Other                                | <b>14</b>   | 605,065                  | 397,208                  |
| <b>TOTAL CURRENT LIABILITIES</b>     |             | <u>1,001,565</u>         | <u>749,686</u>           |
| <b>NON CURRENT LIABILITIES</b>       |             |                          |                          |
| Interest-bearing liabilities         | <b>12</b>   | 5,379                    | 36,712                   |
| Provisions                           | <b>15</b>   | 10,500                   | 26,600                   |
| <b>TOTAL NON CURRENT LIABILITIES</b> |             | <u>15,879</u>            | <u>63,312</u>            |
| <b>TOTAL LIABILITIES</b>             |             | <u><b>1,017,444</b></u>  | <u><b>812,998</b></u>    |
| <b>NET ASSETS</b>                    |             | <u><b>1,735,367</b></u>  | <u><b>1,618,438</b></u>  |
| <b>MEMBERS' FUNDS</b>                |             |                          |                          |
| Accumulated surplus                  | <b>16</b>   | <u>1,735,367</u>         | <u>1,618,438</u>         |
| <b>TOTAL MEMBERS FUNDS</b>           |             | <u><b>1,735,367</b></u>  | <u><b>1,618,438</b></u>  |

The above statement of financial position should be read in conjunction with the accompanying notes.

*Bicycle Institute of Victoria Incorporated*

**Statement of Cash Flows for the year ended 30 June 2003**

|  | <b>Note</b>  | <b>2003</b>     | <b>2002</b>      |
|--|--------------|-----------------|------------------|
|  |              | <b>\$</b>       | <b>\$</b>        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>          |              |                 |                  |
| Receipts from members, riders and all other sources  |              | 5,770,347       | 3,412,073        |
| Payments to suppliers and employees                  |              | (5,449,974)     | (3,216,046)      |
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>     | <b>21(b)</b> | <u>320,373</u>  | <u>196,027</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>          |              |                 |                  |
| Payments for leasehold fit-out and office equipment  |              | (42,900)        | (333,225)        |
| Payments for securities                              |              | -               | (1,404,000)      |
| Payments for intangible assets                       |              | (3,599)         | (981)            |
| Proceeds from sale of building                       |              | -               | 1,305,000        |
| Proceeds from sale of assets                         |              | 20,000          | -                |
| <b>NET CASH OUTFLOWS FROM INVESTING ACTIVITIES</b>   |              | <u>(26,499)</u> | <u>(433,206)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>          |              |                 |                  |
| Repayment of borrowings**                            |              | (88,696)        | (78,091)         |
| <b>NET CASH (OUTFLOWS) FROM FINANCING ACTIVITIES</b> |              | <u>(88,696)</u> | <u>(78,091)</u>  |
| <b>NET INCREASE (DECREASE) IN CASH HELD</b>          |              | 205,178         | (315,270)        |
| <b>CASH AT THE BEGINNING OF THE FINANCIAL YEAR</b>   |              | 240,844         | 556,114          |
| <b>CASH AT THE END OF THE FINANCIAL YEAR</b>         | <b>21(a)</b> | <u>446,022</u>  | <u>240,844</u>   |

\*\* Borrowings are finance leases related to event equipment

The above statement of cash flows should be read in conjunction with the accompanying notes

# *Bicycle Institute of Victoria Incorporated*

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003**

### **1. SUMMARY OF SIGNIFICANT POLICIES**

This financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the requirements of the Incorporation Act (Vic) 1981.

The financial report has also been prepared on an accruals basis and is based on historical costs and does not take into account changing money values, or, except where stated, current valuations of non current assets. Cost is based on fair values of the considerations given in exchange for assets. The accounting policies have been consistently applied with those of the previous year.

The following is a summary of the material accounting policies adopted by the Institute in the preparation of the financial statements.

#### **(a) Cash**

For the purpose of the statement of cash flows, cash includes cash on hand, at banks and on deposit.

#### **(b) Receivables**

Receivables are all at amount realisable as due within 90 days. Collectibility of receivables is reviewed on an ongoing basis, uncollectables written off and provisions raised as necessary.

#### **(c) Inventories of parking materials and merchandise for resale**

Inventories are valued at the lower of cost and net realisable value. Costs are determined on a first in first out basis, and cost comprises the cost of direct materials at acquisition.

#### **(d) Acquisition of assets**

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired.

Fit-out costs of the premises leased by the organisation are categorised as Leasehold Improvements and are valued at cost, less accumulated amortisation.

Ride assets, Showers, Toilets and Catering Equipment are reflected in the financial statements at actual cost less accumulated depreciation.

#### **(e) Recoverable amount of non-current assets**

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount.

#### **(f) Leased assets**

Leases of non-current assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Institute, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised on a straight-line basis over their estimated useful lives where it is likely that the Institute will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

# *Bicycle Institute of Victoria Incorporated*

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003**

### **1. SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)**

#### **(g) Intangible assets**

Costs incurred registering Trade Marks of the major rides are recognised as an intangible asset. The costs are amortised over ten years.

Intangible assets such as the goodwill of the names of the rides, the value of the mailing list, and the reliance on volunteer labour costs cannot be readily valued in monetary terms and therefore do not appear in the balance sheet.

#### **(h) Investments**

Investments are valued at cost. Cost reflects the reinvestment of income received, profit and loss on sales of investments and the net cost of managing the portfolio.

When market value is below cost investments will be revalued to market when it is determined that there has been a permanent diminution in the value of the portfolio.

Market value for the purpose of determining the current value of the portfolio is determined by reference to market prices prevailing at balance date.

#### **(i) Employee benefits**

##### **Wages and salaries, annual leave and sick leave;**

The amounts expected to be paid to employees for pro-rata entitlement to wages and salaries and annual leave expected to be settled within one year have been measured at the current amount payable. Superannuation contributions are made by the Institute to employee superannuation funds and are charged as expenses when incurred.

At the date of this report Bicycle Victoria has 17 full time employees.

##### **Bonus plan;**

A liability for bonus plans, payable at Council's discretion, is recognised in other creditors.

Liabilities for bonus plans are expected to be settled within 12 months, or shortly thereafter, and are measured at the amounts expected to be paid when they are settled.

##### **Long service entitlements;**

Long service entitlements payable more than one year from the reporting date have been measured at the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash flows.

#### **(j) Depreciation of fixed assets**

Depreciation or amortisation has been charged on fixed assets at rates assessed to match the cost of each of the assets over their economic life using the straight line or diminishing balance method of depreciation.

Estimates of remaining lives are made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are;

|                         |               |
|-------------------------|---------------|
| Leasehold fit-out costs | 5 years       |
| Office equipment        | 3 to 5 years  |
| Rides equipment         | 5 to 10 years |

# *Bicycle Institute of Victoria Incorporated*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

### 1. SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

#### (k) Investment income

Dividends, interest and distributions from listed and unlisted securities are recognised as income in the Statement of Financial Performance when received.

#### (l) Revenue recognition

##### **Future rides to be conducted**

Income and expenses related to rides to be conducted in the next financial year are taken up as deferred income (liability) prepaid expense (asset) and brought to account as income and expenditure when the ride is completed.

##### **Membership fees**

Membership fees are accounted for as received with future servicing costs accrued.

#### (m) Income tax

The organisation is exempt from income tax under section 50 of the Income Tax Assessment Act.

### 2. PROFIT FROM OPERATIONS

Profit from operations is arrived at after crediting /charging the following specific items:

|                                     | 2003<br>\$   | 2002<br>\$ |
|-------------------------------------|--------------|------------|
| <b>After crediting</b>              |              |            |
| Net gain on sale of rides equipment | <u>7,561</u> | <u>-</u>   |
| <b>And after charging</b>           |              |            |
| Auditors remuneration               |              |            |
| - for auditing                      | 13,327       | 6,230      |
| - for other services                | 500          | 1,633      |
| Net loss on disposal of investments | 73,509       | 11,646     |

*Bicycle Institute of Victoria Incorporated*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

**3. INFORMATION ABOUT BUSINESS SEGMENTS**

| Revenue                               | Events     |            | Membership |            | Campaigns  |            | Total            |                  |
|---------------------------------------|------------|------------|------------|------------|------------|------------|------------------|------------------|
|                                       | 2003<br>\$ | 2002<br>\$ | 2003<br>\$ | 2002<br>\$ | 2003<br>\$ | 2002<br>\$ | 2003<br>\$       | 2002<br>\$       |
| External sales revenue                | 3,662,653  | 2,038,965  | 1,176,196  | 1,061,112  | 207,675    | 144,372    | 5,046,524        | 3,244,449        |
| Segment result                        | 323,109    | 213,153    | 199,492    | 336,478    | (114,327)  | (98,744)   | 408,274          | 450,886          |
| Administrative expenses and overheads |            |            |            |            |            |            | (291,345)        | (337,368)        |
| Net Profit                            |            |            |            |            |            |            | <b>116,929</b>   | <b>113,518</b>   |
| Segment assets                        | 566,008    | 483,005    | 70,225     | 83,033     | 148,057    | 92,207     | 784,290          | 658,244          |
| Unallocated assets                    |            |            |            |            |            |            | 1,968,521        | 1,773,192        |
| Total assets                          |            |            |            |            |            |            | <b>2,752,811</b> | <b>2,431,436</b> |
| Segment liabilities                   | 590,328    | 516,782    | 210,167    | 186,911    | 7,478      | 3,593      | 936,919          | 718,291          |
| Unallocated liabilities               |            |            |            |            |            |            | 80,525           | 94,707           |
| Total liabilities                     |            |            |            |            |            |            | <b>1,017,444</b> | <b>812,998</b>   |
| Depreciation expense                  | 86,996     | 75,894     | 16,023     | 7,700      | 7,478      | 3,593      | 110,497          | 87,188           |
| Unallocated depreciation              |            |            |            |            |            |            | 40,663           | 45,562           |
| Total depreciation                    |            |            |            |            |            |            | <b>151,160</b>   | <b>132,750</b>   |

Note: The Institute operates in the leisure and lobbying sectors, conducting rides within Australasia and lobbying on behalf of the Members of the Institute

*Bicycle Institute of Victoria Incorporated*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

|  | <b>2003</b>    | <b>2002</b>    |
|--|----------------|----------------|
|  | <b>\$</b>      | <b>\$</b>      |
| <b>4. CURRENT ASSETS – CASH ASSETS</b>   |                |                |
| Cash at bank & on hand   | 114,426        | 57,705         |
| Deposits at call   | 300,000        | 152,526        |
| Deposits - bond money  | 31,596         | 30,613         |
|  | <u>446,022</u> | <u>240,844</u> |
| <p>Deposits at call are bearing floating interest rates between 4% to 4.5% (2002 – 4.0% to 5.0%). Deposits – bond money guarantees performance for payment of rent and bears interest at interest rates between 4% to 4.5%</p> |                |                |
| <b>5. CURRENT ASSETS - RECEIVABLES</b>   |                |                |
| Trade debtors  | 168,673        | 57,443         |
|  | <u>168,673</u> | <u>57,443</u>  |
| <b>6. CURRENT ASSETS - INVENTORIES</b>   |                |                |
| Books and parking rails – at cost  | 16,454         | 21,558         |
| Event related – at cost  | 52,651         | 2,438          |
| Membership related – at cost   | -              | 5,132          |
|  | <u>69,105</u>  | <u>29,128</u>  |
| <b>7. CURRENT ASSETS - OTHER</b>   |                |                |
| Prepaid expenses   | 45,083         | 34,705         |
| Prepaid event expenses   | 218,946        | 132,787        |
|  | <u>264,029</u> | <u>167,492</u> |

*Bicycle Institute of Victoria Incorporated*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

**8. NON CURRENT ASSETS -Property, plant and equipment (all assets are at cost)**

|                                 | <b>Leasehold<br/>improvements</b> | <b>Office<br/>equipment</b> | <b>Rides<br/>equipment</b> | <b>Catering<br/>equipment</b> | <b>Furniture &amp;<br/>fittings</b> | <b>Leased office<br/>&amp; rides<br/>equipment</b> | <b>TOTAL</b>   |
|---------------------------------|-----------------------------------|-----------------------------|----------------------------|-------------------------------|-------------------------------------|--|----------------|
|                                 | <b>\$</b>                         | <b>\$</b>                   | <b>\$</b>                  | <b>\$</b>                     | <b>\$</b>                           | <b>\$</b>  | <b>\$</b>      |
| <b>Gross Carrying Amount</b>    |                                   |                             |                            |                               |                                     |  |                |
| Balance at 30 June 2002         | 261,030                           | 68,532                      | 39,076                     | 186,859                       | 15,697                              | 265,256  | 836,450        |
| Additions at cost               | 9,040                             | 29,646                      | -                          | 2,830                         | 1,384                               | -  | 42,900         |
| Disposals                       | -                                 | -                           | -                          | -                             | -                                   | (77,665)   | (77,665)       |
| <b>Balance at 30 June 2003</b>  | <b>270,070</b>                    | <b>98,179</b>               | <b>39,076</b>              | <b>189,688</b>                | <b>17,080</b>                       | <b>187,591</b>                                     | <b>801,685</b> |
| <b>Accumulated Depreciation</b> |                                   |                             |                            |                               |                                     |  |                |
| Balance at 30 June 2002         | 25,667                            | 35,883                      | 23,783                     | 85,984                        | 1,570                               | 152,030  | 324,917        |
| Depreciation expense            | 53,411                            | 22,100                      | 5,943                      | 17,509                        | 3,336                               | 48,861   | 151,160        |
| Disposals                       | -                                 | -                           | -                          | -                             | -                                   | (65,226)   | (65,226)       |
| <b>Balance at 30 June 2003</b>  | <b>79,078</b>                     | <b>57,983</b>               | <b>29,726</b>              | <b>103,424</b>                | <b>4,906</b>                        | <b>135,665</b>                                     | <b>410,851</b> |
| <b>Net Book Value</b>           |                                   |                             |                            |                               |                                     |  |                |
| As at 30 June 2002              | <b>235,363</b>                    | <b>32,469</b>               | <b>15,293</b>              | <b>100,875</b>                | <b>14,127</b>                       | <b>113,226</b>                                     | <b>511,088</b> |
| As at 30 June 2003              | <b>190,992</b>                    | <b>40,196</b>               | <b>9,350</b>               | <b>86,264</b>                 | <b>12,174</b>                       | <b>51,926</b>                                      | <b>390,834</b> |

***Bicycle Institute of Victoria Incorporated***

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

|  | <b>2003</b>      | <b>2002</b>      |
|--|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        |
| <b>9. NON CURRENT ASSETS - INTANGIBLE ASSETS</b> |                  |                  |
| <b>Trade marks - at cost</b>                     |                  |                  |
| Opening balance                                  | 3,148            | -                |
| Additions  | 3,599            | 3,148            |
| Less accumulated amortisation                    | <u>(314)</u>     | <u>-</u>         |
| Balance at 30 June 2003                          | <u>6,433</u>     | <u>3,148</u>     |
| <br>   |                  |                  |
| <b>10. NON CURRENT ASSETS - INVESTMENTS</b>      |                  |                  |
| Funds invested, at cost June 2003                | 1,422,293        | 1,404,000        |
| Net income received/ losses incurred since       | <u>(14,578)</u>  | <u>18,293</u>    |
|  | <u>1,407,715</u> | <u>1,422,293</u> |

The surplus funds from the sale of land and buildings owned by the Institute have been invested under a Portfolio Management Agreement with HSBC Asset Management (Australia) Limited. The method of accounting for these funds is set out in Note 1 to these accounts. The market value at 30 June 2003 was \$1,310,826 (30 June 2002 was \$1,347,326). Council does not propose to vary the carrying value of these investments until it receives advice and concludes that the variation is of a permanent nature.

|   | <b>2003</b>    | <b>2002</b>    |
|---|----------------|----------------|
|   | <b>\$</b>      | <b>\$</b>      |
| <b>11. CURRENT LIABILITIES - PAYABLES</b> |                |                |
| Trade creditors                           | 80,216         | 99,674         |
| Other creditors                           | <u>215,232</u> | <u>118,679</u> |
|   | <u>295,448</u> | <u>218,353</u> |
| <br>                                      |                |                |
| <b>12. INTEREST-BEARING LIABILITIES</b>   |                |                |
| <b>Secured</b>                            |                |                |
| Lease liability – current                 | <u>13,297</u>  | <u>70,660</u>  |
| Lease liability – non-current             | <u>5,379</u>   | <u>36,712</u>  |

Refer Note 21

The leases were arranged with a major finance company.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

*Bicycle Institute of Victoria Incorporated*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

|   | 2003<br>\$       | 2002<br>\$       |
|---|------------------|------------------|
| <b>13. CURRENT LIABILITIES - PROVISIONS</b>     |                  |                  |
| Employee benefits                               | 87,755           | 63,465           |
|   | <u>87,755</u>    | <u>63,465</u>    |
| <br>  |                  |                  |
| <b>14. CURRENT LIABILITIES - OTHER</b>          |                  |                  |
| Unexpired membership fees                       | 107,285          | 121,561          |
| Prepaid ride & other fees                       | 493,444          | 271,311          |
| Money held in trust                             | 891              | 891              |
| Ted Parker memorial fund                        | 3,445            | 3,445            |
|   | <u>605,065</u>   | <u>397,208</u>   |
| <br>  |                  |                  |
| <b>15. NON-CURRENT LIABILITIES - PROVISIONS</b> |                  |                  |
| Employee benefits                               | 10,500           | 26,600           |
|   | <u>10,500</u>    | <u>26,600</u>    |
| <br>  |                  |                  |
| <b>16. MEMBERS FUNDS</b>                        |                  |                  |
| Balance at beginning of financial year          | 1,618,438        | 1,504,920        |
| Net Profit for the year                         | 116,929          | 113,518          |
|   | <u>1,735,367</u> | <u>1,618,438</u> |
| <br>  |                  |                  |
| <b>17. CAPITAL COMMITMENTS</b>                  |                  |                  |

On 30 June 2003 Bicycle Victoria entered into a license agreement for outsourcing the data capture and storage of the organisation for \$118,200. It is proposed to write off this cost over the next two financial years.

*Bicycle Institute of Victoria Incorporated*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

|  | 2003<br>\$            | 2002<br>\$            |
|--|-----------------------|-----------------------|
| <b>18. LEASE COMMITMENTS</b>   |                       |                       |
| <b>Finance lease</b>   |                       |                       |
| Finance lease capitalised in the accounts in accordance with the accounting policies defined in Note 1.    |                       |                       |
| Payable:   |                       |                       |
| Within one year  | 13,297                | 77,352                |
| Later than one year but not later than 2 years   | 5,379                 | 33,112                |
| Later than 2 years but not later than 5 years  | -                     | 5,530                 |
| Minimum lease payments   | <u>18,676</u>         | <u>115,994</u>        |
| Less future finance charges  | <u>(1,103)</u>        | <u>(8,001)</u>        |
| Recognised as lease liability  | <u><u>17,573</u></u>  | <u><u>107,993</u></u> |
| <b>Operating leases</b>  |                       |                       |
| Commitments for minimum lease payments in relation non-cancellable operating leases are payable as follows |                       |                       |
| Within one year  | 105,538               | 100,390               |
| Later than one year but not later than 2 years   | 89,639                | 105,324               |
| Later than 2 years but not later than 5 years  | 47,986                | 117,067               |
|  | <u><u>243,163</u></u> | <u><u>322,781</u></u> |

**19. RELATED PARTY DISCLOSURES**

The Councillors of Bicycle Institute of Victoria Incorporated during the year were:

S Orr  
E A Heintz  
J Alexander  
A Swaney  
J Strauss  
S Crone (elected November 2002)  
S Edwards (elected November 2002)  
J Kelly (elected November 2002)  
Paul van Veenendaal (elected November 2002)  
D Glasson (did not seek re-election November 2002)  
S Strain (did not seek re-election November 2002)

# *Bicycle Institute of Victoria Incorporated*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

### 19 RELATED PARTY DISCLOSURES (CONTINUED)

#### Remuneration

Council members offer their services voluntarily and are paid no remuneration by the Institute.

|  | <b>2003</b> | <b>2002</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |
| The aggregate of income paid or payable to all Councillors of the Institute during the financial year. | Nil         | Nil         |

|   | <b>2003</b> | <b>2002</b> |
|---|-------------|-------------|
|   | <b>No.</b>  | <b>No.</b>  |
| The number of directors of the Institute whose total income falls within each band of income. |             |             |
| \$0 - \$9,999   | 11          | 11          |

|  | <b>2003</b> | <b>2002</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |
| Other transactions with Councillors and Councillor related entities: |             |             |

The profit from ordinary activities before income tax includes the following items of revenue and expense that resulted from transactions with Councillors or their-related entities.

|            |          |               |
|------------|----------|---------------|
| Legal fees | -        | 11,756        |
|            | <u>-</u> | <u>11,756</u> |

### 20. REGISTERED OFFICE

The Bicycle Institute of Victoria Incorporated of Level 10, 446 Collins Street, Melbourne, Victoria 3000 reports under the Associations Incorporations Act 1981.

### 21. CASH FLOW INFORMATION

#### (a) Reconciliation of cash

For the purposes of the statement of cash flows, the Institute considers cash to include cash on hand and in banks and investments in money market instruments. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the statements of financial position as follows:

|                                      | <b>2003</b>    | <b>2002</b>    |
|--------------------------------------|----------------|----------------|
|                                      | <b>\$</b>      | <b>\$</b>      |
| Cash at bank and on hand             | 114,426        | 57,705         |
| Deposits at call                     | 300,000        | 152,526        |
| Deposits—bond money                  | 31,596         | 30,613         |
| Balances per statement of cash flows | <u>446,022</u> | <u>240,844</u> |

***Bicycle Institute of Victoria Incorporated***

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

**21 CASH FLOW INFORMATION (CONTINUED)**

**(b) Reconciliation of cash provided by operating activities to operating result**

|   | <b>2003</b>    | <b>2002</b>    |
|---|----------------|----------------|
|   | <b>\$</b>      | <b>\$</b>      |
| Net profit  | 116,929        | 113,518        |
| <b>Non-cash items included in operating result:</b> |                |                |
| Depreciation & amortisation                         | 151,160        | 132,750        |
| Net gain on sale of rides equipment                 | (7,561)        | -              |
| Net Investment movement debited                     | 14,578         | (18,293)       |
| <b>Changes in assets and liabilities:</b>           |                |                |
| Decrease/(increase) in trading receivables          | (111,230)      | 8,078          |
| (Increase)/ decrease in inventories                 | (39,977)       | (2,501)        |
| (Increase)/decrease in other current assets         | (96,537)       | 41,014         |
| Increase/(decrease) in creditors                    | 76,964         | (191,608)      |
| Increase in employee benefits                       | 8,190          | 14,397         |
| Increase in other current liabilities               | 207,857        | 98,672         |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>      | <b>320,373</b> | <b>196,027</b> |

(c) There were no non-cash financing or investing activities during the period.

**22. FINANCIAL INSTRUMENTS**

**(a) Interest rate risk exposures**

The Institute's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Institute intends to hold fixed rate assets and liabilities to maturity.

| <b>2003</b>                    | <b>Notes</b> | <b>Floating<br/>interest<br/>rate (\$)</b> | <b>Non-<br/>interest<br/>bearing (\$)</b> | <b>Total<br/>\$</b> |
|--------------------------------|--------------|--|---|---------------------|
| <b>Financial assets</b>        |              |  |   |                     |
| Cash                           | 4            | 331,596                                    | 114,426                                   | 446,022             |
| Receivables and prepayments    | 5,7          | -  | 432,702                                   | 432,702             |
| <b>Total financial assets</b>  |              | <b>331,596</b>                             | <b>447,128</b>                            | <b>878,722</b>      |
| Weighted average interest rate |              | 4.20%                                      |   |                     |

***Bicycle Institute of Victoria Incorporated***

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

**22. FINANCIAL INSTRUMENTS (CONTINUED)**

| <b>2002</b>                    | <b>Notes</b> | <b>Floating<br/>interest<br/>rate (\$)</b> | <b>Non-<br/>interest<br/>bearing (\$)</b> | <b>Total<br/>\$</b> |
|--------------------------------|--------------|--|---|---------------------|
| <b>Financial assets</b>        |              |  |   |                     |
| Cash                           | 4            | 152,526                                    | 88,318                                    | 240,844             |
| Receivables and prepayments    | 5,7          | -  | 224,935                                   | 224,935             |
| <b>Total financial assets</b>  |              | 152,526                                    | 313,253                                   | 465,779             |
| <b>Financial liabilities</b>   |              |  |   |                     |
|                                |              | <b>Fixed interest rate maturing</b>        |   |                     |
|                                |              | <b>Within 1 year</b>                       | <b>1 to 5 years</b>                       |                     |
| <b>2003</b>                    |              |  |   |                     |
| Lease liabilities              | 10           | 1,103                                      | -   |                     |
| Weighted average interest rate |              | 8.10%                                      |   |                     |
| <b>2002</b>                    |              |  |   |                     |
| Lease liabilities              | 10           | 6,220                                      | 1,781                                     |                     |
| Weighted average interest rate |              | 8.10%                                      |   |                     |

**(b) 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, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial statements.

The Institute does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Institute.

**(c) Net fair values**

The net fair values of assets and liabilities approximate their carrying values. No financial assets and financial liabilities, other than the investment portfolio set out in Note 10 to these statements, are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Institute intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and the notes to the financial statements.

## *Bicycle Institute of Victoria Incorporated*

### **Declaration by Members of the Council**

Council Members declare that the financial statements set out on pages 9 to 23:

1. comply with Accounting Standards, the Associations Incorporation Act 1981 and other mandatory professional reporting requirements; and
2. give a true and fair view of the Institute's financial position as at 30 June 2003 and its performance for the year ended on that date.

In the Council Members opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Council and is signed for and on behalf of the Council by:

\_\_\_\_\_  
S Orr - President

\_\_\_\_\_  
E A Heintz - Vice President

Dated this 25 day of August 2003