

Bicycle Network Incorporated

**Financial Report
For the year ended 30 June 2019**

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 2019.

Board Members

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

- Zena Burgess (President)
- Keir Paterson (Vice President)
- Jo Curtin (Re-elected 2018)
- Kerry Gill
- Clive Pesavento (Finished term on October 2018)
- James Conlan
- Kate Eddy
- Peter Thurling
- Gillian Hatch (Elected October 2018)

Meetings of Board and Audit & Risk Committee

Name	Board meetings		Audit & Risk Committee	
	A	B	A	B
Zena Burgess (Board member)	6	5	-	2
Keir Paterson (Board and A&R member)	6	6	6	6
Kerry Gill (Board and A&R member)	6	5	6	5
Peter Thurling (Board member)	6	5	-	3
Jo Curtin (Board member)	6	6	-	3
Clive Pesavento (Board and A&R member)	2	2	2	2
James Conlan (Board and A&R member)	6	4	6	4
Kate Eddy (Board and A&R member)	6	6	6	6
Gillian Hatch (Board and A&R member)	4	4	4	4

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 Paterson (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
Gillian Hatch	Architectural designer	2018

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 2018 – 2019 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 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 45,000 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 deficit of \$133,502 (2018 surplus of \$220,372). Bicycle Network Inc. is exempt from income tax because it is categorised as a not-for-profit organisation for tax purposes.

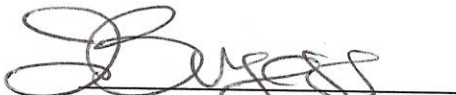
Corporate Governance Statement

The Corporate Governance Statement set out on pages 6 and 7 of this report, was reviewed and updated in August 2019.

Insurance of Officers

During the year, Bicycle Network Inc. paid a premium of \$16,711 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 – Board President
Keir Paterson – Chair Audit & Risk Committee

Dated this 23rd day of September 2019

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* 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*.

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 2019**

	Note	2019 \$	2018 \$
Rides revenue		4,929,519	4,893,286
Membership fees, income and donations		2,903,342	3,160,184
Campaigns revenue		436,627	871,401
Behaviour change programs		1,356,639	1,367,918
Other Products and Services		710,217	777,193
External sales revenue		10,336,344	11,069,982
Interest income		47,819	32,243
Investment income		140,425	108,218
Unrealised gain / (loss)		131,334	-
Other revenue		319,578	140,461
Revenue		10,655,922	11,210,443
Employee benefits		3,509,990	3,576,529
Supply and service costs		3,422,692	3,259,033
Depreciation		396,535	413,759
Insurance		914,574	919,026
Printing and office costs		291,432	303,940
Promotion costs		428,815	474,828
Cost of merchandise		366,240	449,959
Audit, legal and consultancy		320,592	224,546
Finance costs		51,955	88,402
IT and online costs		196,896	228,585
Occupancy costs		852,522	992,691
Other		37,181	58,773
Expenses		10,789,424	10,990,071
SURPLUS/ (DEFICIT) BEFORE INCOME TAX EXPENSE	2	(133,502)	220,372
Income tax expense	1(g)	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		(133,502)	220,372
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
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	100,592
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(133,502)	320,964

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 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,385,255	2,955,288
Trade and other receivables	4	293,278	287,014
Inventories	5	53,454	65,477
Other current assets	6	386,955	278,645
TOTAL CURRENT ASSETS		<u>4,118,942</u>	<u>3,586,424</u>
NON CURRENT ASSETS			
Financial assets at fair value through surplus/deficits	7	2,913,872	2,682,595
Plant and equipment	8	980,658	1,241,013
TOTAL NON CURRENT ASSETS		<u>3,894,530</u>	<u>3,923,608</u>
TOTAL ASSETS		<u>8,013,471</u>	<u>7,510,032</u>
CURRENT LIABILITIES			
Trade and other payables	9	4,170,313	3,427,955
Short term provision	10	378,197	354,555
TOTAL CURRENT LIABILITIES		<u>4,548,510</u>	<u>3,782,510</u>
NON CURRENT LIABILITIES			
Long term provisions	10	422,240	418,474
Lease incentive liability		132,824	265,648
TOTAL NON CURRENT LIABILITIES		<u>555,064</u>	<u>684,122</u>
TOTAL LIABILITIES		<u>5,103,574</u>	<u>4,466,632</u>
NET ASSETS		<u>2,909,897</u>	<u>3,043,400</u>
EQUITY			
Accumulated Surplus	11	2,894,897	2,658,373
Reserves	12	15,000	385,027
TOTAL EQUITY		<u>2,909,897</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 Changes in Equity for the year ended 30 June 2019

	Note	Accumulated Surplus \$	Financial Assets Reserve \$	Insurance Reserve \$	Total \$
Balance at 1 July 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		220,372	-	-	220,372
Other Comprehensive Income for the year					
Investment Revaluation		-	100,592	-	100,592
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>
Restatement on adoption of AASB9	12	370,026	(370,026)	-	-
Comprehensive Income					
Surplus/ (deficit) for the year	11	(133,502)	-	-	(133,502)
Total comprehensive income attributable to members of the entity		<u>236,524</u>	<u>(370,026)</u>	<u>-</u>	<u>(133,502)</u>
Balance at 30 June 2019		<u>2,894,897</u>	<u>-</u>	<u>15,000</u>	<u>2,909,897</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 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and riders		12,047,099	11,625,435
Interest received		47,820	32,242
Investment income received		140,426	108,218
Payments to suppliers and employees		(11,550,748)	(11,746,811)
		684,597	19,084
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments for)/ sales of plant and equipment		(119,609)	(318,905)
(Payments for)/ sales of financial assets		(135,021)	(89,244)
		(254,630)	(408,149)
NET INCREASE/(DECREASE) IN CASH HELD			
		429,967	(389,065)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR			
		2,955,288	3,344,353
CASH AT THE END OF THE FINANCIAL YEAR			
	3	3,385,255	2,955,288

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 2019

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.

AASB 9 Financial instruments ("AASB 9")

The association has adopted AASB 9 as issued in July 2014 with the date of initial application being 1 January 2018. In accordance with transitional provisions of AASB 9, comparative figures have not been restated. AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement ("AASB 139") bringing together all three aspects of the accounting for financial instruments; classification and measurement; impairment and hedge accounting. The association's accounting policies have been updated to reflect the application of AASB 9 from 1 July 2018.

Measurement and classification

At the date of initial application, existing financial assets and liabilities of the association were assessed in terms of the requirements of AASB 9. In this regard the association has determined that the adoption of AASB 9 has impacted on the classification of financial instruments as follows:

Class of Financial Instrument	Measurement under AASB 139 (ie prior to 1 January 2018)	New measurement category under AASB 9 (ie from 1 January 2018)
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Available for Sale	Financial assets available for sale	Financial assets at fair value through profit or loss

The change in classification has resulted in all unrealised gains / losses no longer recorded in the reserve but through the statement of profit or loss.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

Impairment of financial assets

In relation to financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. For trade receivables, the association applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, all balances are assessed to have low credit risk as they are held with reputable financial institutions. The Directors have assessed the requirements of AASB 9 and have determined there is no impact on the association.

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'), the Australian Charities and Not for Profit Commission Act 2012 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.

(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.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

(c) Plant and Equipment (cont'd)

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%
Leased Office Equipment	20%
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) 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.

(e) 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.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

(e) Employee benefits (cont'd)

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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(f) 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.

(g) 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.

(h) 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.

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.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

(i) 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.

(j) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the incorporated association's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the incorporated association's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(k) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

(I) Investment and other financial assets

Investments and other financial assets, other than interests in subsidiaries or associates, are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

(m) Comparative Figures

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

(n) 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(j). Management had determined that there is no impairment charge required for the financial year ended 30 June 2019.

Key Judgements

Estimation of useful lives of assets

The association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 1(e), 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.

(o) New Accounting Standards and Interpretations not yet mandatory of early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2019. The association's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the association, are set out below.

AASB 16 Leases

The standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. The association has assessed the impact of AASB 16 and have determined that there will be no material impact to the association on adoption of AASB 16.

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
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	20,400	28,400
Rental expense on operating leases	672,840	776,751
Depreciation	396,535	413,759
Finance costs	51,955	88,402

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	522,830	749,956
Deposits at call and Term Deposits	1,941,446	1,355,582
Deposits - Bond money	920,979	849,750
Cash and Cash equivalents	3,385,255	2,955,288

BICYCLE NETWORK INCORPORATED
ABN 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
4. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Trade debtors	283,160	280,870
Other receivables	10,118	6,144
	293,278	287,014
	293,278	287,014
 5. CURRENT ASSETS- INVENTORIES		
Bike Parking rails & WIP - at cost	53,454	65,477
	45,960	65,477
	45,960	65,477
 6. CURRENT ASSETS – OTHER CURRENT ASSETS		
Prepaid expenses	89,853	60,308
Prepaid ride expenses	297,102	218,337
	386,955	278,645
	386,955	278,645
 7. NON CURRENT ASSETS – FINANCIAL ASSETS		
Financial assets at fair value through surplus / deficit	2,913,872	2,682,595
Financial assets comprise:		
Listed investments, at fair value:		
Equities	785,308	902,340
Income Assets	1,054,362	840,197
Property Trusts	173,324	187,303
Unlisted investments, at fair value:		
Cash	439,602	256,153
International Equity	461,276	496,602
Financial assets at fair	2,913,872	2,682,595
	2,913,872	2,682,595

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 2019

	2019	2018
	\$	\$
8. NON CURRENT ASSETS – PLANT AND EQUIPMENT		
At cost	5,156,704	5,055,739
Accumulated Depreciation	<u>(4,176,046)</u>	<u>(3,814,727)</u>
Net Book Value	<u>980,658</u>	<u>1,241,013</u>

BICYCLE NETWORK INCORPORATED
A B N 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

8. NON CURRENT ASSETS - PLANT AND EQUIPMENT

	Leasehold improvements	Leasehold office equipment	Office equipment	Rides equipment	Catering equipment	Furniture & fittings	Work In Progress	TOTAL
Cost	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2018	1,916,499	-	1,876,454	609,358	366,298	282,180	4,950	5,055,739
Additions at cost	-	103,500	20,806	38,012	-	2,740	-	165,058
Disposals	-	-	-	(54,569)	-	(4,574)	-	(59,143)
Transfer in / (out)	-	-	-	-	-	-	(4,950)	(4,950)
Balance at 30 June 2019	1,916,499	103,500	1,897,260	592,801	366,298	280,346	-	5,156,704
Accumulated Depreciation								
Balance at 30 June 2018	1,262,993	-	1,476,089	456,540	350,979	268,126	-	3,814,727
Depreciation expense	206,337	20,700	112,401	46,941	2,220	7,935	-	396,534
Disposals	-	-	-	(30,641)	-	(4,574)	-	(35,215)
Balance at 30 June 2019	1,469,330	20,700	1,588,490	472,840	353,199	271,487	-	4,176,046
Net Book Value								
As at 30 June 2018	653,506	-	400,366	152,818	15,319	14,054	4,950	1,241,013
As at 30 June 2019	447,169	82,800	308,771	119,961	13,099	8,859	-	980,658

BICYCLE NETWORK INCORPORATED
A B N 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
9. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES		
Trade payables	155,464	221,977
Other payables	328,389	220,283
Lease liability	178,735	225,525
Lease incentive	132,824	132,824
Unexpired membership fees	1,097,487	1,125,801
Prepaid ride and other fees	1,287,314	671,395
Parkiteer deposits	990,100	830,150
	4,170,313	3,427,955

10. NON-CURRENT LIABILITIES – LONG TERM PROVISIONS

	Long Service Leave Provision	Make Good Lease Provision	Total
	\$	\$	\$
Balance at beginning of financial year	45,001	373,473	418,474
Provision raised (decreased) during the year	2,708	19,458	22,166
Provision paid out during the year	(18,400)	-	(18,400)
Balance at end of financial year	29,309	392,931	422,240

BICYCLE NETWORK INCORPORATED
A B N 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
10. NON-CURRENT LIABILITIES – LONG TERM PROVISIONS (CONT'D)		
Analysis of Total Provisions		
Current	378,197	354,555
Non-current	422,240	418,474
Balance at end of financial year	800,437	773,029

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	2,658,373	2,438,001
Surplus/(Deficit) for the year	(133,502)	220,372
Transferred from reserve	370,026	-
Balance at end of financial year	2,894,897	2,658,373

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 2019

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.

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	679,947	662,178
-between 12 months and 5 years	904,056	1,570,300
-greater than 5 years	-	5,819
	<u>1,584,003</u>	<u>2,238,296</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 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 January 2019 for a one-year term.

BICYCLE NETWORK INCORPORATED
A B N 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

15. KEY MANAGEMENT PERSONNEL COMPENSATION

	2019	2018
	\$	\$
Short Term Benefits	1,200,024	1,026,010
Long-Term Benefits	2,709	6,164
Total Compensation	1,202,733	1,032,174
No. of Personnel *	19	19

* 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 2019. Claims are expected to be made up to three years after the accident. The excess for the 2019 year is 15,000 (2018: \$15,000 and 2017: \$15,000). Therefore, the reserve of \$15,000 (2018: \$15,000) as disclosed in Note 12 has been formed.

Commonwealth Bank of Australia has provided a guarantee amounting to \$845,514 (2018: \$845,514) 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.

BICYCLE NETWORK INCORPORATED
A B N 41 026 835 903

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

18. RELATED PARTY TRANSACTIONS

	2019	2018
	\$	\$
Transactions with related parties	-	-

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

	2019	2018
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.

The applications for voluntary deregistration of Bicycle Australia Pty Ltd, Bicycle Network Victoria Pty Ltd and The Bicycle Network Pty Ltd have been approved by ASIC in October 2018 and those three entities no longer exist.

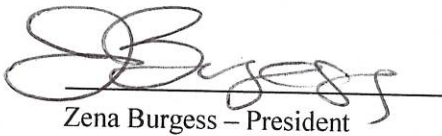
BICYCLE NETWORK INCORPORATED
A B N 41 026 835 903

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 2019 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 Paterson – Chair Audit & Risk Committee

Dated this 23rd day of September 2019

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 2019, 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 2019 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 2019, 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.

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

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.

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.

A handwritten signature in blue ink that reads 'William Buck'.

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

A handwritten signature in blue ink that reads 'C. L. Siddles'.

C. L. Siddles
Director

Dated: Melbourne 23rd September, 2019