

Bicycle Victoria Annual Report 05/06

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



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*

President's Report

As I look back over the last year it is amazing to see what has happened and how far we have come both as an organisation and in relation to the world of cycling.

It has been a year that saw us put the finishing touches on the development of a new strategic direction for the organisation and follow that up with voting in a new governance structure for the organisation in the form of a new constitution. We are now working through the actions behind that strategy by setting the goals and developing the method to measure our success in delivering the strategy. The Constitution is being supported by the development of a structure of regulations.

Last year also showed the best and worst that can happen. The death of Deborah Gray on the VicRoads Great Victorian Bike Ride was an example of the worst. For those of us on the ride it will stay with us, but what will also stay with us was the best which shone through in the form of support and the sense of community that followed the tragic accident. I have never been prouder of being a part of an organisation or a group of people than I was at that time.

The more I look at the year just finished, and consider the year now started, I realise what a great time it is for cycling and for Bicycle Victoria. The challenge for us as an organisation, as members and as cyclists is to ensure that we make the most of the opportunities and develop a growing cycling world with continually growing participation rates. The opportunity is there for each of us to contribute to this growth by riding and encouraging those around us to ride or to help support the cycling world through word or action.

An important part of being able to deliver the strategy and the promise of the organisation is to make sure we have a solid foundation. We do this by ensuring the financial stability and sound financial management of Bicycle Victoria. As a self funded not for profit community organisation, we need to be financially prudent to ensure the longevity of Bicycle Victoria. The financial result last year helps support our future by strengthening our balance sheet to ensure we have the resources to keep campaigning to deliver our strategy of growing the cycling world.

An organisation is only as strong as its management team. We are lucky to have a strong team led by Harry Barber as our Chief Executive and Steve Reynolds as our Business Manager. They do a great job providing invaluable support to the Board and provide excellent leadership to the great team of staff and volunteers who support them.

Governance

As a Board, a big part of our role relates to governance.

The governance structure at Bicycle Victoria had become dated and lost its relevance to an organisation that had grown and evolved well beyond it. You only had to look at the old requirement for the President to sign every cheque to understand it was related to another era in the life of Bicycle Victoria.

It was at last year's Annual General Meeting, after a lot of work by a dedicated group on the Constitution Committee, and a healthy debate, that the new Constitution was voted into being. Since then there have been a range of regulations put in place to make the Constitution relevant to the day to day operations of the organisation.

We have also looked outside the organisation at governance issues facing, not just our organisation, but not for profits (NFPs) generally. There was a push by some to change the way NFPs were governed and push especially larger NFPs under the Corporations Act. We were, and continue to be, extremely concerned about the proposals, and while we agree that the not-for-profit sector is important to Australia's growth and wellbeing, that there needs to be accountability and transparency (especially for larger not-for-profit organisations) and strongly believe in the benefits of a single Commonwealth regulatory regime. We also believe that the Australian Securities and Investment Commission (ASIC) is not the right destination for Bicycle Victoria and other similar Associations.

To help the Board undertake its duties it has several Committees in place. The role of the Committees is to consider specific matters within a defined scope and make recommendations to the Board. The committees during this year included:

- Constitution – led by David Levin and supported by both internal and external resources; they did a great job reworking the constitution. The next goal is a distributed attendance and voting system to maximise member engagement in the AGM.
- Remuneration – led by Ross Kilborn, reviewed the performance and remuneration of the CEO and set up a more systematic approach to assessing the CEO's performance.
- Audit and risk – led by David Larsen, provided a greater focus on the audit and compliance aspects of the organisation and are now increasing their focus on risk management.

For governance to work well you need a strong Board whose members have a strong understanding of their role and responsibility. As an organisation we support the development of our staff and volunteers through training and the Board is no exception. Board members are supported by Bicycle Victoria to attend the Board Orientation Series run by Leadership Victoria which provides training for people either on or planning to go on NFP boards. 80% of current Board members have attended the program.

As a Board, we also undertake a process of self assessment through a Governance Effectiveness Survey. We completed the first survey in August this year and we will have the results back before the AGM.

Both of these help develop a strong Board that can best fulfil their role in acting in the interest of the members and stakeholders of Bicycle Victoria.

We have always aimed to adopt best practice governance principles whether or not required by any external body. This year you will note the revised governance section of the full annual report. We have provided full disclosure of our governance position and actions in line with current best practice in the form of the Corporate Governance Council's "Principles of Good Corporate Governance Practice and Best Practice Recommendations (Guidelines)".

The Guidelines are not prescriptive; rather they are designed to produce an efficiency, quality and integrity outcome. We have followed best practice, as is required of Australian listed companies, and have disclosed the extent to which we follow, have adopted or comply with each of the relevant guidelines.

Conclusion

2006 was a big year with many things happening. They continue to happen and every week seems to bring big new challenges for us as individual cyclists and as an organisation. We need to eagerly approach these challenges and grow as an organisation to be able to maximise the benefit for all cyclists.

Growing to take on these challenges is made easier by increased participation. There are many ways for you to get involved. Simply taking opportunities to ride more is a great start, but there are also many opportunities to work with us as volunteers in campaigns, on events or in other activities around the workshop or the office. Whatever way you can help, it all helps get More People Cycling More Often.

Get involved so we can have a greater impact and grow the cycling world and help everybody understand that Life is better on a bike!

Last but not least a big thank you to:

- my colleagues on the Board for the enormous contribution they have made during the year,
- the management and staff of Bicycle Victoria for the dedication and hard work they all put in every day, and
- the volunteers both in the office and on events without whose enormous energy and tireless effort we would not be able to achieve the things we do.

Life is better on a bike!

Simon Crone
President



Goals

We are passionate about bike riding.

We believe that 'Life is better on a bike!'

We want to share our passion with the community. This desire is expressed in our core purpose: *More People Cycling More Often.*

We are committed to making riding a cultural norm throughout life. We will make a difference by:

- Measurably increasing the size of the 'cycling world'.
- Taking accountability for getting more people cycling more often.

Wherever we can we will:

- Enhance and extend the cycling networks.
- Build wider connections and community support.
- Create exciting opportunities.

Leadership and innovation will be seen as part of the Bicycle Victoria Way.

Actions

Establish a SMART¹ More People Cycling More Often goal for 2010 and beyond to significantly increase bike riding.

Establish through research a Baseline Measurement of the current cycling rate by end of 2006.

Build community support for the goal by the end of 2010.

Grow the membership numbers to 100,000.

Identify the best moves to grow NameBank (our database) by end of 2006 (towards our aim of one million with a 60% activity rating).

Develop support for riding among riders not connected with us and with non riders. Develop a measuring system and communication strategy for this.

Build a set of high performance activities that get More People Cycling More Often by the end of 2010.

Complete a Current Activities Review by the end of 2006 that measures their impact on the cycling world against the Baseline Measurement.

Design a dynamic Resource Management Process that includes regular reviews linked to a rolling monthly financial forecasting, budgeting and reporting process (looking 18 months ahead).

By the end of 2006 recommend an Activity Profile that will increase the measurable Strategic performance of our activities. It is likely that these activities will include:

- Providing more places to ride.
- Changing behaviours, such as helping:
 - People becoming fit and healthy through bike riding
 - Children riding to school again
 - People using their bikes for transport.

Build a strong organisation that can preserve, add value to and facilitate the growth of the bike riding world and effectively pursue its strategic goals.

Strengthen the organisation, by the end of 2007, especially through talent development and maintaining financial viability.

Develop, by the end of 2006, a Senior Management Team that can deliver the required outcomes.

¹ Specific, Measurable, Achievable, Realistic, Timed

What we have been doing to get More People Cycling More Often

How successful we were • The impact we are having • How the cycling world is growing

A substantial increase in funding for bicycle facilities

There are two main ways to get More People Cycling More Often: changing the physical world through more bike lanes, paths and parking, and changing the way people think about bike riding. The year under report saw substantial change in the first and some exciting developments in the second.

This year has been remarkable for government investment in getting More People Cycling More Often.

Five years ago we published the Four Networks Challenge. We set out to get bike lanes installed on main and local roads, to get our path system extended and connected and to see tourism trails built in regional Victoria.

At that time some of these networks were funded. There was a commitment to the Principal Bicycle Network from VicRoads and some local government authorities were putting some money into their roads. The metropolitan path network received some funding but the rail trails were left to their own resources and resourcefulness. In the last years the picture has changed significantly.

Recreation and tourism in regional Victoria received a boost with the announcement in November 2005 by the Premier and Treasurer of a statewide \$8m program that will ensure more rail trails are constructed in Victoria. This was the first commitment by any Australian Government to developing tourism trails. Other funding pools have also identified rail trails as potential funding priorities.

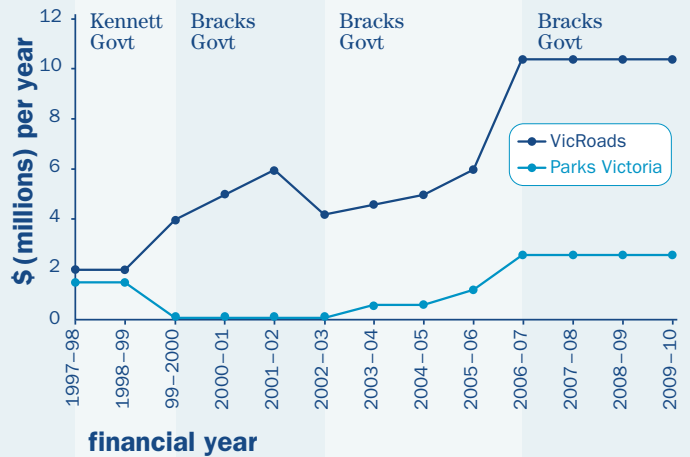
The Transport and Liveability Statement released in May 2006 included an unprecedented investment in bike riding infrastructure. The increase can best be appreciated through the chart below. Examples of the projects that will flow from this commitment include the trail bridge over the Maroondah Highway and the rerouting of the Yarra path around the 42 steps in Abbotsford. Our challenge, should the current government be re-elected, will be to make sure that these funds go to high impact projects that really get people riding.

We did not receive in the first half of 2006 any equivalent commitments from the Opposition. Therefore if the Liberal Party is elected at the end of 2006 it would be unclear if the government commitment would be maintained.

Local government has also been increasing its investment in cycling. One example was in October when the Brighton Baths connection in the Bay Trail was opened. This connection was built by a determined local government with help from the State. Bayside spent more than \$1,000,000 on the connection. We supported the link with a five year campaign that included a number of calls for members to write and voting information in two hotly contested Council elections. Today we can ride on a high quality path and our focus has moved south to the missing section in Kingston.

During the year the Federation Trail passed its final hurdle, surviving a last appeal at VCAT before the tender was issued and construction got underway. Our campaign began nine years ago to turn this old sewer reservation into a bike path in the Western Suburbs. Members wrote many times including to the last two Premiers to support the idea.

Cycling and Walking Projects 1997–2010



What we have been doing to get More People Cycling More Often (continued)

The photo below shows an underpass – an earlier contribution from VicRoads – that kept the trail alive when the Ring Road went in. The 32km path will be complete by Christmas 2006 and our attention will shift to developing connections to destinations such as Werribee Park Mansion and to surrounding suburbs such as Altona and Williamstown.

In addition VicRoads continued to build bike facilities outside its bike budget commitment in this year for example the 14.5km \$3.5m path alongside the Craigieburn Bypass. Work began during the year on Connect East tollway which will also have a substantial bike path alongside the route.

Developers contributions for housing estates on the edge of Melbourne were raised by the State Government as part of 2030. These levys include provision for bikepaths which should ensure that from now on, suburbs are not built without bikepaths.

Municipalities such as Mornington continue to set the pace. They are completing a two year \$10m bike path program. Cities such as Casey have doubled and then doubled again their investment in paths and lanes.

The City of Melbourne received \$3m from the State this year from the CBD car parking levy. More than a million dollars from this fund was committed to bicycle projects including a bridge on the Capital City trail and path improvements on the Northbank of the Yarra in the CBD.

During the year we brought together a group of stakeholders to fund a ferry service under the Westgate Bridge. This pilot scheme proved unsuccessful as not enough riders used the service. There were two learnings from this trial. One was that most of the current commuter riders in the west are heading to the CBD and the punt is an option rather than a necessity. The second was that the network of paths and bike lanes on either side of the river is inadequate to support a service for people who live on one side and work on the other. It is likely that we will come back to the ferry service when the network is stronger.

Competition for road space is increasing and on our inner city network we face substantial competition from the tram upgrades which have in some locations downgraded the bike network. We are working on a stronger link with the tram construction process and establishing an approach of mutual benefit.

One other positive from the year was the growth in the installation of parking, particularly in office buildings. The 2004 parking regulations are starting to affect the building projects underway and our parking service, which parked more than 2,000 bikes in the year, is shifting from an emphasis on retrofitting to working upstream with architects at the design stage. Our service also supplied parking to the Commonwealth Games and has started to supply parking to schools.



Effective behaviour change programs

Bicycle Victoria has two main behaviour change programs: Ride to Work and Ride2School. These programs are funded by organisations outside Bicycle Victoria who want to invest in cycling to achieve their organisation aims. The level of investment in behaviour change programs is now well above \$250,000 a year and will grow beyond that. This investment allows us to work on projects that otherwise would remain undone and at a scale that allows significant change to occur.

Ride to Work has been run out of Bicycle Victoria since 1993 and has developed thanks to the support of the Australian Greenhouse Office and Travelsmart Victoria into a sophisticated behaviour change program using the principles of 'community based social marketing' (www.cbsm.com).

Milestones for the 2005 Ride to Work Day include:

- Registration was up by 1,234 from the last year and has grown almost fivefold since 2002
- Total registrants = 6,811
- Total distance ridden by registered riders was 75,000 kilometres (one way)
- 21% of participants rode to work for the first time in 2005; more than half of these new riders were female
- 27% of first-time riders were still riding to work five months after the event

During the year we secured an agreement from state based groups around Australia for us to lead the effort to develop a national Ride to Work Day based on the program we have developed.

The year saw the start of Ride2School which will develop a community based social marketing program for this new audience. The program is based on Last Links and other work we have done for VicHealth and VicRoads, including developing the Bike Ed Challenge guidelines and principles behind CyclePods; the riding version of the Walking School Bus.

We ran the second Bike Path Discovery Day for Parks Victoria; our way of reaching out to that broad group of people who are on the edge of that most popular style of riding. In the same spirit, the website was upgraded to include a Find a Ride feature allowing community groups that lead recreational rides to link up with members of the general public who want a hand getting started.

A number of other exploratory projects were launched including a website for women getting into riding, Time to Ride a program for senior Victorians in regional areas, and two Sunday Circuits in which the boulevard in Kew was closed to traffic for Sunday morning.

We continued to pursue our goal of increasing the proportion of riders who ride at night with correct lights. A 'blind' study of lights revealed some clear recommendations which were publicised along with our end of Daylight saving and shortest day surveys. Unfortunately the results show that a quarter of riders continue to ride at night without lights.

No Boundaries

Another positive development in recent times has been the increasing connection between Bicycle Victoria and other state and territory bicycle riding membership groups.

Following our strategy of 'no boundaries' we have been establishing joint projects with local groups. The 2006 Main Roads LifeCycle Great Western Australia Bike Ride was a shared project with the Bicycle Transportation Alliance of WA. There were an equal number of Western Australian and eastern state riders. We will be sharing the proceeds of that ride with the BTA. We have been asked by the Darwin City Council to work with them on a feasibility study for a ride in the Northern Territory. We have worked with Cycling South in Hobart in delivering a workshop to build the capacity of local groups, traffic engineers and council staff. This could result in the first bike lanes in Hobart's CBD.

After discussions with state groups over the year an agreement emerged for Bicycle Victoria to be the lead group on a national Ride to Work Day. We will now be developing the national program and assisting local groups as much as possible to build a strong national program.

For some time we have been promoting events by state groups. Bicycle Victoria members and supporters have seen promotions for the Queensland and NSW rides. During the year we have been to see politicians and bureaucrats at the Commonwealth and State level across the nation.

We believe that this approach of working together to achieve outcomes we all value will gain momentum and help us get More People Cycling More Often.

Importantly we introduced an email newsletter during the year to report fortnightly to members on our progress with facilities development and behaviour change programs. *In the loop* has proved to be popular and thanks to member responses a number of campaigns have been won almost overnight through the speed of the email and the internet.

Progress on measuring the strategy

One of the aims in the strategy is to establish a way to measure the rate of bike riding. The smoking reduction lobby have a number of global indicators such as adult smokers. Thanks to their regular surveys they can say that the number of adult smokers has fallen from 34% in 1983 to 17% in 2003. In a similar way we need to be able to track the number of riders.

Some progress was made in the year under report.

In October 2005 VicRoads began to install a series of counters that will measure sites twenty four hours a day. As the number of counters grows and the years roll around we will start to get a picture of riding at specific locations.

This electronic count data can now be combined with traditional visual count data and other data gathering exercises such as the 2006 census. We anticipate further telephone surveys such as the Bicycle Victoria Newpoll conducted in 2004 of a representative sample of Melbourne residents. This report showed that 38% of Melbournians rode at least once every two or three months while 14% rode once a week.

We aim to gather the funds to conduct a similar Newpoll in the coming year.

Bicycle Victoria conducted a number of other surveys including a significant study by Deakin University which was conducted but not released during the year under report.

A strong organisation

A key part of the Bicycle Victoria strategies is the commitment to build a strong organisation that can 'preserve, add value to and facilitate the growth of the bike riding world and effectively pursue its strategic goals'.

During the reporting year a new Constitution was passed by Members which was reported by one governance consultant to be 'the best I have seen'. The constitution defines the purpose of the organisation as More People Cycling More Often. A phrase we have trademarked. The Board passed a series of key regulations to accompany the Constitution, key among these are the Board Charter and Board-Chief Executive Officer Interrelationship policies and the Delegation of Authority. These subordinate internal legislation documents are available on the website www.bv.com.au (Search: Governance).

We describe ourselves as a self funded community organisation as we rely not on government funds but on the proceeds of the bike rides we run and the membership program.

The bike rides had a good year in which we achieved a reasonable financial outcome and pleased the participants. Rides continue to be the major contributor to the organisational funds, this year providing over \$1,000,000 towards the mission of More People Cycling More Often.

The only reason that we are able to deliver such a result and low prices for the riders is because of the massive contribution from the over 500 volunteers who generously donate their time, energy and enthusiasm to enable the riders to have such a wonderful time on our rides. Without the volunteers the prices would increase markedly or the financial return would disappear.

For the first time our event magazine was distributed to half a million homes around metropolitan Melbourne. Riders also received a CD to help them prepare for our rides.

One of the key challenges for the VicRoads Great Victorian Bike Ride in this year was to recover rider support after the large ride in 2004 that strained our capacity. This was achieved after the staff team and volunteers instituted many changes to improve our delivery systems. Riders reported after the event that we were back on track and many said it was the best ride they had done. It was pleasing to see three Government Ministers on the bike ride.

For the first time a rider, Deborah Gray, was killed in a collision with a motor vehicle on one of our events. We are buoyed by Deborah's family who are planning to commemorate Deborah's life and her love of the ride by a group attendance on the 2006 VicRoads Great Victorian Bike Ride.

We ran the inaugural Main Roads LifeCycle Great Western Australian Bike Ride in association with the local group the Bicycle Transportation Alliance. Participants reported very favourably on the ride and the local sponsors were happy with the public relations, tourism and health outcomes from the event.

The Portfolio Partners Around the Bay in a Day – Get Sponsored for The Smith Family ride was again a successful ride. A new 50km route was introduced which was warmly received and provided a springboard to grow this aspect of the ride in the future.

Membership had a flat year showing no growth. We took on many new members with the 2004 free bike on the VicRoads Great Victorian Bike Ride which was linked to membership. However we failed to convince some of these riders to stay in membership and in 2005 they left. A substantial review of membership took place in the year under report and we are confident that following the initiatives identified in the review, that the following year will see the growth trajectory resumed.

During the year there was growing support for *Ride On*[®] magazine. Other positives include increased visitors to the website and more names in NameBank.

The graph of revenue from ordinary activities shown below, demonstrates the substantial growth in the organisation.



To properly manage the increasing complexity of the organisation the corporate services section of the organisation has grown. This area is responsible for finance, budgets, information technology, legals, human relations and all the other 'non cycling' parts of the organisation. The growing strength of this area underpins our growth in our capacity to get More People Cycling More Often and is a key part of the strategy.

Staffing is a challenge for all organisations. Not for profit organisations generally cannot – and probably should not – use pay as the main attraction for employees. Salaries at Bicycle Victoria remain lower than at many other workplaces but there is a strong sense of being part of an exciting organisation and making a positive difference in the world. Our challenge is to build a performance culture, not so that people will work harder, but so that our keen staff know what matters and can build their effectiveness.

We aim to continue to steer a middle course taking the best features of for profit companies and blending the passion of the not for profit sector.

The Investment portfolio, which enjoyed a market value increase of \$326,282 for the year, is currently managed by Deutsche Bank and continues to provide both a valuable return and piece of mind by underpinning our balance sheet.

In closing off my report, I want the last word to be on the Volunteers. These are the volunteers who help on the rides, on the road, on the trails and in the office. The mission of More People Cycling More Often owes a tremendous debt of gratitude to the volunteers. On behalf of all bike riders we thank you.



Harry Barber
Chief Executive Officer



Financial Commentary

The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report of Bicycle Victoria Incorporated (Bicycle Victoria) for the year ended 30 June 2006. (Registration No. A0008607J, ABN 41 026 835 903).

The full financial report of the organisation and Auditors Report can be accessed on the internet at www.bv.com.au (Search: 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 Bicycle Victoria as the full financial report.

Discussion and Analysis of the Financial Statements

Statement of financial performance & Statement of Changes in Equity

Bicycle Victoria realised a net surplus of \$488,458 from operating activities for the year, which compared with a net deficit of \$204,144 in 2004–05.

Total revenue increased by \$492,733 to \$9,633,251.

This growth is attributable to an increase in revenue from External sales revenue which increased by \$757,653 mainly reflecting an improvement in rides revenue and revenues by way of sponsorship and grants for specific projects. Membership fees revenue decreased by \$119,396 to \$1,522,737.

Bicycle Victoria changed its accounting policy this financial year to be consistent with the Australian Equivalents to International Financial Reporting Standards (AIFRS). In accordance with AIFRS, this year the increase in the market value of the share portfolio amounting to \$326,282 was brought to account directly into equity, furthermore an amount of \$38,958 was moved from retained earnings to the insurance reserve.

Total expenses decreased by \$199,869, in the main attributable to resumption to more typical levels of depreciation, noting that depreciation was accelerated in the previous year to reflect a revised useful life of the database and online asset, this reduction of depreciation expense was offset by an increase in supply and service costs resultant upon the increased activity in the rides area.

Statement of financial position

Current cash and cash equivalents assets increased by \$1,177,112, non current financial assets, being the corpus investment increased by \$389,967 and total assets increased by \$1,489,081. Other current liabilities have increased by \$727,257 mainly due to an increase in income received in advance of the ride events or date when it can be brought to account as revenue.

Total current liabilities continue to exceed current assets by \$355,589 but this represents an improvement of the 2005 position where current liabilities exceeded current assets by \$967,847.

The organisation has improved its net assets (assets less liabilities) position by its profits from operations of \$488,458 and return from the increase in the market value of the investment portfolio. Net Assets and Members funds as at 30 June as a percentage of the total expenses for the year currently stand at 24.4% an improvement since the previous year where the figure stood at 15.1%.

An amount of \$38,958 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. The total amount provided in this reserve stands at \$176,458 as at 30 June 2006.

Statement of cash flows

The statement reflects a \$1,216,029 cash contribution from operating activities, being the rides, membership and cycling development activities, is up by \$716,385 on the previous year. The cash from operating activities minus the cash investment of \$38,917, yield an increase in cash held during the year of \$1,177,112. The cash held at the end of the financial year was \$1,478,861.

Income Statement for the year ended 30 June 2006

	2006 (\$)	2005 (\$)
Rides revenue	7,118,362	6,493,622
Membership fees, income and donations	1,522,737	1,642,133
Campaigns revenue	170,723	237,139
Other Products and Services	637,764	319,039
External sales revenue	9,449,586	8,691,933
Interest income	89,832	53,056
Investment income	93,833	141,092
Increase in market value of investment portfolio	–	254,437
	183,665	448,585
Revenue	9,633,251	9,140,518
Employee benefits	1,909,698	1,856,328
Supply and service costs	4,612,777	4,405,860
Depreciation	189,524	607,329
Insurance	474,408	629,828
Printing and office costs	693,212	775,478
Promotion costs	141,913	79,740
Cost of merchandise	367,463	312,803
Audit, legal and consultancy	235,167	155,664
Finance Costs	141,957	139,395
IT and online costs	184,454	221,261
Occupancy costs	196,773	157,413
Other	(2,553)	3,563
Expenses	9,144,793	9,344,662
Profit/(Loss) Before Income Tax Expense	488,458	(204,144)
Income tax expense	–	–
Profit/(Loss) From Operations	488,458	(204,144)

The accompanying notes form part of this concise report.

Balance Sheet as at 30 June 2006

	2006 (\$)	2005 (\$)
Current Assets		
Cash and cash equivalent	1,478,861	301,749
Trade and other receivables	429,140	160,778
Inventories	37,786	35,580
Other current assets	240,106	437,919
Total Current Assets	2,185,893	936,026
Non Current Assets		
Plant and equipment	176,594	327,347
Financial assets	2,456,226	2,066,259
Total Non Current Assets	2,632,820	2,393,606
Total Assets	4,818,713	3,329,632
Current Liabilities		
Trade and other payables	777,155	866,803
Other current liabilities	1,764,327	1,037,070
Total Current Liabilities	2,541,482	1,903,873
Non Current Liabilities		
Long term provisions	42,772	6,040
Total Non Current Liabilities	42,772	6,040
Total Liabilities	2,584,254	1,909,913
Net Assets	2,234,459	1,419,719
Members' Funds		
Retained earnings	1,731,719	1,282,219
Reserves	502,740	137,500
Total Members' Funds	2,234,459	1,419,719

The accompanying notes form part of this concise report.

Statement of Changes in Equity for the year ended 30 June 2006

	Retained Earnings (\$)	Financial Assets Reserve (\$)	Insurance Reserve (\$)	Total (\$)
Balance at 30 June 2004	1,548,863	–	75,000	1,623,863
Profit/(Loss) attributable to members	(204,144)	–	–	(204,144)
Transfer to/from insurance reserves	(62,500)	–	62,500	–
Balance at 30 June 2005	1,282,219	–	137,500	1,419,719
Profit/(Loss) attributable to members	488,458	–	–	488,458
Transfer to/from Insurance reserve	(38,958)	–	38,958	–
Investment Revaluation	–	326,282	–	326,282
Balance at 30 June 2006	1,731,719	326,282	176,458	2,234,459

The accompanying notes form part of this concise report.

Cash Flow Statement for the year ended 30 June 2006

	2006 (\$)	2005 (\$)
Cash Flows From Operating Activities		
Receipts from members, riders and all other sources	9,301,205	10,103,822
Payments to suppliers and employees	(8,085,176)	(9,604,178)
Net Cash Inflow From Operating Activities	1,216,029	499,644
Cash Flows From Investing Activities		
Payments for leasehold fit-out and office equipment	(22,455)	(225,335)
Payments for rides equipment	(16,862)	(49,951)
Payments for intangible assets	–	(1,124)
Proceeds from sale of assets	400	–
Net proceeds from investment portfolio	389,967	114,866
Funds re-invested	(389,967)	(114,866)
Transfer funds for investment	–	–
Net Cash Outflows From Investing Activities	(38,917)	(276,410)
Cash Flows From Financing Activities		
Repayment of borrowings	–	(5,379)
Net Cash (Outflows) From Financing Activities	–	(5,379)
Net Increase In Cash Held	1,177,112	217,855
Cash At The Beginning Of The Financial Year	301,749	83,894
Cash At The End Of The Financial Year	1,478,861	301,749

The accompanying notes form part of this concise report.

Notes to the Concise Financial Report

The Financial Commentary appears at page 10.

Note 1: Basis of Preparation of the Concise Financial Report

The concise financial report is an extract for the full financial report for the year ended 30 June 2006. The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the Victorian Associations Incorporation Act 1981.

The financial statements, specific disclosures and other information included in the concise financial report are derived from and are consistent with the full financial report of Bicycle Victoria Incorporated. The concise financial report cannot be expected to provide as detailed an understanding of the balance sheet, income statement and financing and investing activities of Bicycle Victoria as the full financial report.

The financial report of Bicycle Victoria Incorporated complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

Note 2: Adoption of AIFRS

Bicycle Victoria have adopted AIFRS from 1 July 2005. In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the consolidated accounts have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These concise accounts are the first financial statements of Bicycle Victoria to be prepared in accordance with AIFRS.

Reconciliations of the transition from previous Australian GAAP to AIFRS have not been included due to the immaterial nature of these changes.

Note 3: Change in Accounting Policy

The adoption of AASB 139 has resulted in material differences in the recognition and measurement of the group's financial instruments. The group has elected not to adjust comparative information resulting from the introduction of AASB 139 as permitted under the transitional provisions of this Standard. As such, previous Australian Accounting Standards have been applied to comparative information. A summary of the main adjustments that would have resulted were AASB 139 to have been applied retrospectively is included below.

Available-for-sale financial assets

Under AASB 139, available-for-sale financial assets are revalued to fair value at reporting date. The fair value adjustment taken directly to equity is as follows below:

	Previously Stated (\$)	2006 Adjustments (\$)	Restated (\$)	Previously Stated (\$)	2005 Adjustments (\$)	Restated (\$)
Balance Sheet						
Financial asset	2,456,226	–	2,456,226	2,066,259	–	2,066,259
Financial instruments reserve (equity)	–	326,282	326,282	–	–	–
Accumulated Surplus	2,058,001	(326,282)	1,731,719	1,282,219	–	1,282,219

Declaration by Board Members

Board Members declare that the concise financial statements set out on pages 10–15:

1. Comply with accounting standard AASB 1039 “Concise Financial Reports”; and
2. Is an extract from the full financial report for the year ended 30 June 2006 and has been derived from and is consistent with the full financial report of Bicycle Victoria Incorporated.

Simon Crone President, **David Larsen** Vice President, Dated this **28 day of August 2006**

CHARTERED
ACCOUNTANTS
& BUSINESS
ADVISORS

A MEMBER OF
MOORES ROWLAND
INTERNATIONAL



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Independent audit report to members of the Bicycle Victoria Incorporated

Scope

The concise financial report and Council's responsibility.

We have audited the concise financial report of Bicycle Victoria Incorporated (“Bicycle Victoria”), Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flows Statement, accompanying notes to the concise financial statements, and the Declaration by Board Members for the financial year ended 30 June 2006 in order to express an opinion on it to the members of Bicycle Victoria. The Board of directors are responsible for the concise financial report.

Audit approach

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 Bicycle Victoria for the year ended 30 June 2006. Our audit report on the full financial report was signed on 28 August 2006 and was not subject to any qualification.

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. 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.

Audit Opinion

In our opinion, the concise financial report complies with Accounting Standard AASB 1039: Concise Financial Reports.

BENTLEYS MRI
CHARTERED ACCOUNTANTS
Dated in Melbourne on this 28th day of August, 2006.

MARTIN FENSOME
PARTNER

Chartered Accountants

A member of Bentleys MRI, an association of independent accounting firms throughout Australia, and a member of Moores Rowland International, an association of independent accounting firms throughout the world. The firms practising as Bentleys MRI and Moores Rowland are independent. The member firms of these associations are affiliated only and not in partnership.

Notice of Annual General Meeting

Notice is given that the 31st Annual General Meeting of Bicycle Victoria Incorporated will be held on Monday 13 November 2006 in the Condell Room, Melbourne Town Hall (cnr Swanston and Collins streets) at 7.00pm.

Members who RSVP by close of business Friday 10 November are invited for light refreshments from 6.30pm.

RSVP: ph (03) 8636 8888, email bicyclevic@bv.com.au.

Your questions

We welcome all Members to attend the AGM and ask questions and make comments. The Board is keen to address issues that are of concern to the broader membership, accordingly the Board will respond to issues received from the Membership, in the order determined by the number of Members expressing an interest in that issue. If you have questions you'd like answered in detail at the AGM, please email or write to us by 5pm Friday 3 November (PO Box 426, Collins St West VIC 8007; bicyclevic@bv.com.au). Questions asked after the cut off date may not necessarily be answered on the night of the AGM.

Formal Agenda

- 7.00 * • Welcome
- Apologies
 - Confirmation of the minutes of the 2005 AGM. The minutes are posted on www.bv.com.au (Search: AGM Minutes) and copies will be available at the meeting
- 7.45 • Chief Executive Officer's Report
- 8.00 • President's Report
- 8.15 • Financial Report
- 8.30 • Volunteer recognition
- 8.40 • Q&A
- 9.10 • Announcement of Board election result, and introduction of new Board members

- 9.30 • Meeting closes

* Timing after the start is indicative

- All current Members are entitled to attend and vote and each Member is entitled to one vote at the meeting

If you cannot vote in person, you are entitled to appoint another Member as your proxy, by giving notice to the Secretary, Bicycle Victoria by fax (8636 8800) or mail (PO Box 426, Collins St West VIC 8007) no later than 5pm Friday 10 November 2006. Each Member can hold up to 5 proxy votes. Proxy forms are available from Heatherb@bv.com.au or on www.bv.com.au (Search: Proxy form).

Board election

Three of the nine Board positions fall vacant each year after the three-year terms expire. In addition, due to the resignation of Jason den Hollander another position is vacant this year, for a 2 year term.

A call for nominations was placed in August *Ride On*[®] and by 5pm 18 September 2006. We have received 7 nominations: David Levin QC, Ross Kilborn, Rick Barry, Catherine James, Ruth Paterson, Benedict Hughes and Liz Delbridge.

Refer to the information sheet, titled '2006 Bicycle Victoria Board Election – Information sheet', sent separately to your mailing address, for information and instructions on voting in the 2006 Board Election.

WWW

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