



Bicycle Victoria Annual Report 03/04

President's Report



The year under report marks another great achievement for Bicycle Victoria. Overall revenue has grown from \$5.1m to \$6.4m and your Council has worked vigorously and with a high level of unanimity towards identifying a clear strategic direction for Bicycle Victoria's development.

As you will notice from the annual financial statement, however, this year we will be reporting a trading loss of \$111,504, which resulted from an increased expenditure on campaigns of \$33,000 and an unexpected shortfall in surplus from our annual events of \$217,000. In reflection of this, many changes have been implemented to improve operational performance.

The financial statement shows that the investment funds continued to perform strongly, providing both reasonable dividends and capital value growth. In a similar fashion, each of Bicycle Victoria's divisions reported good operational performance and operated within budget or approved revised budget. Each of these divisions was restructured to increase efficiency and, particularly, reflect the increasing size and scope of Bicycle Victoria's operations. The transfer of all customer records to a new, highly secure and sophisticated database system and the introduction of direct debiting of Membership fees are some of the changes that have been implemented in the Membership division.

Events, an important part of Bicycle Victoria's community role as well as a source of funding for many of Bicycle Victoria's social and campaigning activities, performed well with high levels of participant satisfaction and returning participants. Participation numbers in some events, particularly the Great Melbourne Bicycle Ride® were strong, but below projections. The operation of these events has been reviewed and new operating procedures have been adopted which are expected to increase the impact and popularity of our events in the future.

I commend to you this annual report and look forward to the opportunity of discussing it with you at the forthcoming Annual General Meeting.

Stuart Orr President

About Bicycle Victoria

Bicycle Victoria is a self-funded community organisation – independent of government and owned collectively by all Members. We were born in 1975, and since then we have been dedicated to getting *More People Cycling More Often*.

Each year thousands enjoy our Great Rides put on by our inspiring volunteers. Come and make new friends, have fun, get fit and surprise yourself with what you can do. We welcome and support novice riders and we are honoured when long-time riders join in too.

Today we invite you to join Australia's largest and fastest growing cycling organisation with over 40,000 Members. Membership contributes to our campaigns to build more infrastructure and support behaviour change programs, and Members have exciting opportunities to further contribute to our mission. Members across Australia receive great cycling benefits, including the satisfaction of Australia's best bike crash insurance, great deals, a bi-monthly full colour magazine and much more.

All we need is you.

Together we will get
**More People
Cycling More Often**

Financial Commentary

The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report of The Bicycle Institute of Victoria Incorporated for the year ended 30 June 2004.

The full financial report of the Institute and Auditors Report can be accessed on the internet at www.bv.com.au (Keyword: financial report). A full copy will be mailed on request for a \$5 photocopying and mailing fee.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of The Bicycle Institute of Victoria Incorporated as the full financial report.

Discussion and Analysis of the Financial Statements

Statement of Financial Performance

The Institute realised a net loss of \$111,504 for the year from operating activities, which compared with a profit of \$116,929 in 2002-03.

An amount of \$75,000 has been set aside from Members Funds to a Liability Insurance Reserve to cover the self insured excess on the Institute's liability insurance policy. A further \$25,000 will follow in the next financial year to a maximum of \$100,000 for this period of insurance.

Total revenue increased by \$1,272,858 to \$6,423,473 arising mainly from Events. Membership fees revenue also increased by more than 10%.

The costs incurred in putting on the Events in this financial year exceeded budget in several areas, due mainly to the complexity of the event structure such as ferrying bikes and riders on the Great Victorian Bike Ride® and Great New Zealand Bike Ride™ during the ride. The 2004 Great New Zealand Bike Ride™ also had quarantine, export and import complications.

\$76,000 of the database and website upgrade costs have been amortised in this financial year.

Liability insurance costs stabilised after the Institute self insured \$100,000 of possible claims excess. The cost of personal accident premiums increase in line with membership numbers.

Employee benefits continue to rise giving recognition to the Institute's position in the market place and the desire to hold and attract staff to meet the ever increasing responsibilities. The change in the investment market over the past twelve months has seen the Institute's portfolio return a net \$41,223 compared with a negative (\$23,491) last year.



Statement of Financial Position

Cash reserves were down by \$250,000 because this amount had been transferred from short-term cash to longer-term invested funds with HSBC Asset Management.

The Institute has made a significant investment in improvements to database and website. Hosting has been outsourced to a well respected global organisation enabling the Institute to have both resources at the one location and integrated. Redesigning and migration costs incurred will be written off over twenty-four months.

The market value of the investment portfolio was \$92,000 above book value at 30 June 2004 compared with being \$97,000 below book value last year.

Current liabilities continue to exceed current assets by a substantial amount. This year \$880,000 of income has been received in advance of the event or date when it can be brought to account, and is thus not strictly an amount payable.

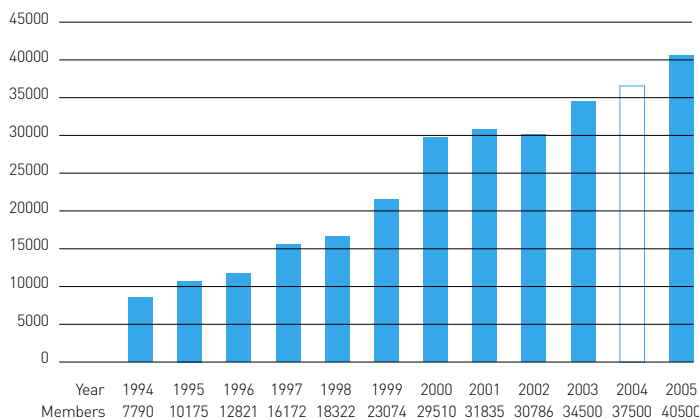
Statement of Cash Flows

The statement reflects the lower contribution from operating activities, (and increased Campaigns expenditure) down almost by \$200,000. The investment by the Institute in information technology of \$400,000 bodes well for the future communication with the constituency in a reliable and stable network.

Membership Projections

40,000 Members by 2005

Note that figures change from end of year to mid year target in year 2003



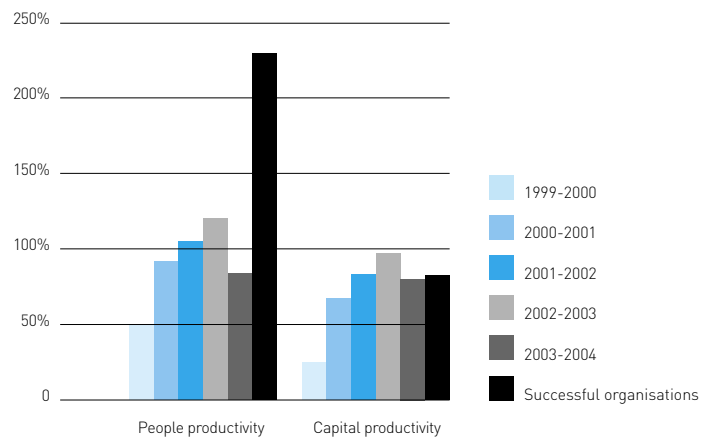
Our 2000 Membership Strategy, to 'grow the Membership to 40,000 by the year 2005', was achieved in the reporting year.

Value Reports

Bicycle Victoria uses a calculation of 'value' to assess the return on People's Productivity and Capital Productivity. 'Value' is essentially all the income generated by staff effort less the expense incurred with third parties. It is regarded as a more direct measure of financial success than the more traditional surplus or deficit.

The Value Report chart above reflects the measurements over the last 5 years. During the 30 June 2004 year both key measures fell away. The Capital Productivity measure is still high by world standards but can be improved at least to the prior year level. The People's Productivity is unsatisfactory as it should exceed 100% as otherwise all value created is being absorbed by the investment in staff time.

Bicycle Victoria has a performance based reward system that is triggered when substantial value is created above budget. The system ensures that Bicycle Victoria always receives the greater percentage of any additional value created. Complementary non-financial measures influence the level of reward.



Statement of Financial Performance for the year ended 30 June 2004

	Note	2004 (\$)	2003 (\$)
Events revenue		4,550,108	3,662,653
Membership fees, income & donations		1,434,081	1,176,196
Campaigns revenue		329,714	207,675
External sales revenue	2	6,313,903	5,046,524
Interest & investment income		109,570	104,091
Revenue from ordinary activities	2	6,423,473	5,150,615
Employee benefits		1,402,629	1,082,125
Supply and service costs		2,228,241	1,467,001
Depreciation and amortisation		216,135	151,160
Insurance		730,663	557,197
Printing & office costs		472,416	453,285
Promotion costs		260,926	223,123
Cost of merchandise		330,791	266,640
Audit, legal & consultancy		162,611	110,364
Merchant card fees		61,693	62,580
IT & website costs		208,666	180,697
Occupancy costs		155,272	147,348
Loss on sale of shares		20,268	73,059
Other		284,666	259,107
Expenses from ordinary activities	2	6,534,977	5,033,686
(Loss)/Profit from ordinary activities before income tax expense		(111,504)	116,929
Income tax expense (Bicycle Victoria is exempt from income tax)		-	-
Net (Loss)/Profit from ordinary activities after income tax expense attributable to the institute		(111,504)	116,929
Transfer to Reserves		(75,000)	
Total changes in members' funds		(186,504)	116,929

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



Statement of Financial Position as at 30 June 2004

	Note	2004 (\$)	2003(\$)
Current assets			
Cash assets		83,894	446,022
Receivables		303,590	168,673
Inventories		89,138	69,105
Other		262,068	264,029
Total currents assets		738,690	947,829
Non current assets			
Property, plant and equipment		658,613	390,834
Intangible assets		6,796	6,433
Investments		1,696,956	1,407,715
Total non current assets		2,362,365	1,804,982
Total assets	2	3,101,055	2,752,811
Current liabilities			
Payables		470,738	295,448
Interest-bearing liabilities		5,379	13,297
Provisions		107,405	87,755
Other		880,670	605,065
Total current liabilities		1,464,192	1,001,565
Non current liabilities			
Interest- bearing liabilities		-	5,379
Provisions		13,000	10,500
Total non current liabilities		13,000	15,879
Total liabilities	2	1,477,192	1,017,444
Net assets		1,623,863	1,735,367
Members' funds			
Accumulated surplus		1,548,863	1,735,367
Reserves		75,000	-
Total members' funds		1,623,863	1,735,367

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

Statement of Cash Flows for the year ended 30 June 2004

	Note	2004 (\$)	2003 (\$)
Cash flows from operating activities			
Receipts from members, riders and all other sources		7,035,037	5,770,347
Payments to suppliers and employees		(6,653,756)	(5,449,974)
Net cash inflow from operating activities		381,281	320,373
Cash flows from investing activities			
Payments for leasehold fit-out and office equipment		(450,826)	(42,900)
Payments for rides equipment		(32,488)	-
Payments for intangible assets		(735)	(3,599)
Proceeds from sale of assets		3,937	20,000
Transfer funds for Investment		(250,000)	-
Net cash outflows from investing activities		(730,112)	(26,499)
Cash flows from financing activities			
Repayment of borrowings**		(13,297)	(88,696)
Net cash (outflows) from financing activities		(13,297)	(88,696)
Net increase (decrease) in cash held		(362,128)	205,178
Cash at the beginning of the financial year		446,022	240,844
Cash at the end of the financial year		83,894	446,022

** Borrowings are finance leases related to event equipment

Notes to the Concise Financial Report

1 Basis of preparation of concise financial report

2 Information about business segments

This concise financial report has been prepared in accordance with Australian Accounting Standard AASB 1039 "Concise Financial Reports". The information contained within this concise financial report has been derived from the 2004 annual financial report of the Institute. A full description of the accounting policies adopted is contained in the 2004 annual financial report. There have been no changes in accounting policies applied since the previous year.

Revenue	Events		Membership		Campaigns		Total	
	2004 (\$)	2003 (\$)	2004 (\$)	2003 (\$)	2004 (\$)	2003 (\$)	2004 (\$)	2003 (\$)
External sales revenue	4,550,108	3,662,653	1,434,081	1,176,196	329,714	207,675	6,313,903	5,046,524
Segment result	105,358	323,109	224,717	199,492	(147,087)	(114,327)	182,988	408,274
Administrative expenses and overheads							(294,492)	(291,345)
Net Profit							(111,504)	116,929
Segment assets	708,077	566,008	71,289	70,225	108,420	148,057	887,786	784,290
Unallocated assets (see b) below)							2,213,269	1,968,521
Total assets							3,101,055	2,752,811
Segment liabilities	936,138	590,328	261,520	210,167	102,287	7,478	1,299,945	936,919
Unallocated liabilities							177,247	80,525
Total liabilities							1,477,192	1,017,444
Depreciation expense	78,307	86,996	16,985	16,023	7,926	7,478	103,218	110,497
Unallocated depreciation							112,917	40,663
Total depreciation							216,135	151,160

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



Declaration by Members of the Council

Council Members of The Bicycle Institute of Victoria declare that the concise financial statements set out on pages 2 to 6: **1** have been derived from and is consistent with the full financial report of The Bicycle Institute of Victoria for the year ended 30 June 2004; and **2** comply with accounting Standard AASB 1039 "Concise Financial Reports"

S Crone Vice President, **E A Heintz** Council Member, dated this 30 August 2004

McINNES, GRAHAM
— & GIBBS —
CHARTERED ACCOUNTANTS

JOHN L.C. MCKINNES
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Independent audit report to members of the Bicycle Institute of Victoria Inc.

Scope

The concise financial report and Council's responsibility

The concise financial report comprises the Financial Discussion and Analysis, the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows, accompanying notes to the concise 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 2004. The Council of the Institute is responsible for the preparation and true and fair presentation of the concise 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 concise financial report is free of material misstatement. We also performed an independent audit of the full financial report of the Institute for the year ended 30 June 2004. Our audit report on the full financial report was signed on 30 August 2004 and was subject to the qualification included below.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report presents a true and fair view in accordance with Accounting Standard AASB 1039 Concise Financial Reports applicable in Australia. The audit opinion expressed in this report has been formed on the above basis.

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 prior to entry into the financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to voluntary contributions had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether voluntary contributions obtained are complete.

Qualified Audit Opinion

In our opinion, except for the effects (if any) on the concise financial report of the matter referred to in the qualification paragraph, the concise financial report of the Institute complies with Accounting Standard AASB 1039 Concise Financial Reports applicable in Australia.

McInnes, Graham & Gibbs

McInnes Graham & Gibbs Chartered Accountants

30 August 2004

Simon C Trivett

Simon C Trivett Partner



Bicycle Victoria Annual General Meeting

The 29th Bicycle Victoria Annual General Meeting will be held on Monday 8 November 2004 at Condell Room, Melbourne Town Hall (cnr Swanston and Collins streets) at 7.00pm.

Members who RSVP by close of business Friday 5 November are invited for light refreshments from 6.30pm. RSVP: ph (03) 8636 8888, email jennyh@bv.com.au.

New directions

In the past two to three years we have taken the opportunity of the AGM to develop and explore our relationships. For example, our AGMs have included guest speakers.

In 2004 the Bicycle Victoria Council decided that the AGM is not the most appropriate opportunity to engage with our different constituencies, and that to try and do this conflicted with the statutory obligations of the night. This year, therefore, the statutory nature of the AGM is emphasised and there are no guest speakers.

The Council intends, however, to widen the range of Bicycle Victoria activities at different times throughout the coming year when we engage with our constituencies such as local councils and Bicycle User Groups.

Members will have noticed that we have already initiated a number of these activities relevant to specific constituencies such as the annual Rail Trail conference, our Campaigns nights, and the Around the Bay in a Day® Breakfast.

Your questions

We welcome all Members to attend the AGM and ask questions without notice and make comments.

If you have questions you'd like the organisation to answer in more depth, please send them to us by COB Friday 22 October (GPO BOX 1961R, Melbourne 3001; jennyh@bv.com.au).

Formal Agenda

- 7.00* • Welcome
 - Apologies
 - Confirm the minutes of 2003 Annual General Meeting. The minutes are posted on www.bv.com.au (Keyword: AGM Minutes) and will be distributed at the meeting
- 7.15 • General Manager's Report
- 7.30 • President's Report
- 7.45 • Financial Report
- 8.00 • Volunteer Honour Board
- 8.10 • Q&A
- 8.45 • Announcement of Council election result, and introduction of new Councillors
- 9.00 • Meeting room closed

* Timing after the start is indicative

• All current Members are entitled to attend and vote and each Member is entitled to one vote on these matters at the meeting

If you cannot vote in person, you are entitled to appoint another Member who will attend as your proxy, by giving notice to the Secretary, Bicycle Victoria by fax (8636 8800) or mail (GPO Box 1961R, Melbourne 3001) no later than 8pm Saturday 6 November 2004. Each Member can hold up to 10 proxy votes. Proxy forms are available from Bicycle Victoria.

Council election

Three of the nine Council positions fall vacant each year after the three-year terms expire. This year one additional Councillor, James Kelly, resigned from the Council after completing two years of his three-year term.

A call for nominations was placed in August *Ride On*® and by 5pm 13 September 2004, five nominations were received: Albie Heintz, Mark Andrew Yorston, James Alexander, Stuart Orr and David Larsen. See the inserted sheet, titled 'Council Election notice', for information and instructions on voting in the 2004 Council Election.

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ARBN A0008607J

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- Full and concise Annual Reports (Keyword: Annual Report)
- Photos and statements of new Councillors (Keyword: Councillors)
- 2004-05 Bicycle Victoria strategies (Keyword: Strategies)
- The Bicycle Victoria Constitution (Keyword: Constitution)

Or phone (03) 8636 8888 (1800 639 634 country callers)