

Bicycle Network Incorporated

**Financial Report
For the year ended 30 June 2018**

Registration No: A0008607J

ABN 41 026 835 903

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

Board Members' Report

Your Board Members submit the following financial report of Bicycle Network Incorporated for the year ended 30 June 2018.

Board Members

The following persons were Board Members of Bicycle Network Incorporated during the financial year and up to the date of this report:

- David Smith (President – Resigned October 2017)
- Zena Burgess (President – from November 2017)
- Keir Patterson (Co-opted October 2017)
- Jo Curtin
- Kerry Gill
- Clive Pesavento
- James Conlan (Appointed October 2017)
- Kate Eddy (Appointed October 2017)
- Peter Thurling

Meetings of Board and Audit & Risk Committee

Board Member	Board meetings		Audit & Risk Committee	
	A	B	A	B
David Smith	3	3	-	-
Zena Burgess	7	7	6	4
Keir Patterson	7	7	6	6
Kerry Gill	7	3	6	4
Peter Thurling	7	4	6	4
Jo Curtin	7	5	3	1
Clive Pesavento	7	7	3	2
James Conlan	4	4	3	3
Kate Eddy	4	4	3	3

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

B = Number of meetings attended.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

Current Board Members relevant skills and terms of office

Board Member	Relevant skills, experience and expertise	Appointed to the Board
Zena Burgess (President)	PhD Org.Psych, MBA HR & Mktg. Over 15 years' experience within the Health and Education sectors in 'not for profit' along with extensive board and tribunals experience	2012
Keir Patterson (Vice President)	MBA (Melbourne Business School) Principal Mercer.	2016
Jo Curtin	BA(Media Studies)(Hons). Over15 years NFP management and executive level administration experience.	2015
Kerry Gill	B.Ec, ACA, AGIA. Over 20 years' experience in a range of finance roles in FMCG, NFP, transport and health and more recently 5 years' experience as a Company Secretary in financial services	2014
Peter Thurling	M.EngSci, B.E.(Hons), RINA. Systems Engineer and Project Manager with 15 years' experience in Defence Industry.	2014
Clive Pesavento	Bachelor of Applied Science (Computing Science). Senior Member of the Australian Computer Society. Over 30 years experience in the IT industry delivering change, primarily working for Government but also involving the private and not for profit sector.	2017
James Conlan	BA (Political & International Studies) MUrbPlan (Sustainable Transport) Transport Policy Analyst, Victorian Government	2017
Kate Eddy	Senior Development Manager for the Faculty of Business and Economics, University of Melbourne	2017

Board Member's emoluments

Board Members are not paid for their services to the organisation.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

Principal activities

During 2017 – 2018 Bicycle Network Incorporated promoted the health of the Australian community through the prevention and control of disease by “More People Cycling More Often”.

By adopting established public health principles which address key determinants, our work increases the number of people who ride each week for transport and/or recreation.

During the year, we worked to reduce the structural barriers to bicycle riding and establish a positive context in which individuals can sustain a positive change in behaviour. We worked to:

- Extend and improve on-road bicycle lanes, bicycle paths, rail trails;
- Establish bicycle parking in offices and at train stations;
- Improve legislation relating to planning new suburbs and traffic regulations
- Enhance government strategies and policy reviews.

We worked to help individuals, organisations and communities change their behaviour using our proven and cost effective pathways including:

- Events such as the Around the Bay and the RACV Great Victorian Bike Ride
- Measurable behaviour change programs such as Ride to Work, Ride to School and riding to the railway station (Parkiteer).

We supported those with effective habits by providing advice and services to approximately 47,000 members and over 300,000 ‘Friends’.

We worked to build stronger community connections through our structured volunteer program. During the year more than 3,000 people contributed their time and skills to the vision of a healthy society where bike riding is a normal part of everyday life.

Significant changes in the state of affairs

No significant changes in the nature of these activities occurred during the financial year.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

Operating result

The result from operating activities for the year was a surplus of \$220,372 (2017 deficit \$438,475). Bicycle Network Inc. is exempt from income tax because it is categorised as a not-for-profit organisation for tax purposes.

Corporate Governance Statement

The Corporate Governance Statement set out on pages 6 and 7 of this report, was reviewed and updated in July 2018.

Insurance of Officers

During the year, Bicycle Network Inc. paid a premium of \$15,152 to insure the Board Members 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 Network Incorporated. Included also are 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 Board



Zena Burgess – President



Keir Patterson Audit and Risk Committee

Dated this 17th day of September 2018

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

Corporate Governance Statement

Bicycle Network Incorporated (Bicycle Network) is not required but elects to report on the eight core principles of the ASX Corporate Governance Council's (ASXCGC) guidelines (3rd edition with amendments issued March 2014).

Principle 1: Lay solid foundations for management and oversight

The Bicycle Network Constitution states that the Board is responsible for the governance and management of the association (clause 35.1); that it delegates management of the association to the Chief Executive Officer (CEO) (clause 35.2); and that it provides financial management of the association (clause 55.3).

Formally declared regulations including a *Board Charter*, *Board - CEO Interrelationship Policy* and a *Delegation of Authority* specify the respective roles and responsibilities of Board and Management.

The Board monitors the CEO's performance through an annual performance review based on strategy, financial performance and operations. Staff performance reviews are conducted against job descriptions and key performance indicators and are the responsibility of the Leadership Team.

In summary, the Board on behalf of all stakeholders of Bicycle Network, especially its Members, is responsible for the stewardship and future wellbeing of Bicycle Network, and delegates to the CEO responsibility for implementation of its strategic direction.

Principle 2: Structure the Board to add value

Board Members are non-executive and are elected for three year terms. Each Board Member is a Member of Bicycle Network and is therefore bound by the Constitution. Board Members sign a comprehensive declaration concerning their conduct, including a provision for conflict of interest.

The President is the Board's Chair and is considered independent (see the ASXCGC's definition of an independent director). The President is responsible for leading the Board in the discharge of its duties. The Board has established the Audit and Risk Committee, which operates under terms of reference and is chaired by a Board Member who is not the same person as the Chair of the Board. The Board establishes working groups to consider specific matters when required. Committees and working groups are entitled to obtain legal or other independent professional advice as appropriate.

When the Board co-opts new members, it seeks to achieve a suitable balance of skills and experience across the Board. Incoming Board Members are offered Leadership Victoria training for not-for-profit board members. The Board periodically reviews governance and its performance.

Principle 3: Promote ethical and responsible decision making

The Board is committed to complying with all federal, state and local government laws and regulations, as well as common law obligations. The *Board Code of Ethics* is detailed within the *Board Charter* and *Board - CEO Interrelationship Policies*.

The Board may confer without management present.

The association is a non-listed, not-for-profit entity under the Associations Incorporation Reform Act 2012 (Victoria) and as such, there is no trading in company securities.

Principle 4: Safeguard integrity in financial reporting

The Audit and Risk Committee assists the Board in the discharge of its responsibilities by overseeing all aspects of financial and non-financial reporting, control and audit functions and organisational risk. The William Buck Audit Group are the external auditors of Bicycle Network. The performance of the external auditor is reviewed annually by the Audit and Risk Committee.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

Corporate Governance Statement (cont'd)

Principle 5: Make timely and balanced disclosure

The association is not a listed company and is not subject to ASX listing rule disclosure requirements. Bicycle Network reports to its Members in the form required by the Associations Incorporation Reform Act 2012 (Victoria) and discloses significant information on a continuous basis as detailed in Principle 6 below.

Principle 6: Respect the rights of shareholders

Bicycle Network has Members not shareholders. Bicycle Network communicates with Members and others in a regular and timely manner so that Members have sufficient information to make informed decisions on the association's operations and results. Communication channels include the website www.bicyclenetwork.com.au and the fortnightly e-newsletter *In the Loop*. The full financial report is available to all Members prior to the Annual General Meeting.

The Board encourages full participation of Members at the Annual General Meeting to ensure a high level of accountability and understanding of Bicycle Network's strategy and goals. The Auditor attends the Annual General Meeting and is available to answer questions about the conduct of the audit and the preparation of the content of the auditors' report.

Principle 7: Recognise and manage risk

The Board is responsible for the oversight of Bicycle Network's risk management and control framework. Bicycle Network's business-risk profile includes operational, reputation, regulatory, contractual, financial, informational and strategic risk. Through the Audit and Risk Committee, the Board receives and reviews reports describing risk and compliance.

Bicycle Network has a risk identification and management policy framework incorporating the maintenance of comprehensive policies, procedures, guidelines and regular risk reports. Responsibility for control and risk management is delegated, the CEO having ultimate responsibility to the Board for the risk management and control framework. The CEO reports in writing to both the Board and the external auditors that financial reporting is founded on a sound system of risk management, internal compliance and control.

The Bicycle Network constitution provides an indemnity for Board Members for conduct in good faith while acting in the capacity of Board Members. Bicycle Network insures Board Members against liabilities for costs and expenses incurred by them in defending any legal proceedings arising from their duties, other than those arising from conduct involving a wilful breach of duty.

Principle 8: Remunerate fairly and responsibly

Board Members do not receive remuneration nor is there a retirement scheme. Executives are paid market rates benchmarked against similar organisations. Implementation of policies concerning the remuneration of staff other than the CEO are the responsibility of the Chief Executive Officer and Leadership Team.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Rides revenue		4,893,286	6,542,653
Membership fees, income and donations		3,160,184	3,434,625
Campaigns revenue		871,401	339,836
Behaviour change programs		1,367,918	1,331,046
Other Products and Services		777,193	1,084,117
External sales revenue		<u>11,069,982</u>	<u>12,732,277</u>
Interest income		32,243	39,526
Investment income		108,218	103,506
Other revenue		<u>140,461</u>	<u>143,032</u>
Revenue		11,210,443	12,875,309
Employee benefits		3,576,529	4,414,214
Supply and service costs		3,259,033	4,125,581
Depreciation		413,759	420,254
Insurance		919,026	845,640
Printing and office costs		303,940	732,039
Promotion costs		474,828	569,851
Cost of merchandise		449,959	588,481
Audit, legal and consultancy		224,546	206,823
Finance costs		88,402	141,757
IT and online costs		228,585	333,558
Occupancy costs		992,691	897,872
Other		58,773	37,714
Expenses		<u>10,990,071</u>	<u>13,313,784</u>
SURPLUS/ (DEFICIT) BEFORE INCOME TAX EXPENSE	2	220,372	(438,475)
Income tax expense	1(h)	0	0
SURPLUS/(DEFICIT) FOR THE YEAR		220,372	(438,475)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net gain/(loss) on revaluation of financial assets		100,592	161,171
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u>100,592</u>	<u>161,171</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>320,964</u></u>	<u><u>(277,304)</u></u>

The accompanying notes form part of these financial statements.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903
Statement of Financial Position as at 30 June 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,955,288	3,344,353
Trade and other receivables	4	287,014	380,872
Inventories	5	65,477	77,525
Other current assets	6	278,645	290,754
TOTAL CURRENT ASSETS		<u>3,586,424</u>	<u>4,093,504</u>
NON CURRENT ASSETS			
Plant and equipment	8	1,241,013	1,322,508
Financial assets	7	2,682,595	2,512,446
TOTAL NON CURRENT ASSETS		<u>3,923,608</u>	<u>3,834,954</u>
TOTAL ASSETS		<u>7,510,032</u>	<u>7,928,458</u>
CURRENT LIABILITIES			
Trade and other payables	9	3,427,955	4,001,167
Short term provision	10	354,555	403,185
TOTAL CURRENT LIABILITIES		<u>3,782,510</u>	<u>4,404,352</u>
NON CURRENT LIABILITIES			
Long term provisions	10	418,474	403,199
Lease incentive liability		265,648	398,472
TOTAL NON CURRENT LIABILITIES		<u>684,122</u>	<u>801,671</u>
TOTAL LIABILITIES		<u>4,466,632</u>	<u>5,206,023</u>
NET ASSETS		<u>3,043,400</u>	<u>2,722,435</u>
EQUITY			
Accumulated Surplus	11	2,658,373	2,438,001
Reserves	12	385,027	284,434
TOTAL EQUITY		<u>3,043,400</u>	<u>2,722,435</u>

The accompanying notes form part of these financial statements.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

Statement of Changes in Equity for the year ended 30 June 2018

	Note	Accumulated Surplus \$	Financial Assets Reserve \$	Insurance Reserve \$	Total \$
Balance at 1 July 2016		<u>2,876,476</u>	<u>108,263</u>	<u>15,000</u>	<u>2,999,739</u>
Comprehensive Income					
Surplus/ (deficit) for the year		(438,475)	-	-	(438,475)
Other Comprehensive Income for the year					
Investment Revaluation		-	161,171	-	161,171
Movement in Insurance		-	-	-	-
Total comprehensive income attributable to members of the entity		<u>(438,475)</u>	<u>161,171</u>	<u>-</u>	<u>(277,304)</u>
Balance at 30 June 2017		<u>2,438,001</u>	<u>269,434</u>	<u>15,000</u>	<u>2,722,435</u>
Comprehensive Income					
Surplus/ (deficit) for the year	11	220,372	-	-	220,372
Other Comprehensive Income for the year					
Investment Revaluation	12	-	100,592	-	100,592
Movement in Insurance	12	-	-	-	-
Total comprehensive income attributable to members of the entity		<u>220,372</u>	<u>100,592</u>	<u>-</u>	<u>320,965</u>
Balance at 30 June 2018		<u>2,658,373</u>	<u>370,026</u>	<u>15,000</u>	<u>3,043,400</u>

The accompanying notes form part of these financial statements.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

Statement of Cash Flows for year ended 30 June 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and riders		11,625,435	13,479,118
Interest received		32,242	39,526
Investment income received		108,218	103,506
Payments to suppliers and employees		(11,746,811)	(14,034,398)
		19,084	(412,248)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments for)/ sales of plant and equipment		(318,905)	(310,981)
(Payments for)/ sales of financial assets		(89,244)	(84,541)
		(408,149)	(395,522)
NET INCREASE/(DECREASE) IN CASH HELD		(389,065)	(807,770)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		3,344,353	4,152,123
CASH AT THE END OF THE FINANCIAL YEAR	3	2,955,288	3,344,353

The accompanying notes form part of these financial statements.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT POLICIES

The financial statements cover Bicycle Network Incorporated as an individual entity. Bicycle Network Incorporated is an association incorporated in Victoria under the Association Incorporated Reform Act 2012 (Victoria).

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The incorporated association has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), and the requirements of the Associations Incorporation Reform Act 2012.

Historical cost convention

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(b) Inventories of parking materials

Inventories are measured at the lower of cost and net realisable value. Costs are determined on an average cost basis, and cost comprises the cost of direct materials at acquisition.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

(c) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Board members to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including capitalised lease assets, is depreciated on a straight-line basis over their useful lives from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Leasehold fit-out costs	10-25%
Office equipment	20-33%
Rides equipment	30%
Catering equipment	10-30%
Furniture & fittings	20-25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss.

(d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

Classification and Subsequent Measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition, (ii) less principal repayments, (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability on initial recognition. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the association is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the association are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or ownership over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

(f) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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 to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(g) Revenue

Future rides to be conducted

Income and expenses related to rides to be conducted in the future are taken up and brought to account as income and expenditure in the financial year the ride is completed.

Membership fees

Membership fees are received annually, quarterly and monthly in advance and are brought to account as revenue on a straight-line basis over the period of the membership.

Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(h) Income tax

The association is exempt from income tax under s50-110 of the Income Tax Assessment Act 1997 ("ITAA97") on the basis it is a charitable institution as described in item 1.1 of the Table in s50-5 of the ITAA97.

(i) Impairment of Assets

At each reporting date, the association reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the association would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical Accounting Estimates and Judgments

Bicycle Network Incorporated evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.

Key Estimates – Impairment

Bicycle Network Incorporated assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined as described above in note 1(i). Management had determined that there is no impairment charge required for the financial year ended 30 June 2018.

Key Judgements

Available-for-sale investments

The association maintains a portfolio of securities with a carrying value of \$2,682,595 (2017: \$2,512,446) at reporting date. The market value of the portfolio has increased over the year and all individual investments have been reviewed for indications of impairment at the reporting date. No such indications have been found. Management will continue monitoring the future movements.

Employee benefits provision

As discussed in note 1(f), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
2. SURPLUS / (DEFICIT) FOR THE YEAR		
Surplus / (Deficit) for the year is arrived at after charging the following specific items:		
Auditing and reviewing the financial reports	28,400	26,150
Rental expense on operating leases	746,751	725,450
Depreciation	413,759	420,254
Finance costs	88,402	141,757
3. CURRENT ASSETS – CASH AND CASH EQUIVALENTS		
Cash at the end of the financial year as shown in the Statement of Cashflows is reconciled to the Statement of Financial Position as follows:		
Cash at bank and on hand	749,956	694,222
Deposits at call and Term Deposits	1,355,582	1,777,536
Deposits - Bond money	849,750	872,594
Cash and Cash equivalents	2,955,288	3,344,353

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
4. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Trade debtors	280,870	343,884
Other receivables	6,144	36,988
	<u>287,014</u>	<u>380,872</u>
5. CURRENT ASSETS- INVENTORIES		
Bike Parking rails - at cost	65,477	77,525
	<u>65,477</u>	<u>77,525</u>
6. CURRENT ASSETS – OTHER CURRENT ASSETS		
Prepaid expenses	60,308	123,768
Prepaid ride expenses	218,337	166,986
	<u>278,645</u>	<u>290,754</u>
7. NON CURRENT ASSETS – FINANCIAL ASSETS		
Available for sale financial assets	<u>2,682,595</u>	<u>2,512,446</u>
Available for sale financial assets comprise:		
Listed investments, at fair value:		
Equities	902,340	886,949
Income Assets	840,197	949,382
Property Trusts	187,303	166,453
Unlisted investments, at fair value:		
Cash	256,153	143,125
International Equity	496,602	366,537
Financial assets at fair value available for sale	<u>2,682,595</u>	<u>2,512,446</u>

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
8. NON CURRENT ASSETS – PLANT AND EQUIPMENT		
At cost	5,055,739	4,892,538
Accumulated Depreciation	<u>(3,814,727)</u>	<u>(3,570,030)</u>
Net Book Value	<u>1,241,013</u>	<u>1,322,508</u>

BICYCLE NETWORK INCORPORATED

A B N 41 026 835 903

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

8. NON CURRENT ASSETS - PLANT AND EQUIPMENT

	Leasehold improvements	Office equipment	Rides equipment	Catering equipment	Furniture & fittings	Work In Progress	TOTAL
Cost	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2017	1,861,499	1,590,654	577,240	366,298	282,180	214,667	4,892,538
Additions at cost	55,000	213,956	59,499			4,950	333,405
Disposals	-	(142,823)	(27,381)	-	-	-	(170,204)
Transfer in / (out)	-	214,667	-	-	-	(214,667)	-
Balance at 30 June 2018	1,916,499	1,876,454	609,358	366,298	282,180	4,950	5,055,739
Accumulated Depreciation							
Balance at 30 June 2017	1,061,032	1,482,150	418,153	348,185	260,510	-	3,570,030
Depreciation expense	201,961	136,762	64,627	2,794	7,616	-	413,760
Disposals	-	(142,823)	(26,240)	-	-	-	(169,063)
Balance at 30 June 2018	1,262,993	1,476,089	456,540	350,979	268,126	-	3,814,727
Net Book Value							
As at 30 June 2017	800,467	108,504	159,087	18,113	21,670	214,667	1,322,508
As at 30 June 2018	653,506	400,366	152,818	15,319	14,054	4,950	1,241,013

BICYCLE NETWORK INCORPORATED
A B N 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
9. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES		
Trade payables	221,977	252,920
Other payables	220,283	258,350
Lease liability	225,525	250,427
Lease incentive	132,824	132,824
Unexpired membership fees	1,125,801	1,297,505
Prepaid ride and other fees	671,395	1,117,441
Parkiteer deposits	830,150	691,700
	<u>3,427,955</u>	<u>4,001,167</u>

10. NON-CURRENT LIABILITIES – LONG TERM PROVISIONS

	Long Service Leave Provision	Make Good Lease Provision	Total
	\$	\$	\$
Balance at beginning of financial year	48,220	354,979	403,199
Provision raised (decreased) during the year	(3,219)	18,494	15,275
Provision paid out during the year	-	-	-
	<u>45,001</u>	<u>373,473</u>	<u>418,474</u>

BICYCLE NETWORK INCORPORATED
A B N 41 026 835 903

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
10. NON-CURRENT LIABILITIES – LONG TERM PROVISIONS (CONT'D)		
Analysis of Total Provisions		
Current	354,555	403,185
Non-current	418,474	403,199
Balance at end of financial year	773,029	806,384

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1(f) to this report.

Make Good Provision

At the end of a lease Bicycle Network Incorporated shall remove from the premises all fixtures, fittings, work stations, office partitioning, signs and notices. A provision has been recognised to reinstate and make good to reasonable satisfaction of the Lessor any part of the premises damaged by such removal.

11. ACCUMULATED SURPLUS

Balance at beginning of financial year	2,438,001	2,876,476
Surplus/(Deficit) for the year	220,372	(438,475)
Balance at end of financial year	2,658,373	2,438,001

12. RESERVES

Liability Insurance Reserve	15,000	15,000
------------------------------------	---------------	---------------

a) Movement during the year	-	-
-----------------------------	---	---

BICYCLE NETWORK INCORPORATED
A B N 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

12. RESERVES (CONT'D)

b) Nature and purpose of Reserve:

The Insurance Reserve recognises the potential liability that may arise from Bicycle Network self-insuring a maximum of \$15,000 of the excess on the liability policy.

	2018	2017
	\$	\$
Financial Asset Reserve	<u>370,026</u>	<u>269,434</u>
a) Movement during the year	<u>100,592</u>	<u>161,171</u>

b) Nature and purpose of Reserve:

The Financial Assets Reserve records revaluation of financial assets.

13. EVENTS AFTER THE REPORTING DATE

No significant events subsequent to reporting date have arisen.

14. LEASE COMMITMENTS

Operating leases

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable – minimum lease payments		
-not later than 12 months	662,178	689,325
-between 12 months and 5 years	1,570,300	2,005,582
-greater than 5 years	5,819	-
	<u>2,238,296</u>	<u>2,694,907</u>

All leases held by Bicycle Network Incorporated are non-cancellable with rent payable monthly in advance. Subject to written application and Bicycle Network Incorporated adhering to all lease terms as at the time of application, sub-letting is permissible at all locations.

Bicycle Network Inc. have entered into a 10-year lease agreement at the Bourke St premises, expiring in 2021, which is subject to a 3.75% fixed percentage increase per annum. A Lease Incentive Liability paid by the landlord to Bicycle Network Incorporated is being credited against the lease for the life of

BICYCLE NETWORK INCORPORATED
A B N 41 026 835 903

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

14. LEASE COMMITMENTS (CONT'D)

the lease terms.

The lease for the workshop premises in Sunshine was renewed in 2018 for a 5-year term with an option of a further five years.

The lease for the office premises in Collins Street, Hobart, Tasmania was renewed in 2017 for a one-year term.

The lease for the office premises in Cavenagh Street, Darwin, NT was entered for a term of 2 years with the option of a further 3 years.

15. KEY MANAGEMENT PERSONNEL COMPENSATION

	2018	2017
	\$	\$
Short Term Benefits	1,026,010	996,050
Long-Term Benefits	6,164	6,608
Total Compensation	1,032,174	1,002,658
No. of Personnel *	19	20

* Includes Board Members. Board Members hold office in an honorary position for their services to the organisation.

16. ASSOCIATION DETAILS

The registered office and principal place of business of Bicycle Network Incorporated is Level 4, 246 Bourke St Melbourne Vic 3000.

17. CONTINGENT LIABILITIES

Bicycle Network Inc. is self-insuring for an excess in the event that claims are received on the liability policy for a claim or injury sustained during the year ended 30 June 2018. Claims are expected to be made up to three years after the accident. The excess for the 2018 year is 15,000 (2017: \$15,000 and 2016: \$15,000). Therefore, the reserve of \$15,000 (2017: \$15,000) as disclosed in Note 12 has been formed.

BICYCLE NETWORK INCORPORATED
A B N 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

17. CONTINGENT LIABILITIES (CONT'D)

Commonwealth Bank of Australia has provided a guarantee amounting to \$845,514 (2017: \$860,238) in respect of the office lease. The guarantee is secured by a letter of set off and waiver over the cash deposit account held by Bicycle Network.

18. RELATED PARTY TRANSACTIONS

	2018	2017
	\$	\$
Transactions with related parties		
	-	-

The list of Board members that were also the members of various Bicycle User Groups as following:

	2018	2017
Kerry Gill	Peninsula Peddlers	Peninsula Peddlers
James Conlan	Port Phillip BUG	Port Phillip BUG

Other related party disclosure

Bicycle Network is the official trading name of Bicycle Network Incorporated. Bicycle Australia Pty Ltd, Bicycle Network Victoria Pty Ltd and The Bicycle Network Pty Ltd are subsidiaries of the Association. The subsidiaries did not trade during the year. All the three non-trading companies lodged voluntary deregistration applications in August 2018.

BICYCLE NETWORK INCORPORATED
A B N 41 026 835 903

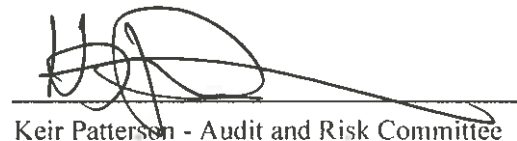
DECLARATION BY BOARD MEMBERS

Board Members declare that the financial statements set out on pages 8 - 26:

1. Present a true and fair view of the financial position of Bicycle Network Incorporated as at 30 June 2018 and its performance for the year ended on that date in accordance with Australian Accounting Standards reduced disclosure requirement, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Bicycle Network Inc. will be able to pay its debts as and when they fall due.

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


Zena Burgess – President


Keir Patterson - Audit and Risk Committee

Dated this 17th day of September 2018

BICYCLE NETWORK INC.

Independent auditor's report to members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of Bicycle Network Inc. (the Association), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Board's declaration.

In our opinion the financial report of Bicycle Network Inc. has been prepared in accordance with the Associations Incorporation Reform Act 2012, including:

- a) giving a true and fair view of the Association's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Regime.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

CHARTERED ACCOUNTANTS
& ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +613 9824 8555

williambuck.com

Responsibilities of the Board and Those Charged with Governance for the Financial Report

The council of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the Associations Incorporations Reform Act 2012 and for such internal control as the board determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the council are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the council either intend to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.

- Conclude on the appropriateness of the boards use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



WILLIAM BUCK AUDIT (VIC) PTY LTD
ABN 59 116 151 136



C. L. Siddles
Director

Dated: Melbourne 17th September, 2018